

**POSITION OF THE MANAGEMENT BOARD  
OF PELION SPÓŁKA AKCYJNA OF ŁÓDŹ  
ON THE TENDER OFFER FOR PELION S.A. SHARES  
ANNOUNCED BY KORPORACJA INWESTYCYJNA POLSKIEJ FARMACJI SP. Z O.O.  
ON MARCH 13TH 2017**

**DATED MARCH 29TH 2017**

## General Information about the Tender Offer

Acting on the basis of Art. 80 the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of July 29th 2005 (the “**Act**”), the Management Board of Pelion S.A. (the “**Company**”) (the “**Management Board**”), hereby presents its position on the tender offer announced on March 13th 2017 on the basis of Art. 74.1 of the Act by Korporacja Inwestycyjna Polskiej Farmacji Sp. z o.o. of Łódź (the “**Offeror**”) to buy Company Shares carrying – together with the Company shares currently held by the Offeror and by Messrs Zbigniew Molenda and Jacek Szwajcowski (who, together with the Offeror, are parties to an agreement referred to in Art. 87.1.5 of the Act (the “**Entities Acting in Concert**”) – the right to 100% of the total vote at the Company (the “**Tender Offer**”).

According to the text of the Tender Offer, on the basis of the Tender Offer the Offeror intends to acquire all Company shares which are not currently held by the Offeror or the other Entities Acting in Concert, i.e. 8,273,693 shares issued by the Company, with a par value of PLN 2.00 per share, including: (i) 23,300 Series F registered shares carrying voting preference whereby each Series F share carries the right to five votes at the Company's General Meeting (the “**Registered Shares**”); (ii) 8,250,393 ordinary bearer shares, each carrying the right to one vote at the Company's General Meeting (the “**Bearer Shares**”) (the Bearer Shares and the Registered Shares shall be jointly referred to as the “**Shares**”). The Bearer Shares have been admitted and introduced to trading on a regulated market, and are traded on the main market operated by Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange, or the “**WSE**”); they are registered in the securities depository maintained by Krajowy Depozyt Papierów Wartościowych S.A. (the Central Securities Depository of Poland, or the “**CSDP**”) under ISIN code PLMEDCS00015. The Registered Shares are registered with the CSDP and assigned ISIN Code PLMEDCS00023, and are not traded on the WSE.

With a view to announcing the Tender Offer, on March 13th 2017 the Entities Acting in Concert entered into an agreement referred to in Art. 87.1.5 of the Act to jointly acquire the Shares, vote in concert at the Company's General Meetings (the “**General Meeting**”) and conduct a long-term policy with respect to the Company (the “**Agreement**”), the execution of which was announced by the Company in Current Report No. 13/2017 of March 13th 2017.

As at the date of announcement of the Tender Offer:

- The Offeror held 950,000, or 8.52% of Company shares, carrying the right to 950,000 votes, or 5.21% of the total vote, at the Company's General Meeting;
- Mr Jacek Szwajcowski, the Offeror's parent, held directly 1,180,702, or 10.59% of Company shares, carrying the right to 5,847,502 votes, or 32.06% of the total vote, at the Company's General Meeting, and jointly with the Offeror (which is Mr Szwajcowski's subsidiary) held directly and indirectly 2,130,702, or 19.12% of Company shares, carrying the right to 6,797,502 votes, or 37.27% of the total vote, at the Company's General Meeting;
- Mr Zbigniew Molenda, a minority shareholder in the Offeror, held directly 741,319, or 6.65% of Company shares, carrying the right to 3,074,519 votes, or 16.86% of the total vote, at the General Meeting.

Accordingly, as at the date of announcement of the Tender Offer, the Entities Acting in Concert held jointly 2,872,021, or 25.77% of Company shares, carrying the right to 9,872,021 votes, or 54.13% of the total vote, at the Company's General Meeting.

The Offeror agreed to purchase Shares tendered in response to the Tender Offer on condition that the tendered Shares, together with the Shares already held by the Offeror and the other Entities Acting in Concert, carry the right to no less than 90% of the total vote at the Company's General Meeting, and provided that Mr Jacek Sz wajcowski receives an unconditional consent to taking over exclusive control of the Company (concentration control).

The Offeror has reserved the right to purchase the Shares even if the conditions stated above are not met.

### **Grounds for the Management Board's position**

To formulate its position, the Management Board reviewed the following available information and data concerning the Tender Offer:

- a) The text of the Tender Offer;
- b) The trading prices of Company shares on the WSE over the last three and the last six months preceding the announcement of the Tender Offer; and
- c) The independent opinion discussed below.

In order to verify whether the price offered in the Tender Offer reflects the fair value of Company shares, the Management Board, acting on the basis of Art. 80.3 of the Act, requested a third party, i.e. KPMG Advisory Sp. z o.o. sp. k. (“KPMG”) to prepare an independent opinion on the price offered for the Shares in the Tender Offer (the “**Fairness Opinion**”).

### **Effect of the Tender Offer on the Company's interests, including its workforce, and the Offeror's strategic plans in relation to the Company and their likely effect on the Company's workforce and on the location of the Company's operations**

In accordance with the declaration included in Section 26 of the Tender Offer, the Offeror considers the acquisition of the Shares to be a long-term strategic investment.

In accordance with the declaration included in Section 26 of the Tender Offer, if the Offeror reaches, jointly with the other Entities Acting in Concert, the threshold of 90% of the total vote at the Company's General Meeting as a result of the Tender Offer, it is the intention of the Offeror and the other Entities Acting in Concert to squeeze-out any remaining minority shareholders after the Tender Offer is completed, in accordance with Art. 82 of the Act and with due respect to all the rights of minority shareholders in relation to a squeeze-out process.

If the Offeror fails to reach, jointly with the other Entities Acting in Concert, 90% of the total vote at the General Meeting as a result of the Tender Offer and is unable to squeeze out the minority shareholders on the basis of Art. 82 of the Act, the Offeror jointly with the other Entities Acting in Concert shall consider announcing a tender offer to buy all the remaining Company shares in connection with conversion of Company shares back into certificated form on the basis of Art. 91.6 of

the Act, and consequently – conversion of Company shares back into certificated form and their delisting from the regulated market operated by the WSE.

Having carried out the squeeze-out process or the tender offer in connection with an intended conversion of Company shares back into certificated form, the Offeror, jointly with the other Entities Acting in Concert, intends to convert Company shares back into certificated form and delist them from the regulated market operated by the WSE.

Messrs Jacek Sz wajkowski and Zbigniew Molenda are the Company founders and have played an active role in the implementation of its development strategy from its very inception.

Considering the foregoing, the Management Board is of the opinion that the Tender Offer is in the Company's interests. In particular, in the Management Board's opinion, the Offeror's intentions described above are justified by the following:

- (i) Stabilisation of the Company's shareholder base is in the Company's interests;
- (ii) The Company is subject to disclosure requirements and other limitations associated with its public company status which, coupled the fact that it operates in a strictly regulated healthcare market, may have an adverse effect on its competitiveness relative to private companies;
- (iii) Availability of financing on the capital market has recently been limited; and
- (iv) The Company bears the costs of listing of its Shares on the exchange market and other costs incurred by public companies, including the costs associated with fulfilment of various requirements applicable to such companies.

The Offeror has not provided any detailed information regarding the effect of the Tender Offer on the Company's workforce or the location of its operations. In the Management Board's opinion, there are no reasons to believe that the Tender Offer will have a negative effect on the Company's workforce or could lead to a relocation of its operations.

#### **Management Board's position regarding the price of Company shares offered in the Tender Offer**

The Management Board points out that according to Art. 79 of the Act, the price per share proposed in the Tender Offer may not be lower than:

- a) The average market price of Company shares in the six months preceding the announcement of the Tender Offer;
- b) The average market price of Company shares in the three months preceding the announcement of the Tender Offer;
- c) The highest price paid for the shares covered by the Tender Offer within 12 months preceding the announcement of the Tender Offer by the entity obligated to announce the Tender Offer, its subsidiaries or parents, or entities with which it concluded the agreement referred to in Art. 87.1.5 of the Act; or
- d) The highest value of the assets or rights delivered in exchange for shares covered by the tender offer within 12 months preceding the announcement of the tender offer by the entity obligated

to announce the Tender Offer, its subsidiaries or parents, or entities with which it concluded the agreement referred to in Art. 87.1.5 of the Act.

The average market price means the arithmetic mean of the average daily prices of Company shares weighted by trading volumes on the WSE in the relevant period.

According to the text of the Tender Offer:

- a) The arithmetic mean of the average daily prices weighted by the Bearer Shares trading volume on the WSE in the last six months preceding the announcement of the Tender Offer was PLN 52.32 (fifty two zloty and thirty two grosz) per Share.
- b) The arithmetic mean of the average daily prices weighted by the Bearer Shares trading volume on the WSE in the last three months preceding the announcement of the Tender Offer was PLN 51.78 (fifty one zloty and seventy eight grosz) per Share.
- c) Neither the Offeror nor any of its subsidiaries, its parent or any of the other Entities Acting in Concert acquired any Company shares in the 12 months immediately preceding the date of announcement of the Tender Offer. Neither the Offeror nor any of its subsidiaries, its parent or any of the other Entities Acting in Concert acquired any Company shares in exchange for any non-cash consideration in the 12 months immediately preceding the date of announcement of the Tender Offer.

The price offered in the Tender Offer is PLN 52.33 (fifty two zloty and thirty three grosz) per Share of any type, therefore it is not lower than the price indicated in items a-c above.

According to the Fairness Opinion prepared by KPMG on March 28th 2017, the price offered for the Shares in the Tender Offer reflects the fair value of the Company.

Having read the Fairness Opinion prepared by KPMG and based on the information presented above, the Management Board declares that it believes that the price per Share offered by the Offeror in the Tender Offer reflects the fair value of the Company.

#### **Important note**

Acting in compliance with Art. 377 of the Commercial Companies Code and principle V.Z.2. of the Code of Best Practice for WSE Listed Companies 2016, Mr Zbigniew Molenda, Vice-President of the Management Board, and Mr Jacek Sz wajcowski, President of the Management Board, who are Entities Acting in Concert, including for the purpose of purchasing Shares in the Tender Offer, refrained from participating in the formulation of this position and did not participate in the voting on the resolution concerning this matter.

Except for engaging KPMG to prepare the Fairness Opinion, the Management Board did not procure any additional investigations or analyses in connection with the Tender Offer or the text of the Tender Offer document.

Except with respect to the information provided by the Company and relating to its operations, the Management Board accepts no liability for the accuracy, reliability, completeness or adequacy of the information on the basis of which this position has been formulated.

On March 28th 2017, KPMG provided the Management Board with the Fairness Opinion, that is a written opinion on whether the price offered in the Tender Offer is fair in view of the Company value. The Fairness Opinion is subject to certain assumptions, qualifications and reservations. KPMG provides services in accordance with its agreement with the Company; it does not represent any other entity in connection with the Tender Offer and it is not liable towards any entity other than the Company for provision of services in connection with the Tender Offer or the text of its Fairness Opinion. The Fairness Opinion is attached as an appendix to this Management Board's position.

The Management Board's position presented in this document is not a recommendation to buy or sell financial instruments as referred to in Commission Delegated Regulation (EU) 2016/958 of March 9th 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.

Any investor making an investment decision concerning the Shares in connection with this Management Board's position on the Tender Offer should make an own assessment of the investment risks related to the selling, holding or buying the financial instruments concerned on the basis of all relevant information, including the information provided by the Offeror and by the Company (in particular the information provided in the fulfilment of disclosure requirements), and should seek individual advice or recommendations from licensed advisers in order to make the right decision. Any decision to sell the Shares in response to the Tender Offer should be an independent decision of each of the Company's shareholders. In particular, when analysing whether to respond to the Tender Offer, each of the Company's shareholders should evaluate the investment risk involved as well as all the related legal or tax implications.

Vice President

Mariola Belina- Prazmowska

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Vice President

Ignacy Przystalski

*[illegible signature]*

Vice President

Jacek Dauenhauer

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*[Translator's note: three initials at the bottom of each page of the Management Board's position, except for the title page and signature page.]*