

Opinion of the Management Board of Trakcja PKRil S.A. as to the reasons for depriving shareholders of the pre-emptive right to Series B Shares and Series C Shares and the manner of determining the issuance price of these shares

This opinion of the Management Board of Trakcja PKRil S.A. is a justification for depriving shareholders of the pre-emptive right to subscribe for new series B and series C shares and the manner of determining the issuance price of these series shares. The opinion was drawn up pursuant to Article 433 § 2 of the Commercial Companies Code.

The issuance of series B ordinary bearer shares, of the nominal value of PLN 0.80 (eighty groszes) each ("**Series B Shares**") and series C ordinary registered shares, of the nominal value of PLN 0.80 (eighty groszes) each ("**Series C Shares**") shall be carried out on the terms specified in the draft Resolution No. 3 of the Company's Extraordinary General Meeting convened on 28 June 2019, and by private subscription, as referred to in art. 431 § 2 point 1) of the Commercial Companies Code, and shall be addressed to no more than 149 potential, indicated investors and shall not constitute a public offering within the meaning of art. 3 sec. 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies. According to the draft Resolution No. 3 of the Company's Extraordinary General Meeting convened on 28 June 2019, the offers to subscribe for Series B Shares and Series C Shares will be directed in accordance with the following rules:

- a) The Management Board shall offer the Series B Shares or the Series C Shares on a pro rata basis to each of the Company's shareholders who will hold a number of the Company's shares representing more than 0,5% share capital of the Company's share capital as at the record date and who registered those shares at the Extraordinary General Meeting convened on 28 June 2019 or who presents a document that confirms that the concerned investor was the shareholder on the record date and who takes part in book-building process in respect of the Series B Shares and the Series C Shares and declares an intention to subscribe to the Series B Shares or the Series C Shares at a price not lower than that fixed by the Management Board as the issuance price of the Series B Shares and the Series C Shares ("**Eligible Shareholders**"), provided that the Company's Management Board shall be obliged to enable each of the Eligible Shareholders to participate in the book-building process in respect of the Series B Shares and the Series C Shares. The Management Board shall offer the Series B Shares or the Series C Shares to Eligible Shareholders in a number proportional to their shares in the share capital of the Company. The subscription offers in respect of the Series B Shares and the Series C Shares, which the Management Board shall address to Eligible Shareholders, shall include the issue price for the Series B Shares and Series C Shares accordingly determined in accordance with this resolution;
- b) at the same time, the Management Board shall offer the Series B Shares or the Series C Shares to the key investor according to the criteria determined by the Management Board and approved by the Supervisory Board ("**Eligible Investor**");
- c) if, as a result of the initial allocation of the Series B Shares and the Series C Shares to the Eligible Shareholders according to section a) above and the Eligible Investor according to section b) above, there are unsubscribed Series B Shares or Series C Shares, the Management Board of the Company shall be entitled to offer such Series B Shares or Series C Shares not subscribed for by Eligible Shareholders or Eligible

Investor to other investors selected by the Management Board according to the criteria established at the discretion of the Management Board and approved by the Supervisory Board;

Due to the nature and structure of the Company's shareholding, the Company's financial needs, the time and extent of formalization of a public offering process, as well as the costs of carrying out particular types of share subscriptions, the most advantageous way for the Company to increase the share capital is to carry out the private subscription of shares, with the exclusion of the pre-emptive right of the existing shareholders and addressing offers to subscribe for Series B Shares and Series C Shares to the shareholders of the Company holding a package of shares of the Company exceeding 0.5% of the share capital of the Company, who will participate in the Extraordinary General Meeting convened on 28 June 2019 and will participate in the book-building process, and to other entities, at the discretion of the Management Board.

The aim of the private subscription with the exclusion of the pre-emptive right of the existing shareholders of the Company as a way of conducting the issue of Series B Shares and Series C Shares, is to ensure an efficient, fast and as low-cost possible capital raising by the Company, while ensuring the liquidity of Series B Shares and Series C Shares, thanks to the possibility of directing the offers of their subscription to a wider group of both current and potential new shareholders of the Company.

The issuance of Series B Shares and Series C Shares will enable the Company to raise capital, which will be allocated to the current financial needs of the Company, and will allow to refinance the current debt of the Company. In addition, carrying out a private subscription of shares is necessary to obtain and complete projects carried out by the Company within the operating segments in which the Company operates. Moreover, in the opinion of the Management Board, the capital raised through the issuance of Series B Shares and Series C Shares will allow to support further functioning of the Company. What should be also emphasized is that increasing the Company's share capital by issuance of new shares is one of the conditions for obtaining by the Company of new debt financing from financial institutions as part of the debt refinancing process that the Company currently undergoes. Simultaneously, the possibility of increasing the share capital is accordingly dependent on the success in obtaining financing. The above actions are aimed at financial restructuring of the Company and maintaining the Company's position on the market on which the Company operates. In the result of the offer the Company's intention is to rise not less than PLN 50.000.000.

Taking into account the arguments presented above, in the opinion of the Management Board, depriving the existing shareholders of the Company of the pre-emptive right and increasing the share capital by way of private subscription, consisting in directing subscription offers for Series B Shares and Series C Shares to individually designated addressees, is the most economically effective and simultaneously the fastest method of conducting the procedure of increasing the share capital, allowing for efficient raising funds for achieving the indicated objectives, with minimum costs of handling this process and its significant acceleration and simplification, which remains both in the Company and its shareholders' interest.

In view of the above, the Management Board of the Company recommends to the General Meeting to vote in favour of the resolution to increase the Company's share capital, excluding the pre-emptive right of the existing shareholders, in accordance with the provided draft resolution on this subject.