

ESPI
Current Report 6/2021

of 21 April 2021

Title:	Opinion of Company's Management Board on the request for appointing a special purpose auditor
Legal basis:	Article 56(1)(2) of the Act on Public Offering – current and periodic information
Content:	The Management Board of ASM GROUP S.A. with its registered office in Warsaw ("the Company") hereby publishes the written opinion of Company's Management Board on the request to appoint a special purpose auditor. The opinion is attached to this report.
Persons representing the Issuer:	Dorota Kenny – President of the Management Board Jacek Pawlak – Member of the Management Board

**Opinion of the Management Board
of ASM Group S.A. with its
registered office in Warsaw
of 21 April 2021**

on the request of shareholder Adam Stańczak to place the appointment of a special purpose auditor on the agenda of the Extraordinary General Meeting of ASM Group S.A. convened for April 22, 2021 at 1:00 p.m. in Warsaw (ul. Emilii Plater 53, 00-113 Warsaw).

Acting pursuant to Art. 84 (5) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies dated 29 July 2005 ("**Act on Public Offering**"), the Management Board of ASM Group S.A. ("**Company**") hereby presents its opinion concerning the request of Company's shareholder, Mr. Adam Stańczak, holding 14,359,355 shares in the Company representing 25.18% of Company's share capital, to place on the agenda of the Extraordinary General Meeting of ASM Group S.A. convened for 22 April 2021 ("**General Meeting**") a resolution on the appointment of an auditor for special cases pursuant to Article 84 section 1 of the Act on Public Offering, in the wording consistent with the Requester's draft resolution ("**Request**").

This opinion has been prepared to present the position of Company's Management Board of on the submitted Request and to provide shareholders with relevant information to make their decision on the request (by voting on an appropriate resolution of the general meeting).

1. Proposed scope of study

1.1. The scope of the Subject Matter of the Study Based on the Request, the Requester hereby requests:

- a) to include an examination of the manner in which the Company's affairs were conducted in the period from 01.01.2020 until the end of the examination and to provide necessary explanations why the Company posted a loss of PLN 34,373,000.00 at the end of the third quarter of 2020, including in particular to examine the impairment loss of PLN 11,117,000.00 (cf. note 10 and note 15 to the Annual Separate Financial Statements of the Company for 2019) relating to long-term assets in the form of loans granted to related parties ("**Write-off1**") and the impairment loss of PLN 19.907.000.00 PLN (cf. note 8 and note 41 to the Company's Annual Consolidated Financial Statements for 2019) due to impairment of goodwill ("**Write-down2**") by examining the source and timing of the need for the write-downs and whether Write-down 1 and Write-down 2 were made on the correct basis, in the correct amount and in accordance with generally applicable laws and accounting principles;
- b) to determine actions taken by Company's bodies with respect to external financing, in particular to determine (i) actions that the Company has initiated with respect to lenders, (ii) actions, negotiations and discussions that the Company has had with lenders, (iii) analyses or forecasts performed prior to taking the actions referred to above.

Moreover, based on the Request, the Requester requests to have the manner of conducting Company's affairs examined in the period from 01.01.2020 until the date of completion of the examination in the following scope:

- a) impact of filing bankruptcy petitions in respect of Vertikom GmbH, based in Nuremberg, and Vertikom Sales GmbH, based in Eschborn, on the possibility of the PFR (Polish Development Fund) Fund exiting its investment in the Vertikom GmbH Group;
- b) terms and conditions of subcontracting/service provision agreements/order agreements concluded by companies belonging to the ASM Capital Group with trading partners, including in particular whether the remuneration provided for in such agreements is market remuneration, as well as examining the terms and conditions of employment of employees/contractors and the correctness of settlement of public-law liabilities with respect to the above events;
- c) regularity of cash flow management of the Company and the Companies comprising the ASM Capital Group.

1.2. Position of the Management Board

- a) In the Company's Management Board opinion, the matters covered by the scope of the Request have been included in Company's financial statements (separate and consolidated), as well as Management Board's reports on operations, for the fiscal year ended December 31, 2019, as well as within the periodic reports provided in the course of fiscal year of 2020. Company's management indicates that the matters relating to the basis and scope of Write-off 1 and Write-off 2 are set out in Company's financial statements (separate and consolidated) for 2019 which have been audited by the independent auditor as part of the statutory audit of Company's financial statements. Company's auditor has issued unqualified opinions on the above reports of the Company and has concluded that the reports have been prepared in accordance with the legal requirements and give a true and fair view of Company's assets and financial position as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with the applicable financial reporting standards and accounting principles (policies) and are consistent with Company's books and records and facts. Auditor's opinions on Company's 2019 financial statements are publicly available as a component of the 2019 annual report published by the Company.

In addition, Management indicates that Company's auditor has also reviewed Company's interim financial statements (separate and consolidated) for the six months ended June 30, 2020. As a result of the audit, the auditor concluded that nothing had come to auditor's attention that caused it to believe that the condensed interim consolidated financial statements of the Company were not prepared, in all material respects, in accordance with the relevant accounting standards. The auditor noted the goodwill impairment charges made and did not formulate reservations in this respect. The above documents are also available in the public domain as part of periodic reports published by the Company.

In the opinion of Company's management, it is not appropriate to re-examine matters that are reflected in Company's publicly available management reports and have been audited in the audit or review of those financial statements by Company's auditor. In the opinion of Company's Management Board, such action again exposes the Company to

cost of auditing a matter that has already been audited. In particular, such a position seems justified in the light of the absence of any reservations on above matters from the auditor and the absence of any indication of irregularities in this respect.

The Management Board once again emphasises that the write-downs were necessary primarily due to the identified grounds for impairment of the investment in ASM Germany GmbH / Vertikom Group also resulting from significant trade payables of Vertikom Group (not settled at the time of acquisition of Vertikom Group) becoming immediately due in 2019, the failure of Vertikom Group to achieve financial results even remotely close to those projected at the time of Vertikom Group acquisition, and the realisation of risks associated with an undiversified customer portfolio (the Vertikom Group lost its main customer, Samsung Electronics, accounting for more than 40% of the Vertikom Group's revenue, as well as other significant customers which together with the loss of Samsung Electronics represented a loss of 57.5% of Vertikom GmbH's turnover in 2019). In addition, Vertikom Group also closed operations in a number of business lines in 2019. The correctness of the assessment of Vertikom Group's financial position and the write-downs made is also confirmed by the action of the management of key Vertikom Group companies (i.e. Vertikom GmbH and Vertikom Sales GmbH), which filed for bankruptcy of these companies in the fourth quarter of 2020.

- b) With respect to the examination of issues related to relations with external entities financing Company's activities, the Management Board does not see any grounds for examining such issues. The Company correctly performs all the obligations under the concluded loan agreements, is in current contact with the institutions financing its activity (in particular PFR and mBank S.A.), and provides all material information regarding new arrangements with these entities in relevant current reports and interim reports (see e.g. current report 29/2020 and interim report prepared for the third quarter of 2020 ended September 30, 2020). In the Board's view, the manner in which the Request is phrased in this regard does not make it clear what would be determined by the special purpose auditor.
- c) In the assessment of the impact of filing bankruptcy petitions by Vertikom GmbH with its registered office in Nuremberg and Vertikom Sales GmbH with its registered office in Eschborn on the possibility of PFR Fund exiting its investment in Vertikom Group, in the opinion of Company's Management Board, this issue does not require additional analysis. In the opinion of the Management Board, filing for bankruptcy by Vertikom GmbH and Vertikom Sales GmbH does not affect the possibility of PFR Fund's exit from the investment.
- d) As regards the examination of the terms and conditions of subcontracting agreements, service agreements and other agreements with business partners concluded by ASM Capital Group companies and examination of the terms and conditions of employment of Company's employees (contractors) and the correctness of settlement of public and legal liabilities with respect to the above events, the Company is of the opinion that the manner in which the Request in this respect was formulated does not make it possible to unambiguously state what would be determined as a result of the examination by a special purpose auditor. The Company believes that it is not reasonable or necessary to examine each contract identified in the Request and there is no factual basis for doing so. The Company enters into contracts only on market terms and performs them properly. The proposal does not indicate any

potential irregularities in this area that could be investigated by the auditor. The Management Board points out that the institution of a special purpose auditor provided for in the Act on Public Offering cannot be used to abuse shareholders' right by way of a cross-cutting examination of the Company in all matters pertaining to its operations without indicating even potential doubts or irregularities to be examined. The Requester did not indicate in his Request any circumstances that would make it likely that the requested audit would be carried out. Such action on the part of shareholders should be considered as exposing the Company to incurring unjustified audit costs, as well as being aimed at significantly hampering Company's day-to-day operations.

- e) Regarding the examination of the regularity of cash flow management of the Company and ASM Group Companies. In the Board's view, the manner in which the Request is phrased in this regard does not make it clear what would be determined by the special purpose auditor.

2. Scope of information and documents requested

In order to conduct an audit by an auditor, the Requester indicates that Company's Management Board should be obliged to make available to the auditor all documents held by the Company or available to the Company from publicly available sources, including: materials, analyses, valuations, studies, reports, opinions, correspondence, statements, data and information - regardless of their name and manner of their recording and the media which they were recorded on - making it possible to conduct an audit, and in particular

- a) accounting documents in all forms, including source evidence and data from accounting systems, statements of account and balances and accounting records relating to the Company;
- b) full, current as of the date of the examination by the auditor, documentation on Company's receivables and liabilities, including agreements with counterparties of the Company, loan and credit agreements, invoices, orders, statements of Company's bank accounts, Company's books, rulings from judicial or enforcement cases, conducted with the participation of the Company, determining the financial situation of the Company;
- c) complete documentation related to obtaining external financing by the Company, including in particular all loan agreements, annexes to loan agreements, appendices to agreements and annexes, agreements and correspondence conducted with banks and financial institutions, starting from documents for 2020;
- d) complete documentation on the impairment tests of Company's assets;
- e) complete corporate documentation of the Company, including in particular minutes of meetings of Company's bodies and resolutions of these bodies relating to the subject and scope of the audit,
- f) all reports, opinions, memoranda (i.e. analytical or descriptive papers, whatever their name or designation) and presentations relating to the subject matter and scope of the audit.

In the opinion of the Company's Management Board, the scope of the documentation requested in the Application substantially exceeds the framework necessary for the audit by a certified auditor. There are no legal grounds to provide the auditor "with any documents which are in the possession of the Company or available to the Company from publicly available sources, including: materials, analyses, valuations, studies,

reports, opinions, correspondence, statements, data and information - regardless of their name and the manner in which they were recorded and the media which they were recorded on". In the opinion of Company's Management Board, such request goes beyond the scope of Article 86 Section 1 in connection with Article 84 Section 4 point 3 of the Act on Public Offering. The purpose of Article 84 et seq. of the Act on Public Offering is not to enable the Requester to obtain information that could not be disclosed pursuant to Articles 428 and 429 of the Commercial Companies Code.

3. Summary

In view of the above, the Company believes that it pursues its information policy in a correct, complete and exhaustive manner and the current and periodic reports published to date reliably address the issues raised in the Application. Furthermore, the Management Board indicates that the Request raises significant doubts as to the detailed scope of the audit and the documents that would be made available to the auditor as part of the audit. Implementation of the Request will also result in the Company being required to incur the costs of auditing Company's affairs again which have already been audited by the statutory auditor as part of the audit or review of Company's financial statements. At the same time, the Management Board leaves the final decision on whether to grant the Request to Company's General Meeting.

Management Board of ASM Group S.A.

Dorota Kenny - President

Jacek Pawlak - Member

Andrzej Nowak - Member