



Current Report No. 17/2022

Report Date 27 June 2022

Subject **Cyfrowy Polsat S.A. decides to execute Annex 2 to the preliminary share purchase agreement concerning PAK-Polska Czysta Energia sp. z o.o. and to transfer an organized part of the enterprise of Konin Power Plant to PAK-PCE Biopaliwa i Wodór sp. z o.o.**

The Management Board of Cyfrowy Polsat S.A. ("**Company**"), with reference to current report no. 38/2021 of 20 December 2021 on the Company's execution of preliminary share purchase agreements concerning the acquisition of shares in PAK-Polska Czysta Energia sp. z o.o., Port Praski sp. z o.o. and Pantanomo Limited and to current report no. 2/2022 of 30 March 2022 on the Company's execution of an annex ("**Annex 1**") to the preliminary purchase agreement concerning the acquisition by the Company of shares in PAK-Polska Czysta Energia sp. z o.o. with its registered office in Konin ("**PAK-PCE**", "**Transaction**"), representing 67% of PAK-PCE's share capital ("**PAK-PCE Shares**"), executed on 20 December 2021 between the Company and ZE PAK S.A. with its registered office in Konin ("**ZE PAK**", "**Agreement**"), hereby announces that the Company has decided to execute annex 2 to the Agreement ("**Annex 2**") with ZE PAK and to finalize the transfer to PAK-PCE's subsidiary, i.e. PAK-PCE Biopaliwa i Wodór sp. z o.o. ("**PP BiW**"), all power sector activities of Konin Power Plant, including, in particular, biomass-generated electricity business, in the form of an organized part of the enterprise ("**ZCP Elektrownia Konin**").

Annex 2 is scheduled to be executed on 29 June 2022 while the ownership transfer of ZCP Elektrownia Konin is planned on 1 July 2022.

Annex 2 will be signed by the Company and ZE PAK ("**Parties**"), in particular, in connection with non-fulfillment of one of the conditions precedent of the Agreement (concerning the contribution of claims of PAK-PCE's subsidiaries to PAK-PCE) and revision of the manner and sequence of legal actions set forth in the Agreement.

The Parties have decided, among other things, to change the procedure and time for the transfer of ZCP Elektrownia Konin to the group of PAK-PCE's subsidiaries, which was the subject matter of an additional commitment in the Agreement. The additional commitment was to be completed after the performance of the Agreement, i.e. the acquisition of 67% of shares in the share capital of PAK-PCE by the Company through the acquisition for the price of PLN 607,355,000.00, adjusted for the working capital of ZCP Elektrownia Konin, of further new shares created in PAK-PCE ("**Additional Commitment**") in relation to the transfer of ZCP Elektrownia Konin to PP BiW, a subsidiary of PAK-PCE.

From April to May 2022, several legal transactions were effected and as a result the Company acquired the ownership of 49% of shares in the share capital of PP BiW. This involved an outflow of a total amount of PLN 478,730,000.00, of which PLN 473,830,000.00 in respect of a cash contribution related to the share capital increase in PP BiW. The ownership change in PP BiW was accompanied by its share capital increase. Proceeds from the share capital increase are allocated to the acquisition of ZCP Elektrownia Konin from ZE PAK.

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On 16 May 2022, ZE PAK and PP BiW executed an agreement under which the ownership of ZCP Elektrownia Konin will be transferred to PP BiW ("**ZCP Elektrownia Konin Ownership Transfer**"). The transaction closing is scheduled on 1 July 2022.

Under the Agreement amended by Annex 2 the Parties will be obliged to execute the final agreement provided that: (i) the ZCP Elektrownia Konin Ownership Transfer is completed and (ii) all shares in the share capital of PP BiW held by the Parties as at 27 June 2022 are contributed to cover the increase in the share capital of PAK-PCE. Annex 2 provides for the obligation of ZE PAK to effect the ZCP Elektrownia Konin Ownership Transfer.

Shares in PAK-PCE representing approx. 26.6% of the share capital of PAK-PCE will be the subject matter of the final agreement ("**Final Agreement**"). With the shares previously acquired and subscribed (including the contribution of shares held by the Company in PP BiW to PAK-PCE), following the performance of the Final Agreement, the Company will hold approx. 67% of shares in the share capital of PAK-PCE, as originally intended in the preliminary agreement of 20 December 2021, and ZCP Elektrownia Konin will be wholly-owned by the PAK-PCE Group

Pursuant to Annex 2, the price for the PAK-PCE Shares acquired under the Final Agreement will be revised.

The original price specified in the Agreement, will be: (i) reduced due to non-fulfillment of one of the conditions precedent set forth in the Agreement (related to the contribution of claims of PAK-PCE's subsidiaries to PAK-PCE), (ii) reduced by the amount of a non-permitted leakage specified in the Agreement, if any, and (iii) increased by interest accrued for the period commencing on the Locked Box date and ending on the date of the cash contribution made by the Company on account of the share capital increase in PP BiW, i.e. 13 May 2022, according to an average interest rate for deposits with banks keeping current bank accounts for ZE PAK, for the period the most approximate to the specified period; and (iv) increased by the amount resulting from the transactions effected by the Parties and concerning ZCP Elektrownia Konin.

Total expenditures incurred by the Company to acquire 67% of the share capital of PAK-PCE together with ZCP Elektrownia Konin (in the absence of non-permitted leakages) will amount to PLN 807,624,246.00, including the adjustment for the working capital of ZCP Elektrownia Konin.

The Final Agreement is to be executed by the Parties by 30 September 2022.

On 27 June 2022, the Company's Supervisory Board consented to the execution of Annex 2.

The Transaction qualifies as a material related-party transaction within the meaning of Article 90h of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies of 29 July 2005 (Dz. U. of 2021, item 1983, as amended).

As the Transaction will be executed at arm's length, it will not prejudice the interests of the Company or its shareholders who are not related parties, including the minority shareholders.



Legal basis: Article 17 Section 1 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

Signed by:

/-/ Mirosław Błaszczyk

Mirosław Błaszczyk
President of the Management
Board

/-/ Katarzyna Ostap-Tomann

Katarzyna Ostap-Tomann
Member of the Management Board

/-/ Tomasz Gillner-Gorywoda

Tomasz Gillner-Gorywoda
Proxy