



Current report no. 38/2021

Date 20 December 2021

Subject Cyfrowy Polsat S.A. signs preliminary share purchase agreements concerning PAK-Polska Czysta Energia sp. z o.o., Port Praski sp. z o.o. and Pantanomo Limited.

The Management Board of Cyfrowy Polsat S.A. ("**Company**", "**Purchaser**"), in connection to current report no. 36/2021 of 20 December 2021 concerning the adoption by the Company's Management Board of a new strategy of Polsat Plus Group and a new dividend policy of the Company, and to current report no. 37/2021 of 20 December 2021 concerning the delayed disclosure of inside information on the commencement of negotiations between the Company and (i) ZE PAK S.A. – with respect to the Company's contemplated capital investment in certain ZE PAK S.A. assets generating electricity from low-emission and zero-emission sources, and (ii) Elektrim S.A., Embud 2 sp. z o.o. S.K.A. and potentially other investors participating in specific projects – with respect to the Company's contemplated acquisition of selected real properties from those entities, hereby announces that as a result of these negotiations, on 20 December 2021 the Company entered into the following agreements ("**Agreements**"):

- a preliminary agreement concerning the Company's purchase of shares in PAK-Polska Czysta Energia sp. z o.o. with its registered office in Konin ("**PAK-PCE**"), representing 67% of PAK-PCE's share capital ("**PAK-PCE Shares**"), executed between the Company and ZE PAK S.A. with its registered office in Konin ("**ZE PAK**");
- a preliminary agreement concerning the Company's purchase of 1,070,000 (one million seventy thousand) shares in Port Praski sp. z o.o. with its registered office in Warsaw ("**Port Praski**"), representing approximately 66.94% of Port Praski's share capital ("**PP Shares**"), executed between the Company and Embud 2 sp. z o.o. S.K.A. with its registered office in Warsaw ("**Embud**") and a preliminary agreement concerning the Company's purchase of 4,705 (four thousand seven hundred and five) shares in Pantanomo Limited, a Cypriot company with its registered office in Limassol ("**Pantanomo**"), representing approximately 32% of Pantanomo's share capital ("**Pantanomo Shares**"), executed between the Company and Tobe Investments Group Limited, a Cypriot company with its registered office in Limassol ("**Tobe**").

The execution of these agreements is related to the new strategy of Polsat Plus Group announced by the Company on 20 December 2021 in current report no. 36/2021 of the same date.

The base purchase price for the PAK-PCE Shares is set at PLN 193,104,000.00, for PP Shares at 572,211,844.00 and for Pantanomo Shares at PLN 307,160,830.00.

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KRS 0000010078 NIP 796-18-10-732 REGON 670925160,
kapitał zakładowy 25.581.840,64 zł w pełni wpłacony

These base purchase prices have been established, among others, on the basis of valuations prepared by Deloitte Advisory sp. z o.o. and may be subject to adjustments routinely applied in acquisitions using the locked box approach. Additionally, for the purpose of the transaction and establishing the price for the purchased shares the Company has obtained a fairness opinion from Deloitte Advisory sp. z o.o., confirming the pricing fairness.

The agreement concerning the PAK-PCE Shares also provides for an additional ZE PAK obligation, to be performed after the date of sale of the PAK-PCE Shares being the subject of the agreement. The whole biomass-based electricity generation business conducted in Elektrownia Konin (Konin power station) will be spun-off from the ZE PAK enterprise as an organized part of the enterprise (“**Elektrownia Konin OPE**”). ZE PAK agreed to contribute the Elektrownia Konin OPE to PAK-PCE (after the Company acquires the PAK-PCE Shares) as in-kind contribution valued, as at 30 September 2021, at PLN 906,500,000.00. In consideration for this in-kind contribution, PAK-PCE will issue shares to ZE PAK and ZE PAK agrees to afterwards sell to the Company 67% of those shares for a total price of PLN 607,355,000.00. Part of the price for the new PAK-PCE shares in the amount of PLN 90,000,000.00 will be required to be paid as a downpayment (“**Downpayment**”) by the Company upon acquisition of the PAK-PCE Shares.

The total price for the PAK-PCE Shares and the new shares of PAK-PCE to be issued in relation to the in-kind contribution in the form of Elektrownia Konin OPE will amount to PLN 800,459,000.00. If ZE PAK does not contribute the Elektrownia Konin OPE as an in-kind contribution to PAK-PCE, ZE PAK will be obliged to return the Downpayment and pay a contractual penalty to the Company in the amount of PLN 100,000,000.00.

PAK-PCE is a holding company serving as the core for a whole structure of subsidiaries engaging in the development of renewable energy projects and the generation and utilization of hydrogen in the capital group to which ZE PAK is a member.

Port Praski is a company engaging in real property development business through its subsidiaries, mainly in the Praga-Północ district of Warsaw.

Pantanomo engages in the business of managing its properties as well as holding, financial and investment activities.

The closing of the transactions contemplated in the Agreements is contingent on the satisfaction of the following conditions precedent: (i) the Purchaser being satisfied with the results of a documentation review, including specifically the legal and tax documents of the companies whose shares are being acquired and their subsidiaries, (ii) the Company obtaining the Supervisory Board’s approval for completing the transactions contemplated in the Agreements. Furthermore, the closing of the transactions contemplated in the Agreements is contingent on the satisfaction of certain additional conditions precedent set forth in the Agreements (“**Additional Conditions**”) including, without limitation, the implementation of agreed changes to the targets’ capital structure.

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Pursuant to the Agreements, all the conditions precedent have been reserved for the benefit of the Company, therefore the Company may decide to proceed with the closing, despite a condition precedent not having been fulfilled in whole or in part and, should the transactions to which the Additional Conditions refer not be completed, may accordingly reduce the base prices.

Pursuant to the Agreements, the Company may terminate each of them with immediate effect, if: (i) any of the conditions precedent is not satisfied by 31 March 2022 (the deadline may be extended by the parties by no more than 90 days), regardless of the reason; (ii) a seller fails to provide the Company with documents that are key for the given legal due diligence review, or (iii) irregularities identified in the course of a legal due diligence review may result in losses in a significant amount (which varies depending on the Agreement), and remedying the identified irregularities is not objectively feasible.

The Agreements contain standard representations and warranties of the parties regarding the shares and businesses of individual companies. In the event of a breach of any of the representations and warranties, or breach of the obligations, the parties are liable on the terms and within the time limits stipulated by the Agreements.

Legal basis Article 17 Section 1 of 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:

/s/ Mirosław Błaszczyk

Mirosław Błaszczyk
President
of the Management Board

/s/ Aneta Jaskólska

Aneta Jaskólska
Member
of the Management Board

/s/ Tomasz Gillner-Gorywoda

Tomasz Gillner-Gorywoda
Proxy

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