

CYFROWY POLSAT S.A.

Current Report No. **20/2018**

Report Date: **24 May 2018**

Subject: **Conclusion of an agreement on the acquisition of a majority stake in Eleven Sports Network sp. z o.o.**

With reference to Current Report No. 19/2018 of 24 May 2018, the Management Board of Cyfrowy Polsat S.A. (the "**Company**") hereby announces that following the negotiations on 24 May 2018, Telewizja Polsat sp. z o.o. ("**Telewizja Polsat**"), i.e. a direct subsidiary of the Company, entered into an agreement with Eleven Sports Network LTD with its registered office in London (the "**Seller**") on the acquisition of 3,340 shares with the nominal value of PLN 50 (the "**Shares**") in Eleven Sports Network sp. z o.o. with its registered office in Warsaw (the "**Agreement**", "**ESN**"). Pursuant to the Agreement, Telewizja Polsat will acquire the Shares at the moment of payment of the first tranche of the price, which should take place within two business days from the date of concluding of the Agreement. In the case where the Shares are not transferred to Telewizja Polsat during this period, the Company shall inform of this fact in a separate current report.

The Shares to be acquired by Telewizja Polsat, following the registration of the share capital increase set forth in the Agreement, will represent 50% + one share in the share capital of ESN. The total price for the Shares acquired under the Agreement has been set at EUR 38 million (the "**Share Price**"). The Share Price is payable in two tranches. The first tranche of EUR 18 million (the "**First Tranche**") will be paid within two business days from the date of concluding the Agreement.

The second tranche of EUR 20 million (the "**Second Tranche**") is to be adjusted for the net debt of ESN and paid when the conditions for its payment reserved in the Agreement are satisfied. The payment of the Second Tranche should take place during a period not exceeding four months from the date of payment of the First Tranche. If Telewizja Polsat fails to pay the Second Tranche, the Seller will have the right to repurchase the Shares (call option) from Telewizja Polsat for the Share Price reduced by the unpaid Second Tranche and increased by EUR 750,000.

If the value of ESN based on the results for 2020 exceeds the amount of EUR 80 million, Telewizja Polsat will be required to pay the Seller an additional earn-out payment equal to 25% of the surplus of ESN's value over the amount of EUR 80 million (with ESN's value calculated as 9x adjusted EBITDA based on the financial statements of ESN for the financial year ending 30 June 2020).

In addition, Telewizja Polsat, the Seller and ESN executed a shareholders' agreement governing the rights and obligations between the shareholders and ESN (the "**Shareholders' Agreement**"). The Shareholders' Agreement provides for contractual penalties for a breach of material provisions of the Shareholders' Agreement and the maximum contractual penalty set forth therein is EUR 10 million. Under the Shareholders' Agreement the shares in ESN are subject to certain transferability restrictions and in specified circumstances Telewizja Polsat and the Seller have the right to acquire the stake of the other shareholder at market price or to dispose of their respective stake to the other shareholder at market price (put options and call options).

The acquisition of the Shares will be financed with own funds of Telewizja Polsat.

The turnover of ESN had not exceeded the amount of EUR 10 million in either of the two preceding financial years.

ESN produces and distributes sports content within the territory of Poland and owns attractive sports rights which are sold as program packages to pay TV operators, including the Company, active on the Polish market. The acquisition of the Shares constitutes a long-term strategic investment by the

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Company's capital group. In the medium term, gaining access to the portfolio of sports rights held by ESN will strengthen the position of the Company's capital group in the increasingly fragmented television market, while concurrently securing access to ESN's sports content for the Company's and other Group companies' customers within their Group.

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:

/signature/ Tobias Solorz

Tobias Solorz
President of the Management Board