

# CYFROWY POLSAT S.A.

Current Report No. **28/2019**

Date: **25 October 2019**

Subject: **Disclosure of delayed inside information regarding Cyfrowy Polsat S.A. Management Board's decision to commence negotiations with Discovery Communications Europe Limited on the terms of a joint venture involving the establishment of a special purpose vehicle to launch an OTT streaming platform offering content to users in Poland and abroad**

Pursuant to Article 17 paragraphs 1 and 4 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 ("**MAR**"), Cyfrowy Polsat S.A. (the "**Issuer**") provides the following inside information regarding the Issuer Management Board's decision to commence negotiations with Discovery Communications Europe Limited on the terms of a joint venture involving the establishment of a special purpose vehicle to launch an OTT streaming platform offering content to users in Poland and abroad ("**Inside Information**").

The disclosure of the Inside Information to the public was delayed on 31 July 2019 under Article 17 paragraph 4 of MAR.

## **Content of the delayed Inside Information:**

"The Management Board of Cyfrowy Polsat S.A. (the "**Issuer**") announces that it has decided to commence negotiations with Discovery Communications Europe Limited ("**Discovery**") in order to establish the terms of a joint venture involving the establishment of a special purpose vehicle to launch an online television service in the form of an OTT streaming platform offering content to users in Poland and abroad (the "**OTT Platform**"). The goals of the conducted negotiations also include reaching an agreement on the content of contractual documentation concerning the project (the "**Project**").

The scope of the negotiations includes, among other things, devising a model, satisfactory to both parties, for establishing and running the joint-venture special purpose vehicle (the "**SPV**") operating the OTT Platform, covering such areas as corporate governance, funding the SPV, licensing, purchases and creation of content for the Project, as well as details regarding a joint notification to the competent antimonopoly authority.

Additionally, the Issuer is contemplating, should the negotiations succeed, ultimately acquiring 50% of shares in the SPV and offer financing to the SPV on a 50:50 basis in the form of a share capital increase or shareholder's loans. The Issuer is also contemplating entering into a joint venture agreement with Discovery and the SPV, that would govern the mutual rights and obligations of the parties related to the joint investment in the SPV, as well as ancillary agreements in which companies from the Issuer Group and Discovery Group might participate, including licensing agreements related to the Project.

The Issuer points out that the negotiations are at an early stage and their outcome, as well as the likelihood of the Project being eventually implemented, are still uncertain.

The Issuer will report on further steps in the pending negotiations and the progress of implementation of the Project in separate current reports."

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## **Substantiation of a delay in disclosure of the Inside Information to the public:**

The Management Board believes that the delay in disclosing the above Inside Information met the conditions set out in MAR and the guidelines of the European Securities and Markets Authority for delaying disclosure of inside information of 20 October 2016 at the time the decision was made.

The implementation of the Project depended on the outcome of the negotiations and other preparations, including work on a joint notification to be filed with the competent antimonopoly authority. As a result of these negotiations and preparations, the process leading towards a potentially successful implementation stage of the Project was prolonged. Additionally, at the time when the Issuer engaged in the aforesaid actions the outcome of the negotiations and, inevitably, the likelihood of the Project going into the implementation phase were still uncertain.

The Management Board of the Issuer believes that in the situation at hand a prompt disclosure of the information on the commenced negotiations would bring about a risk of infringing the legitimate interests of the Issuer and its group by it possibly having an adverse effect on the progress and outcome of the lengthy negotiations process as a result of compromising the Issuer's negotiating position, or even entirely frustrating the success of the negotiations in the future. The occurrence of any of the foregoing circumstances could have an adverse effect on the achievement of the business and financial goals adopted by the Issuer.

Furthermore, given that the outcome of the pending negotiations was difficult to predict, the Management Board determined that a public disclosure of the Inside Information might result in misleading the investors as to the likelihood of the actual materialization and terms of the potential Project, as well as cause general public to misinterpret such information and its potential effect the Issuer's goodwill.

In the opinion of the Issuer's Management Board, there were no reasons to believe that a delay in the disclosure of the Inside Information could be misleading to the public, in particular due to the absence of any earlier public announcements from the Issuer concerning the matter to which the Inside Information pertains.

In view of the Issuer's Management Board, maintaining the confidentiality of the Inside Information at the time of making the decision to delay its disclosure was assured, in particular by the internal information circulation and protection procedures implemented on the Issuer Group's level, which included the existence of lists of the individuals having authorized access to the contemplated Inside Information, as required under Article 18 of MAR. The lists of individuals were regularly monitored and updated on an as-needed basis.

Considering the legitimate interests of the Issuer and its shareholders, and with a view to complying with the legal requirements stipulated by MAR, the Issuer will announce in a separate report proceeding to subsequent stages of the contemplated Project, including the completion of negotiations and proceeding to the implementation of the Project, as well as the terms of the Project, should such information be classified as inside information.

Inside Information may be made public also before the expiry of that time limit if the Issuer enters into conditional agreements or other arrangements, whereby the parties will agree to implement the Project.

The Inside Information will not be disclosed to the public if it ceases to be inside information before the scheduled date of its publication, in particular as a result of the Issuer deciding to withdraw from the negotiations.

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Pursuant to Article 17 paragraph 4 of MAR, the Issuer will notify the Polish Financial Supervision Authority of the delay in disclosure of the Inside Information together with the reasons thereof immediately upon publication of this Report.

*Legal basis: Article 17 paragraphs 1 and 4 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/ Tomasz Gillner-Gorywoda

Tomasz Gillner-Gorywoda  
Proxy