

CYFROWY POLSAT S.A.

Current report No. **29/2019**

Report Date: **25 October 2019**

Subject: **Conclusion of a joint venture agreement with Discovery Communications Europe Limited and TVN S.A. to establish an SPV in order to launch the OTT streaming platform**

With reference to the Current Report No. 28/2019 dated 25 October 2019 of Cyfrowy Polsat S.A. (the “**Issuer**”, the “**Company**”), the Management Board of the Issuer hereby informs that as a result of conducted negotiations on 25 October 2019 the Issuer concluded a Joint Venture Agreement with Discovery Communications Europe Limited (“**Discovery**”) and TVN S.A. (“**TVN**”) (the “**JV Agreement**”) regarding the implementation of a joint venture involving the establishment of a special purpose vehicle to launch an OTT streaming platform offering content to Polish customers, with an intention to later expand into other countries as the parties may agree (the “**OTT Platform**”) (the “**Project**”).

The JV Agreement stipulates the principles of establishing and functioning of the special purpose vehicle operating the OTT Platform (the “**SPV**”), covering such areas as corporate governance of the SPV, the principles of financing the operations of the SPV, the principles of licensing, purchases and creation of content for the purpose of the Project, as well as includes provisions regarding a joint notification to the competent antimonopoly authority in relation to the implementation of the Project.

According to the JV Agreement, the Issuer will ultimately hold 50% of shares in the SPV and provide financing to the SPV on a 50:50 basis in the form of share capital increase and shareholder loans. The initial financing to be provided to the SPV by the Issuer and Discovery is capped at PLN 30 million for each party separately. Each of the Issuer and Discovery also committed to provide additional financing in such amounts as the Issuer and Discovery may agree at a later stage. The Issuer or its group companies will also conclude ancillary agreements, including license agreements, related to the Project, with other parties to the JV Agreement or their group companies.

The SPV will be jointly controlled by the Issuer and Discovery. According to the assumptions adopted by the parties to the JV Agreement, the SPV should be a financially and operationally independent business venture.

At the current stage of the Project the SPV has been established by the Issuer, however it will engage in operating activity and Discovery will acquire and take up its shares only after the relevant antimonopoly consent is obtained. Also at a later stage Discovery will also be required to make a statement on the absence of obstacles to the implementation of the Project.

The OTT Platform operated by the SPV will provide the viewers with access to, among others, movies, series, documentaries, sports and entertainment shows. The OTT Platform will offer content produced by the parties to the JV Agreement, purchased from third party producers or produced by the SPV. The OTT Platform will operate both in the advertising-funded model (AVOD) and, at a later stage, also in the paid model (SVOD/TVOD).

When the SPV commences its full operating activity, the parties to the JV Agreement will become subjected to certain restrictions with respect to the distribution of selected content categories to selected entities other than the SPV.

Also, according to the JV Agreement, its parties may dispose of their shares in the SPV (together with their rights related to the shareholder loans granted to the SPV) only (i) within their respective capital groups, (ii) to the other party to the JV Agreement or to third parties but only upon receiving consent of the other party to the JV Agreement; or (iii) after the lapse of five years from the date of

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implementation of the JV Agreement – to any entity, subject to the right to indicate alternative purchaser and the right of first refusal of the other party to the JV Agreement.

The JV Agreement also contains provisions which enable compulsory squeeze-out of other parties to the JV Agreement in the event of their default under the JV Agreement or a change of control over those parties, on the terms and in accordance with the conditions set out in the JV Agreement.

The Issuer will report on further steps in the course of implementation of the Project in separate current reports.

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:

/s/ Mirosław Błaszczyk

Mirosław Błaszczyk
President of the Management Board

/s/ Tomasz Gillner-Gorywoda

Tomasz Gillner-Gorywoda
Proxy