

# CYFROWY POLSAT S.A.

Current report No. **23/2017**

Report Date: **4 December 2017**

**Subject: Disclosure of delayed inside information regarding taking action aimed at effecting the transaction consisting in the acquisition of a block of shares in the company Netia S.A., accounting for not more than 66% of the total number of votes at the Netia S.A. General Meeting**

Acting pursuant to Article 17 Sections 1 and 4 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 ("**MAR**"), and referring to the current report of Cyfrowy Polsat S.A. (the "**Company**") No. 22/2017 of 4 December 2017, in which the Company reported a delay in disclosure of inside information of 15 November 2017, the Company hereby gives notice that on 29 November 2017 the Company's Management Board took a decision on launching actions aimed at effecting the transaction consisting in the acquisition of a block of shares in Netia S.A. accounting for not more than 66% of the total number of votes at the General Meeting of Netia S.A., including a decision on approaching on 30 November 2017 two significant shareholders of Netia S.A., i.e., Mennica Polska S.A. and the closed-end investment fund FIP 11 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with proposals for the acquisition by the Company of blocks of Netia S.A. shares constituting jointly a block representing 33% of the total number of votes at the Netia General Meeting less 1 (one) share, assuming that Netia S.A. redeems its treasury shares (the "**Inside Information**").

The disclosure of the Inside Information was delayed on 29 November 2017 pursuant to Article 17 Section 4 of MAR.

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

"Cyfrowy Polsat S.A. (the "**Company**") hereby announces that on 29 November 2017 the Management Board of the Company took a decision on taking actions aimed at the effecting of a transaction consisting in the acquisition of a controlling block of shares in Netia S.A. ("**Netia**") accounting for not more than 66% of the total number of votes at the General Meeting of Netia ("**Transaction**") in the following two stages: in the first stage ("**Stage 1**") the Company shall submit individualized proposals to purchase in aggregate a block of shares representing 33% of the total number of votes at the Netia General Meeting less 1 (one) share, assuming that Netia redeems its treasury shares, to two significant shareholders of Netia, i.e. Mennica Polska S.A. ("**Mennica**") and FIP 11 Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("**FIZ**"; jointly: the "**Significant Shareholders**"), and next the Company will announce a tender offer for Netia shares, in a number ensuring the attaining of 66% of the total number of votes at the General Meeting of Netia addressed to all Netia shareholders ("**Stage 2**").

In order to effect the Transaction, the Management Board of the Company resolved in particular:

1. to advance proposals by the Company on 30 November 2017 to purchase a block of Netia shares representing 33% of the total number of votes less 1 (one) share, assuming that Netia redeems its treasury shares, directly to the Significant Shareholders, and assuming that the shares would be purchased through block transactions on the regulated market or through transactions outside the regulated market;
2. to announce a tender offer to place subscriptions for the sale of shares, in a number sufficient to ensure the attaining of 66% of the total number of votes at the General Meeting of Netia, assuming that Netia redeems its treasury shares;

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3. due to the restrictions imposed on the Company under current financing agreements to which the Company is a party, to use another Zygmunt Solorz subsidiary in the tender offer as the entity purchasing the shares through the tender offer procedure;
4. to approach the Company's Supervisory Board with a motion for consent to take factual and legal actions related to the effecting of the Transaction.

The final number of shares to be purchased by the Company from each of the Significant Shareholders under Stage 1 will depend on the exact number of Netia shares held by each Significant Shareholder, it being assumed by the Management Board as at the date hereof that in Stage 1 the purchase will concern all the shares held by Mennica and the number of FIZ-held shares required to obtain the total of 110,702,441 shares, for which the Company intends to pay a total of not more than PLN 639,000,000 (six hundred thirty-nine million zloty).

Furthermore, the Company gives notice that the Management Board of the Company decided to launch on 30 November 2017 the implementation of Stage 1, i.e. to approach the Significant Shareholders with the proposals for the acquisition by the Company of Netia shares for the purchase price of PLN 5.77 (five zlotys 77/100) per 1 (one) share.

If the purchase proposals are accepted by the Significant Shareholders, the implementation of Stage 1 will proceed subject to the following conditions: (i) obtaining the consent of the Supervisory Board of Mennica for the implementation of Stage 1 and corporate consents of FIZ; (ii) release of all security interests encumbering the Netia shares that are the object of Stage 1; (iii) obtaining the consent of the Company's Supervisory Board for the implementation of Stage 1.

The Company will provide information about successive steps aimed at the effecting of the Transaction by means of successive current reports."

### **Rationale for delayed disclosure of the Inside Information:**

In the opinion of the Management Board, the delay in the disclosure of the Inside Information complied, at the time the decision on the delay was taken, with the conditions set out in the MAR and in the guidelines of the European Securities and Markets Authority concerning delayed disclosure of inside information of 20 October 2016.

In the opinion of the Management Board of the Company, immediate disclosure of the Inside Information could have prejudiced the Company's legitimate interests through a possible negative impact on the outcome of the purchase proposals planned for submission by the Company. Furthermore, the disclosure of the Inside Information immediately following the adoption of the Management Board's decision to proceed with actions aimed at the implementation of the Transaction might have resulted in a distorted assessment among the general public of that information and its potential impact on the Company's valuation.

In the opinion of the Management Board of the Company, there were no premises indicating that a delayed disclosure of the Inside Information could mislead the public, in particular since the Company had not made any prior public announcements on the subject matter of the Inside Information.

The Management Board of the Company also resolved that the confidentiality of the delayed information was assured, in particular through internal information circulation and protection procedures implemented in the Company's capital group.

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In accordance with Article of 17 Section 4 of MAR, immediately following the publication of this Report, the Company shall inform the Polish Financial Supervision Authority about the delayed disclosure of the Inside Information, indicating that the premises for such delay were satisfied.

*Legal basis: Article 17 Sections 1 and 4 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/ Tobias Solorz

Tobias Solorz  
President of the Management Board