

Current report No. 12/2016
Drawn up on: 16 March 2016
Abbreviated name of the issuer: MIDAS SA

Subject: The position of the Management Board of Midas S.A. regarding the Tender Offer to subscribe for shares of Midas S.A. announced by Polkomtel sp. z o.o. on 29 February 2016

Content:

The Management Board of Midas S.A. with its registered office in Warsaw ("**Management Board**", "**Company**") acting pursuant to the provisions of Article 80 Sections 1-3 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (consolidated text: Dz. U. of 2013, Item 1382, as since amended) ("**Offering Act**"), hereby presents its position regarding the tender offer to subscribe for all the shares of the Company ("**Tender Offer**") announced on 29 February 2016 ("**Tender Offer Announcement Date**") by Polkomtel sp. z o.o. ("**Tenderer**").

Pursuant to the Tender Offer, the Tenderer intends to acquire, on the basis of the Tender Offer announced pursuant to Article 74 section 1 of the Offering Act, 503,124,060 (five hundred three millions one hundred twenty four thousand sixty) ordinary bearer shares with the nominal value of PLN 0.10 (ten groszy) each, traded on regulated market organized by Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) dematerialized and registered with Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository for Securities) under ISIN: PLNFI0900014 ("**Shares**"). The Shares subject to the Tender Offer, together with the shares of the Company held so far indirectly by the Tenderer, entitle to 100% of the total number of votes at the General Meeting of the Company.

As at the Tender Offer Announcement Date, the Tenderer's subsidiary, i.e. Litenite Limited with its registered office in Nicosia, Cyprus held 65.9975% of the total number of votes at the General Meeting of the Company and 65.9975% of the Company's share capital, i.e. 976,542,690 of the Company's shares authorizing to 976,542,690 votes at the General Meeting of the Company.

Under the Tender Offer, the Tenderer, as the entity acquiring the Shares, intends to acquire 503,124,060 Shares entitling to 503,124,060 votes at the General Meeting of the Company which correspond to 34.0025% of the total number of votes the General Meeting of the Company and 34.0025% of the Company's share capital.

The Tender Offer does not specify any condition, nor the minimum number of Shares to be subscribed for in order to trigger the Tenderer's obligation to acquire these Shares.

The basis of the position of the Company's Management Board

In order to express its position, the Company's Management Board has become acquainted with the following information which was available to the Management Board:

- a) the Tender Offer itself,

- b) information on listing of the Company's shares in the period of three (3) and six (6) months prior to the Tender Offer Announcement Date,
- c) publicly available information concerning the market on which the Company operates as well as economic factors related to such market,
- d) recommendations issued within six (6) months preceding the Tender Offer Announcement Date by analysts of two reputable brokerage houses containing valuations of the Company shares, as available to the Company;

Disclaimer

The Management Board did not outsource the preparation of any additional analysis in connection with the Tender Offer and its contents, nor did it consult any external entities as regards the contents of the Tender Offer and its impact on the Company's economic situation.

Subject to the information presented in this document, provided by the Company and concerning its operations, the Management Board does not assume any responsibility for the accuracy, reliability, completeness or adequacy of the information upon which this position is based.

This position does not constitute a recommendation concerning the acquisition or disposal of financial instruments referred to in Article 42 of the Act of 29 July 2005 on Trading in Financial Instruments (consolidated text: Dziennik Ustaw of 2014, item 94, as amended). Any investor making an investment decision in connection with this position of the Management Board on the Tender Offer should perform its own assessment of the investment risk associated with the disposal of the Shares in response to the Tender Offer, on the basis of all information provided by the Tenderer and by the Company, in particular within the framework of the Company meeting its reporting obligations, including obtaining individual advice or recommendation of licensed advisors to the extent necessary to make a relevant decision. In particular, each shareholder of the Company, when analyzing a possible response to the Tender Offer, should assess the investment risk associated with it.

The Company's Management Board points out that there may exist opinions on the Company's value varying from those presented below.

The position of the Management Board concerning the impact of the Tender Offer on the Company's interest, including employment in the Company, strategic plans of the Tenderer in relation to the Company and their likely impact on Company's employment and the location of its business:

The Tender Offer contains the following declaration of the Tenderer:

"The Tenderer treats the Company as a long-term investment of strategic character. After the Tender Offer, the Tenderer intends to continue the cooperation with the Company and include the Company in the organizational structure of the capital group of Cyfrowy Polsat S.A. being an indirect parent company of the Tenderer. The Tenderer expects that despite already existing strong business ties between the Tenderer and the Company, the integration of the Company into the capital group of Cyfrowy Polsat S.A. may lead to additional synergies. First and foremost, it may result in greater transparency of the ownership structure of the capital group of Cyfrowy Polsat S.A."

In the opinion of the Management Board the above warranties prove that the Tenderer treats the acquisition of the Shares as a long-term investment the purpose of which is the business integration between the Tenderer and the Company in order to create an integrated capital group which in turn coincides with the interest of the Company and its employees. Additionally, in the opinion of the

Management Board, such integration will provide the Company with access to additional sources of financing necessary to implement a long-term strategy. **Therefore, the Management Board perceives the Tender Offer as conducive to the Company's interests.**

In the Tender Offer document the Tenderer did not present any detailed information on the impact of the Tender Offer on employment in the Company and the location of its business. Nevertheless, in the opinion of the Management Board there are no grounds for assuming that the Tender Offer will adversely influence the employment in the Company. Based on the Tender Offer, there are no grounds for stating that the Tenderer intends to change the location of the Company's business. The Management Board, pursuant to the provisions of Article 80 Section 1 of the Offering Act, has also provided the Company's employees with its position concerning the Tender Offer.

The Management Board points out that in the Tender Offer the Tenderer indicates that within the period of 12 months of the date of acquisition of Shares under the Tender Offer the Tenderer does not intend to reduce its share in the total number of votes at the General Meeting of the Company, nor does it rule out continuing to accrete these interests (unless the Tenderer attains directly and indirectly 100% of the total vote at the General Meeting of the Company already in the Tender Offer).

The Management Board points out that in the Tender Offer document the Tenderer states that if 90% of the total number of votes at the General Meeting of the Company is reached or exceeded as a result of the Tender Offer, the Tenderer does not rule out the possibility that the shareholders will be required to sell the shares held by the in the Company (*squeeze out*) subject to terms and conditions provided for in the Offering Act and other legal provisions. Additionally, after the Tender Offer, the Tenderer does not rule out the possibility that there will be actions taken to withdraw dematerialization of the Company's shares and delist the shares from the regulated market operated by the Warsaw Stock Exchange (*delisting*), subject to terms and conditions provided for in the Offering Act and other legal provisions.

The above position of the Management Board is based on the Tender Offer and the best knowledge of the Management Board as of [●] March 2016.

The Opinion of the Management Board concerning the price for Company's Shares proposed in the Tender Offer.

Pursuant to the Tender Offer:

- a) the arithmetical mean of the average daily prices weighted by the volumes of trade for the period of the six (6) months preceding the Tender Offer Announcement Date amounts to PLN 0.63.
- b) the arithmetical mean of the average daily prices weighted by the volumes of trade for the period of the three (3) months preceding the Tender Offer Announcement Date amounts to PLN 0.66.

Pursuant to the Tender Offer, in the period of twelve (12) months preceding the Tender Offer Announcement Date, neither the Tenderer nor any of its subsidiaries or the parent company, had not been acquiring any shares of the Company and the Tenderer is not and has not been, for the last twelve (12) months preceding the Tender Offer Announcement Date, party to an agreement specified in Article 87 Section 1 Item 5 of the Offering Act.

The price of Shares in the Tender Offer is not lower than the minimum price specified according to the provisions of Article 79 Section 1, 2 and 3 of the Offering Act.

The price offered in the Tender Offer of PLN 0.81 per share of the Company is:

- a) higher by 28.6% than the arithmetical mean of the average daily prices weighted by the volumes of trade for the period of the 6 months preceding the Tender Offer Announcement Date;
- b) higher by 22.7% than the arithmetical mean of the average daily prices weighted by the volumes of trade for the period of the 3 months preceding the Tender Offer Announcement Date.

Accordingly, the Management Board concludes that the price offered in the Tender Offer complies with the minimum price requirements set out in Article 79 Section 1, 2 and 3 of the Offering Act.

For the purpose of this opinion, the Management Board has also analyzed recommendations issued by analysts from reputable brokerage houses containing valuations of the Company shares, as available to the Company. For the purpose of this analysis the Management Board considered the recommendations issued during the period of six (6) months preceding the Tender Offer Announcement Date.

The lowest price of the Company shares assessed in these recommendations was PLN 0.73 per share.

Pursuant to the requirements of Article 80 Section 2 of the Offering Act, based on the evidence referred to in this Position and on the premises presented above, the Management Board concludes that the price offered in the Tender Offer **corresponds** to the fair value of the Company.