



Refinancing of the Group's indebtedness resulting from senior secured notes issued by Cognor International Finance PLC

The Management Board of Cognor Holding S.A. (the "**Company**") announces that it has decided to refinance the group's indebtedness resulting from senior secured notes issued by Cognor International Finance PLC, a subsidiary of the Company, with a total nominal value of EUR 80,887,290 as at 31 December 2016 (the "**Notes**").

In view of the foregoing, the Company has convened an extraordinary general meeting of the shareholders of the Company to be held on 25 April 2017 at 12:00 noon (the "**EGM**"). The agenda of the EGM includes the adoption of a resolution regarding: (i) the reduction of the share capital of the Company by reducing the nominal value of shares from PLN 2.00 to PLN 1.50; and (ii) an increase of the share capital by way of the issuance of at least 25,088,623 and no more than 56,700,000 ordinary bearer shares issued under issue No. 11 with a nominal value of PLN 1.50 each (the "**Cash Contribution Issue**"). Pursuant to the draft resolution regarding the Cash Contribution Issue, the Cash Contribution Issue will be effected by way of an open subscription (*subskrypcja otwarta*) within the meaning of Article 431 § 2 section 3 of the Act dated 15 September 2000 – the Polish Commercial Companies Code (the "**Commercial Companies Code**") through a public offering within the meaning of the Act dated 29 July 2005 on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (the "**Public Offering**"). Pursuant to the aforementioned draft resolution, the Cash Contribution Issue is to be effected with the exclusion of all the pre-emptive rights of the existing shareholders while simultaneously granting such shareholders priority rights to acquire new shares in the Company on the terms and conditions specified in the aforementioned draft resolution.

The Management Board believes that the share capital increase through the Cash Contribution Issue, with the exclusion of all the pre-emptive rights of the existing shareholders, is closely related to the Management Board's general decision to undertake works related to the feasibility of refinancing the group's indebtedness resulting from the Notes. The proceeds from the Cash Contribution Issue, together with the funds to be obtained by the Company from bank financing, will be used for the repayment of the Notes. The Management Board expects that the aforementioned initiatives may result in a reduction of financial costs and the improvement of the structure of the Company's balance sheet. The decision to refinance the indebtedness resulting from the Notes is mainly driven by the Company's intention to take advantage of the current low interest rates and the favourable conditions on the financial markets.

In order to conduct the Public Offering, the Company has selected financial advisors and a legal advisor.

At the same time, the Management Board has decided to include Odlewnia Metali Szopienice sp. z o.o. ("**Szopienice**"), currently controlled by the Company's majority shareholder (i.e. PS Holdco sp. z o.o.), in the Company's capital group. The aforementioned inclusion is to be effected by way of a transaction involving the making of a non-cash contribution to the Company in the form of Szopienice. Therefore, the agenda of the EGM also includes a draft resolution regarding a share issue to be paid for in the form of a non-cash contribution (the "**Non-Cash Contribution Issue**") on the terms and conditions specified in the draft resolution.

In the event the Company fails to obtain bank financing under economically reasonable conditions, the Company will not proceed with the Public Offering and refinancing of the Notes on the aforementioned terms and conditions and will refrain from conducting the Non-Cash Contribution Issue and including Szopienice to its capital group.

Additionally, further to the convocation of the EGM, the Management Board introduced a draft resolution regarding an amendment to resolution No. 13 of the EGM dated 14 March 2011 regarding the issue price for the shares subscribed for in exercise of the rights attached to the series B subscription warrants (the "**Warrants Resolution**"). The Warrants Resolution provides for an amendment to resolution No. 13 of the EGM dated 14 March 2011 (amended by resolution No. 3 of the EGM dated 30 December 2013) (the "**Resolution**") regarding the issue price for the shares issued under issue No. 9 which may be subscribed for in exercise of the rights attached to the series B subscription warrants issued under the Resolution (the "**Warrants**") and which, as at the date of the Warrants Resolution, have not been subscribed for in exercise of the rights attached to the Warrants authorising the Management Board to fix the issue price of the shares issued under issue No. 9 other than at PLN 2.35 per share (which is currently the price specified in the Resolution) if in accordance with the indenture relating to the exchangeable notes issued by Cognor International Finance plc dated 4 February 2014 the price of the conversion of the Warrants into the shares issued under issue No. 9 changes.