



Prepared on: **2025-06-26**

Short name of the Issuer: PZU SA

### **Current Report 32/2025**

Subject: **Conclusion of the Term Sheet for the PZU and Pekao Group Reorganization**

Legal basis: Article 17(1) MAR – confidential information

#### Body of the Report:

The Management Board of Powszechny Zakład Ubezpieczeń Spółka Akcyjna (“PZU”) refers to current report No. 22 dated 2 June 2025 concerning the conclusion of a memorandum of understanding with Bank Polska Kasa Opieki S.A. (the “Bank” and jointly with PZU, the “Parties”) regarding the reorganization of PZU's and the Bank's groups of companies by establishing a financial conglomerate led by the Bank as the ultimate parent company (the “Memorandum”). The PZU Management Board hereby announces that on 26 June 2025, the Parties signed a document outlining the preliminary principles of their cooperation (the “Term Sheet”) and establishing a joint project (the “Project”) to prepare and execute, subject to the relevant legislative changes, a transaction (the “Potential Transaction”) consisting in the following steps (i) a demerger of PZU by spun-off of its business operations (including insurance and reinsurance) into a company wholly owned by a PZU holding company, and then (ii) a merger of PZU, as the target company, with and into the Bank as the acquiring company.

The signing of the Term Sheet initiates the Parties' cooperation in preparing the Potential Transaction. There are a number of factors beyond the Parties' control on which the completion of the Potential Transaction depends, such as the implementation of the relevant legislative changes to enable carrying out of the Potential Transaction in the manner envisaged in the Term Sheet, the negotiation and execution of the transaction documentation between the Parties (within 120 days from the effective date of the legislative changes), obtaining approvals from the Council of Ministers and a number of regulators (in particular the Polish Financial Supervision Authority), and obtaining approvals from relevant corporate bodies, including the general meetings of PZU and the Bank.

As agreed in the Term Sheet, the Parties will establish a joint Steering Committee (including the CEOs of PZU and the Bank) and joint working groups to carry out the work necessary to implement the Potential Transaction. PZU has already undertaken and will continue to pursue actions to demerge the company and separate its holding and operating businesses. The key Project milestone dates will be determined by the Steering Committee.

When negotiating the transaction documentation, the parties will determine in particular the rules for establishing the ratio at which the PZU shares will be exchanged for the Bank's shares to be issued to PZU shareholders in the process of merging the companies. The share exchange ratio will be recommended to the Parties' shareholders in compliance with law and the best practices in transactions between affiliates, guided by the interests of all shareholders, including minority shareholders of each Party (the valuation of PZU and the Bank in connection with the Potential Transaction will be prepared by reputable appraisers selected by PZU and the Bank, respectively).

The Term Sheet confirms the Parties' intention to complete the Potential Transaction by 30 June 2026. The Term Sheet will expire automatically, in particular if the work on legislative changes enabling the implementation of the Potential Transaction in the form described in the Term Sheet does not advance to the stage expected by the Parties by the end of 2025, or if such legislative changes are not promulgated by the end of February 2026 or made effective by 31 March 2026. The work on the PZU demerger and the merger of the companies will be carried out in parallel to the extent possible, provided that the merger cannot take place without the prior completion of the PZU demerger. On the other hand, any obstacles to the feasibility of the merger between PZU and the Bank will not affect carrying out PZU's demerger, which PZU considers desirable and intends to carry out by the end of 2026 due to the expected consequences for the PZU Group of amendments to the Solvency II Directive that will take effect as of January 2027.

Legal basis: Article 17 Section 1 of the MAR – inside information.