

**From: Alex Haditaghi**  
**Prospective Potential Buyer, Pogoń Szczecin**

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**To the Esteemed Long Term Loan Holders of Pogoń Szczecin,**

**Subject: A Collaborative Path to Securing the Future of Pogoń Szczecin**

Dear lenders of Pogoń Szczecin,

Pogoń Szczecin is more than a football club; it is the pride and pulse of a city. It represents decades of passion, unity, and resilience, embodying the hopes and dreams of Szczecin's people. This club is a symbol of what brings a community together, and its future depends on collective action. Today, you hold the power to shape that future.

The club faces serious financial challenges that jeopardize its ability to compete, retain players, and honor its obligations. Without immediate support and a clear plan for restructuring, the risks are profound: mounting debts, player departures, and a financial spiral that could devastate the organization. As lenders, you have the unique ability to enable this club to receive the resources it desperately needs to stabilize and grow. Saying yes to this restructuring is not just a financial decision—it's a decision to preserve the heart of Szczecin's community.

By saying yes to our plan, your investment becomes significantly safer, very liquid and more secure. The proposed structure ensures up to six annual payments, providing you with regular and predictable returns. Moreover, the inclusion of clause 777 under Polish commercial law strengthens your position, granting you expedited enforcement rights and protections. Your investment will not only yield excellent returns but also become more liquid and enforceable, reducing the risks associated with uncertainty.

Your willingness to restructure the debt is not just about numbers; it is about securing the survival and success of Pogoń Szczecin. Without an agreement to extend loan maturities, adjust interest rates, and release personal guarantees, the club's financial situation will continue to deteriorate. The consequences of inaction are stark: bankruptcy, fire sales of players at deeply undervalued prices, and the erosion of the club's reputation and competitive viability. These outcomes benefit no one—not the creditors, not the fans, and certainly not the city of Szczecin.

On the other hand, your support to the terms we've proposed creates a path to stability and growth. With our planned investments highlighted in this proposal we will transform Pogoń Szczecin into a financially robust and competitive organization. You will be owed money by a club that is financially sound, winning games, attracting sponsorships, developing world-class talent, and operating with discipline and transparency. This is your opportunity to be part of a collaborative effort that not only repays your loans but also rebuilds a team that Szczecin can take pride in.

Your support is crucial. If you say yes, Pogoń Szczecin has a future—a future where it not only survives but thrives, honoring its legacy while building something extraordinary for its fans, players, and the city. Together, we have the opportunity to turn a precarious situation into a remarkable story of resilience and renewal. This is our chance to ensure the club's survival and create a foundation for sustainable success while safeguarding and enhancing your financial interests.

## **Current Challenges of Pogon**

### **1. Long-Term Debts/Loans**

The long-term loans owed to your group amount to approximately **28 million PLN**, including both principal and interest, as of July 2025. These loans represent a significant financial obligation for the club, and their immediate due date—combined with your right to call them back upon a change of control—places immense financial strain and uncertainty on the organization. Extending the repayment timeline for these loans would alleviate this pressure, offering the club the critical breathing room needed to stabilize operations and secure its future.

### **2. Short Term Loans, Debts, Liabilities and Outstanding Obligations**

The club's liabilities, including debts to trades, service providers, agents, cleaning and security companies, government agencies, other clubs from previous sales or transfers, player salaries, and bonuses for the 2023–2024 and 2024–2025 seasons, are estimated to be between **28–34 million PLN**. This brings the total team liabilities and debts as of **July 2025** to approximately **56,000,000 to 62,000,000 PLN**. However, we anticipate this figure may increase due to potential miscalculations and accounting discrepancies and mistakes. Accurate and comprehensive accounting and audit is crucial to fully understanding the true scale of these obligations.

### **3. Concerns About Current Accounting Practices**

The club's accounting is managed by a related party owned by the current owner, and the audit is conducted by a small local accounting firm with business and personal ties to management. This raises concerns about objectivity and accuracy. To ensure transparency and uncover the actual financial state of the club, we propose hiring a global top-tier accounting firm like PwC or Ernst & Young, funded from our own resources, to conduct a thorough audit.

### **4. Poor Contract Structures for Key Players and The Team**

The current and past contract policies at Pogoń Szczecin highlight significant inefficiencies that need to be addressed to ensure the club's long-term success and financial stability. Players—both unproven talents and those nearing the end of their careers—have been granted long-term contracts with high salaries, placing a disproportionate burden on the club's finances without delivering commensurate results on the pitch. This approach has limited the club's ability to make strategic decisions and pivot when necessary.

The team's wage structure is among the highest in the Polish league, yet the performance and standings do not reflect this investment. In addition, the bonus structure lacks alignment with team and individual achievements, leading to inflated payouts without the desired performance

outcomes. Revising the bonus system to reward measurable success and incentivize excellence is a critical step forward.

There are also concerning examples of contracts that lack foresight and flexibility. For instance, certain players are on agreements that make it financially burdensome to transition them, while others are on deals that significantly limit the club's share in potential transfer revenues. A notable example is the Brazilian defender's contract, which guarantees a 70% payout—an arrangement that severely restricts the club's ability to reinvest in talent. Similarly, a €10 million player sale of 3 years ago that yielded only €4 million for the club underscores the need for tighter and more strategic contract negotiations.

Moving forward, the focus must be on creating sustainable and performance-driven contract policies. Salaries and bonuses should align with market standards and reflect contributions to the team's success. Additionally, future contracts should provide the club with the flexibility to adapt and make decisions that benefit both the organization and the players. These changes are essential to ensuring Pogoń Szczecin remains competitive on the field while building a strong and stable financial foundation off it.

#### 5. **High Administrative and Operational Costs**

The club's administration employs approximately 75+ full-time staff, with nearly 290 individuals directly or indirectly making their living from the organization. These costs are substantial and contribute significantly to the financial burden. Additionally, inefficiencies in stadium operations, such as cleaning expenses and catering costs, are far beyond acceptable standards. The club has consistently lost money in areas where most sports organizations generate significant profits, such as merchandising, food, and beverages. Hundreds of thousands of euros are still owed to uniform sponsors for goods sold without payment.

#### 6. **Barter Agreements and Sponsorship Mismanagement**

Barter arrangements with advertisers in our opinion have cost the club between **3–5 million PLN** annually. For example, the team provided free shirt sponsorship worth **1.4–2 million PLN** per year to a lender (The Paper Company) to offset a small portion of interest payments. This sponsorship could have been used to pay off the entire loan by now! These deals benefit individuals, sponsors and senior management who get to be driving Lexus or Toyota vehicles with insurance and fuel covered by barter agreements and club, rather than generating revenue for the club. While we aim to maintain sponsorship relationships, they must be restructured to prioritize the club's financial health and sustainability. Sponsorships should benefit the club directly, **not the staff, management, or players.**

#### 7. **Team Composition and Talent Strategy**

The team is aging, burdened with expensive contracts that extend for 1–2 years, and lacks flexibility in its roster. If the organization sold all its players, only 4–5 would have any significant market value. To remain competitive, the team must get younger, faster, and more talented. Certain players should be bought out of their current contracts or moved to make room for new, promising young talent.

## 8. Urgent Team Reinforcements and Academy Revitalization Needed

The team's current talent pool is underwhelming, especially considering its ambitions for the Polish Cup and a potential Top 4 finish in the league. To remain competitive and achieve these critical goals, the team urgently needs reinforcements. This January transfer window, the team must acquire at least two strong and experienced center-backs, two dynamic wingers, and possibly an additional midfielder. We estimate that these essential additions will require an increase of **3,500,000 to 5,000,000 PLN to the budget**.

Additionally, the academy has been neglected and requires immediate attention and funding. Investments are necessary to improve coaching quality, identify and bring in promising young talent aged 13–15, and upgrade infrastructure and programs to ensure the academy remains a vital pipeline for future success. This dual focus on strengthening the current squad and revitalizing the academy is crucial for the club's long-term sustainability and competitive edge.

These challenges represent a comprehensive overview of the financial and operational issues currently facing the club. Addressing them strategically and transparently is the only path forward to securing Pogoń Szczecin's long-term success.

### **Club Purchase Price and Investment Commitment**

Based on previous sales and market analysis, we believe the fair market value of a Polish football club like Pogoń Szczecin, free of any debt or liabilities, is approximately €10 million to €12 million. This translates to around **50 million PLN** for a debt-free club, which is the standard valuation in similar transactions. **We are prepared to pay this amount (50,000,000 PLN) within Seven (7) days**, contingent upon the team and organization providing confirmation, through an audit conducted by a top 5 global accounting firm (PWC, KPMG, E&Y,...), that the club is entirely free of short-term and long-term liabilities as of June 30, 2025.

However, given the club's significantly higher debt levels and growing liabilities, we are also prepared for a structured deal that ensures the club's financial health while addressing its immediate and long-term challenges. Under the second proposal we offer:

1. **Initial Equity Injection:** We propose purchasing 30 million PLN worth of new shares, with 25 million PLN allocated to pay off short-term debts, creditors, loans, and service providers. The remaining 5 million PLN will serve as operational funding for the club until June 2025. This immediate cash injection would stabilize the club and ensure its continued operations.
2. **Additional Equity Commitment:** In June 2025, we will invest an additional equity of up to 17 million PLN as equity through the issuance of new shares. None of these funds will be provided as loans, ensuring the club remains in a stronger financial position without increasing its debt burden.

3. **Future Investments:** We are committed to injecting an additional **10 to 20 million PLN** annually as equity to cover operational losses until the team reaches a break-even point and becomes profitable.
4. **Debt Repayment Plan:** We will pay off the **28 million PLN** in long-term loans payable to you by July 2027 via new Equity investment in the club, alleviating the financial strain on the club and creating a solid foundation for sustainable growth.

Under this plan, our total investment in the club by July 2027 will range from 95 million PLN to 115 million PLN, reflecting our long-term commitment to rebuilding and strengthening Pogoń Szczecin. This strategy not only provides immediate relief for the club's financial challenges but also sets the stage for its future success, both on and off the pitch.

### **What We Are Asking You:**

To ensure the long-term financial stability and success of Pogoń Szczecin, we are requesting your agreement to the following terms. These measures are designed to prioritize repayment of your loans while allowing the club to recover, grow, and thrive under new ownership.

#### **1. Extension of Loan Maturity Dates**

We propose extending all loan maturities to July 30, 2027. This extension provides the club with the financial breathing room necessary to stabilize operations, meet immediate obligations, and focus on sustainable growth. By extending the timeline, the club can prioritize investments in critical areas such as player salaries, academy, infrastructure, and competitive performance without the immediate pressure of repayment.

#### **2. Legal Protection and Stability**

You must agree to waive any rights to initiate legal actions, claims, or enforcement measures against the club or its assets prior to the new maturity date, except in the event of default on the agreed payment guarantees and obligations. Additionally, creditors must forgo exercising the change-of-control clause and instead execute new loan extension agreements.

This commitment ensures the club is safeguarded from destabilizing legal challenges that could disrupt operations or jeopardize its future. By establishing a clear and mutually agreed-upon framework, creditors provide the stability necessary for the club to focus on meeting its financial obligations and building a sustainable path forward.

#### **3. Interest Rate Adjustment and Payment Schedule**

To ensure fairness, flexibility, and transparency, we propose the following terms for interest rate, term and repayment schedules:

- I. **Interest Rate:** An annual interest rate of **8%**.
- II. **Quarterly Interest Payments:** Interest payments will now be made quarterly, every three months, providing creditors with a steady and predictable schedule for returns.

- III. **Extra and Early Repayments:** Additional or early repayments when earned will be made twice per year, ensuring a total of six payments per year to creditors, including quarterly interest and biannual early repayment installments.
- IV. **Effective Date:** The new interest rates and payment schedule will take effect on January 1, 2025, with the first quarterly interest payment due at the end of the first quarter.

This structured and consistent approach ensures creditors receive regular payments while allowing the club to manage its cash flow efficiently and focus on operational stability. By aligning these terms, we aim to build trust and confidence among creditors as we work towards a sustainable future for the club.

#### 4. **Revenue-Based Early Repayment**

As a testament to our commitment, we are tying loan repayments directly to the club's success and additional revenue and repayment streams. Creditors will receive 10% of the net proceeds from key revenue events, including:

- **Player Sales:** If the club sells a player for a net amount of €5 million, €500,000 will be allocated toward loan repayment immediately. This ensures that as the club develops talent and completes high-value transfers, creditors directly benefit from the club's growth and achievements.
- **European Competitions or Polish Cup Earnings:** Success in these prestigious events will also contribute to repayment. Should the team earn prize money exceeding €1 million, 10% of the net proceeds will be directed to loan repayments.

These mechanisms not only ensure timely repayments but also align creditor interests with the club's growth and competitive success. By leveraging these revenue sources, we can accelerate repayment and demonstrate tangible progress in meeting our financial commitments.

#### 5. **Default Protection: A Secure Path for You**

In the unlikely event of default, we are offering a robust safety net that prioritizes creditor security while allowing the club to operate and rebuild successfully. Under our proposal, we will include a voluntary submission to enforcement via **Article 777 of the Polish Civil Procedure Code**, a powerful legal mechanism that enables creditors to directly enforce claims through a notarial deed without lengthy court proceedings.

The club you would hold obligations against under this restructuring plan is in a significantly healthier financial position, with **30–40 million PLN less in liabilities** compared to the current organization that owes you money. This shift to a debt-restructured club reduces financial risk and enhances repayment prospects, ensuring a more secure and reliable financial future.

By leveraging Article 777 and reducing liabilities, this plan offers unmatched protection for creditors, ensuring you benefit from a stronger, more stable Pogoń Szczecin. This approach guarantees full repayment and allows the club to prioritize financial health, its competitive edge, and its legacy in Polish football. Together, we can achieve a brighter and more sustainable future for all stakeholders involved.

## **Why Creditors Must Support Debt Restructuring to Avoid Financial Collapse**

If creditors fail to extend loan maturities and execute new agreements, they are not just jeopardizing their own investments—they are ensuring financial Armageddon for Pogoń Szczecin and everyone connected to the club. The belief that forcing the team to sell players will generate immediate repayment is a dangerous illusion. In its distressed state, the club cannot secure fair market value for its players. Worse still, FIFA regulations will hold the club liable for the entirety of player contracts, if players leave or cancel due to nonpayment of their salaries. This will deepen the financial crisis, leaving the organization with growing liabilities it cannot manage.

Creditors who currently lack the protections of a "777 clause" or other secured rights will face catastrophic outcomes if bankruptcy is triggered. Only one lender holds this power, and their privileged position risks creating an imbalance where smaller creditors, mid-sized suppliers, and local businesses are left with nothing. Bankruptcy proceedings will devalue the club's assets to pennies on the dollar, leaving unsecured creditors at the bottom of the repayment chain—if they see any repayment at all. This will not only wipe out investments but destroy the trust and livelihoods of countless individuals who rely on the club.

The ripple effects of such a collapse will devastate the local community, affecting small businesses, contractors, players, coaches, and staff. While some creditors may believe their relationships with management will shield them, they must consider the moral and practical implications of prioritizing their interests over others. Allowing this financial chaos to unfold will result in widespread suffering for those who had no voice in these decisions. The responsibility for this devastation will rest squarely on the shoulders of those who refused to act when they had the chance.

We are not asking for handouts; we are asking for time—time to stabilize, restructure, and repay in a sustainable manner. The creditors' best chance of recovering their investments is through cooperation. Refusing this path guarantees not only the collapse of the team but also a lasting stain on its legacy and the reputations of those who stood by and let it happen. The choice is simple: work together to save the club and protect your investments, or let everything burn and bear the consequences of collective failure.

## **What We Are Offering**

### **1. A Vision for Efficiency, Growth, and Sustainability**

We are committed to transforming Pogoń Szczecin into an efficient, leaner organization that maximizes its resources and delivers long-term success both on and off the pitch. A critical part of this transformation involves renegotiating contracts with trades, suppliers, and service providers. We believe there is significant room to save costs, improve efficiency, and even turn certain expense categories into profit centers.

Take catering and food services as an example—an area with untapped potential. With the right partnerships and innovative thinking, these services can generate revenue rather than being a cost burden. This is just one of many ways we intend to reimagine the club's operations for financial stability and growth.

In just a short time, we've already secured support from the mayor and local government, and we are confident in our ability to continue building strong relationships with these key stakeholders. This partnership is vital to ensuring the long-term sustainability of the club, and we are optimistic about what we can achieve together.

### **2. Maximizing Revenue Potential**

Our strategy focuses on transforming Pogoń Szczecin into a financially robust organization by increasing annual revenues by **15,000,000 to 20,000,000** PLN within 24 months. This will be achieved through a combination of innovative revenue streams inspired by the success of North American sports teams and global best practices, as well as enhancing traditional revenue avenues. Key initiatives include:

- **Innovative Sponsorships and Naming Rights:** Securing lucrative sponsorship deals and stadium naming rights to attract high-profile partners, providing consistent and substantial revenue streams.
- **Expanding Advertising Revenues:** Optimizing advertising opportunities throughout the stadium, digital platforms, and team branding to attract additional sponsors and maximize income.
- **Hosting High-Profile Events:** Organizing concerts, cultural events, and exhibition games featuring globally recognized teams from countries like England, Turkey, Germany, Greece, and others, generating significant international attention and additional income for the team and the city.
- **Enhanced Game-Day Revenue Streams:** Leveraging underutilized areas like catering, food and beverages, merchandising, and parking to ensure profitability while improving the fan experience.
- **Expansion of VIP BOX Offerings:** Adding 20–25 new VIP boxes to the stadium, designed to attract corporate clients and high-net-worth individuals, ensuring premium experiences that generate higher revenues.



These initiatives will create a diverse and sustainable revenue model. The additional funds will be reinvested into the club to strengthen its financial foundation, support player development, improve the fan experience, and enhance the club's infrastructure. By adopting proven models from North American sports arenas and adapting them to Pogoń Szczecin's unique needs, we aim to secure the club's long-term financial health and elevate its position on and off the field.

### **Building a Lean and Efficient Organization**

Our immediate priority is to streamline Pogoń Szczecin's operations by reducing administrative and non-core expenses by **25-30% within the first 12 months**. This transformative effort aims to address the substantial financial losses the club incurs annually due to operational inefficiencies.

By critically evaluating and restructuring supplier agreements, renegotiating contracts, and eliminating unnecessary expenditures, we aim to turn liabilities into revenue-generating opportunities. For instance, bringing catering services in-house can transform a significant expense into a profit center, ensuring that revenue stays within the club and enhances the overall fan experience. These changes will provide the club with better control over quality, costs, and profits, creating a stronger financial foundation.

Based on our assessment of the budget and financials, we are confident that we can reduce annual expenses by approximately **5,500,000–6,000,000 PLN** within the first 100 days. These savings will have an immediate and meaningful impact, creating more financial flexibility to invest in the core operations of the club.

This rigorous focus on efficiency will not only alleviate financial pressures but also position Pogoń Szczecin as a model of fiscal responsibility in the sports industry. By adopting best practices from successful organizations and implementing innovative cost-saving measures, we are committed to building a sustainable and prosperous future for the club. Every złoty will be utilized effectively to support Pogoń Szczecin's long-term growth and success.

## **Conclusion: A Critical Moment for Pogoń Szczecin's Future**

To the creditors of Pogoń Szczecin, we are at a pivotal juncture. Your decision is the only remaining obstacle to securing the future of this historic club. We have already reached an agreement with the owner, and the Mayor has provided commitments that give us confidence in moving forward. The last piece of the puzzle is your support, and without it, this entire opportunity for revival and transformation will collapse.

The path forward is clear: with your agreement to restructure the debt, extend maturities, and adjust terms, Pogoń Szczecin can be stabilized, rebuilt, and positioned for long-term success. Without it, the club faces imminent financial failure, leaving creditors with diminished or no returns, and forcing players, staff, and local businesses into an uncertain and devastating future.

We are not asking for **concessions or discounts**—we are asking for time and cooperation. Your investment becomes safer, more liquid, and better protected under our plan, with strengthened guarantees and multiple repayment mechanisms. The alternative is stark: forcing the club into insolvency guarantees widespread losses and long-term harm to the team, the community, and your financial interests.

The decision is in your hands. We urge you to join the Mayor, the team owner, and our team in taking the decisive step to secure a brighter future for Pogoń Szczecin. By working together, we can ensure the survival and prosperity of this beloved club and turn it into an organization that makes you, the city, and its fans proud. The time to act is now. Let's seize this moment to save and strengthen Pogoń Szczecin for generations to come

Sincerely,

*Haditaghi Alex*

Alex Haditaghi