

**Conclusion by CCC S.A. of a conditional agreement regarding the sale of all shares in its subsidiary CCC Germany GmbH, conditional agreements on the acquisition of a minority stake (at the target level of 30.55%) in HR Group Holding, and additional transaction and trade agreements**

**(Current Report no. 52/2018)**

24.11.2018 /Issuer /

Legal basis:

Article 17 item 1 of MAR - confidential information

In reference to the current report no. 50/2018 of 8 November 2018, regarding the disclosure of delayed information on the execution of a term sheet setting forth initial terms of the transaction, the Management Board of CCC S.A. (the “**Issuer**”, the “**Company**”) hereby informs that on 24 November 2018 the Company concluded: (i) a conditional share purchase agreement regarding the shares in HR Group Holding S.à. r.l. with its registered office in Luxembourg (“**HR Group**”) with capiton V GmbH & Co. Beteiligungs KG with its registered office in Berlin (“**capiton**”) (the “**Share Purchase Agreement-capiton**”), (ii) a conditional share purchase agreement regarding the shares in HR Group with Flo Mağazacılık ve Pazarlama A.Ş with its registered office in Istanbul (“**Flo**”) (the “**Share Purchase Agreement-Flo**”), together with the Share Purchase Agreement-capiton referred to as the “**Share Purchase Agreements HR Group**”), and (iii) a conditional share purchase agreement regarding the shares in CCC Germany GmbH with its registered office in Frankfurt Maine (“**CCC Germany GmbH**”) with a HR Group subsidiary, Blitz 18-535 GmbH with its registered office in Munich (“**Blitz GmbH**”) (the “**Share Purchase Agreement-CCC Germany GmbH**”) (jointly the “**Transaction**”).

On the basis of the Share Purchase Agreement-capiton the Company intends to acquire from capiton: (i) 183,890,869 ordinary shares of HR Group with the nominal value of EUR 0.01 each, representing 11.63% of the share capital of HR Group and carrying 183,890,869 votes at the shareholders’ meeting of HR Group (the “**Shareholders’ Meeting**”), representing 11.63% of the total number of votes in HR Group (the “**Ordinary Shares-capiton**”), and (ii) 11,009,346 preferred shares in HR Group with the nominal value of EUR 0.01 each, representing 0.70% of the share capital of HR Group and carrying 11,009,346 votes at the Shareholders’ Meeting, representing 0.70% of the total number of votes in HR Group (the “**Preferred Shares-capiton**”); in aggregate 194,900,215 shares representing 12.33% of the share capital of HR Group (the “**Sale Shares-capiton**”).

On the basis of the Share Purchase Agreement-Flo the Company intends to acquire from Flo: (i) 289,586,875 ordinary shares of HR Group with the nominal value of EUR 0.01 each, representing 18.32% of the share capital of HR Group and carrying 289,586,875 votes at the Shareholders’ Meeting, representing 18.32% of the total number of votes in HR Group (the “**Ordinary Shares-Flo**”), and (ii) 20,000,000 preferred shares in HR Group with the nominal value of EUR 0.01 each, representing 1.27% of the share capital of HR Group and carrying 20,000,000 votes at the Shareholders’ Meeting, representing 1.27% of the total number of votes in HR Group (the “**Preferred Shares-Flo**”); in aggregate 309,586,875 shares representing 19.59% of the share capital of HR Group (the “**Sale Shares-Flo**”).

The parties agreed that the purchase price for the Ordinary Shares-capiton shall be approx. EUR 2,242,763, and the purchase price for the Preferred Shares-capiton shall be approx. EUR 12,357,132, however, with respect to the Preferred Shares-capiton on the closing date of the Transaction the conversion of these Preferred Shares-capiton will be carried out by way of redemption to the Issuer’s receivables towards HR Group arising out of the shareholder loan agreement concluded on the

closing date of the Transaction, referred to below. The final purchase price will depend on the final Transaction closing date.

The purchase price for the Ordinary Shares-Flo shall be approx. EUR 3,531,849, and the purchase price for the Preferred Shares-Flo shall be approx. EUR 7,804,672. The Preferred Shares-Flo will also be subject to conversion on the closing date of the Transaction, as described above, to the Issuer's receivables arising out of the shareholder loan agreement. The final purchase price also will depend on the final Transaction closing date.

In the Share Purchase Agreements HR Group, the parties provide for conditions precedent to the Transaction closing, in the form of among others: (i) obtaining merger control clearance from the competent antimonopoly authorities in Germany and Austria, and (ii) providing by the sellers the Issuer with statements on no breach of the representations and warranties in the period from the date of signing until the Transaction closing date.

Both of the Share Purchase Agreements HR Group provide for representations and warranties concerning HR Group, its capital group and their operations, within the standard scope of such representations and warranties made by the sellers in such agreements related to similar transactions. The parties agreed that the representations and warranties will be covered by an insurance policy, and that the parties to each of the agreements will share the cost of such policy in equal parts.

Each party to the Share Purchase Agreements HR Group shall be entitled to rescind the executed agreement unless the conditions precedent are satisfied on or before 30 June 2019.

The Share Purchase Agreement-capiton also provides for that, as part of the closing of the Transaction, after the transfer of the legal title to the Sale Shares-capiton and the Sale Shares-Flo and completion of the required corporate actions by HR Group, the Issuer will sell the Preferred Shares-capiton and the Preferred Shares-Flo to HR Group. Then, the conversion of these shares will be carried out by way of redemption to the Issuer's receivables towards HR Group arising out of the shareholder loan agreement concluded on the closing date of the Transaction (the "**Loan Agreement**"). The amount of the loan granted under the Loan Agreement will correspond to the purchase price paid by the Issuer for Preferred Shares-capiton and the Preferred Shares-Flo, and will bear interest at 8% per annum. The Loan Agreement will be repaid no later than 10 years after the closing of the Transaction. Following the conversion, the Issuer's share in the share capital of HR Group will amount to 30.55%.

The closing of the Transaction means the transfer of the legal title to the Sale Shares-capiton and the Sale Shares-Flo to the Issuer pursuant to the Share Purchase Agreements HR Group, the completion of the conversion and the execution of the Loan Agreement. The parties agreed that the agreements concluded as part of the Transaction will be interdependent, and the effective date of each of the remaining agreements will depend on the Transaction closing.

As a part of the Transaction, on 24 November 2018 the Company concluded, among others, with capiton, other shareholders of HR Group and its managers, HR Group and HR Group GmbH & Co. KG with its registered office in Osnabruck ("**HR Group KG**"), a shareholders' agreement governing the mutual rights and obligations of the shareholders, the terms of investments in HR Group, the corporate governance rules at the level of HR Group with respect to HR Group KG, as well as an exit mechanism, subject to certain rights vested in some of the shareholders and restrictions on the transferability of shares of HR Group, as well as any rights of the Issuer as a minority shareholder that are typical for this kind of agreements executed in the course of similar transactions.

As a part of the Transaction on 24 November 2018, the Issuer entered into a call and put option agreement for the shares in HR Group (the “**Option Agreement**”). Pursuant to the Option Agreement the Issuer shall be entitled to exercise the call option in respect of: (i) 807,122,727 HR Group’s ordinary shares with the nominal value of EUR 0.01 each, representing 51.06% of HR Group’s share capital and carrying the right to 807,122,727 votes at the Shareholders’ Meeting, representing 51.06% of the total number of votes in HR Group, and 11,009,346 of HR Group’s preferred shares with the nominal value of EUR 0.01 each and representing 0.70% of HR Group’s share capital and carrying the right to exercise 11,009,346 votes at the Shareholders’ Meeting; a total of 818,132,073 shares representing 51.76% of HR Group’s share capital (the “**Remaining Shares-capiton 1**”) (the “**Call Option 1**”), and (ii) all ordinary and preferred HR Group’s shares held by capiton as at the date of exercise of that call option (the “**Remaining Shares-capiton 2**”) (the “**Call Option 2**”).

Pursuant to the Option Agreement, the Issuer shall be entitled to exercise Call Option 1 or Call Option 2 within one month upon the lapse of 6 months or 24 months from the Transaction closing date.

If the Issuer fails to exercise Call Option 1 or Call Option 2 in accordance with the Option Agreement, capiton shall, subject to terms and conditions set forth in the Option Agreement, be entitled to exercise the put option with respect to a part of preferred shares held by the Issuer, i.e. 4,832,069 of the preferred shares of HR Group with the nominal value of EUR 0.01 each (the “**Preferred Shares-Put Option**”) (the “**Put Option**”). The Issuer estimates that the maximum value of the Put Option will amount to approx. EUR 4,500,000. In the case of the acquisition of Preferred Shares-Put Option, the Issuer also intends to convert these shares into a shareholder loan as described above.

The purchase price specified in the share purchase agreement concerning the sale of the Remaining Shares-capiton 1 or Remaining Shares-capiton 2 in the exercise of the call option shall be defined on the basis of IRR of 25% on capiton’s cashflow, decreased by the adjustment set forth in the Option Agreement resulting from settlements between HR Group, capiton and a minority shareholder whose estimated value will amount to approx. EUR 1,100,000.

Pursuant to the Share Purchase Agreement-CCC Germany GmbH, the Issuer intends to sell to Blitz GmbH, a subsidiary of HR Group, 100% of the shares in the share capital of CCC Germany GmbH (the “**CCC Germany GmbH Shares**”) in exchange for the purchase price of EUR 1. The transfer of the legal title to CCC Germany GmbH Shares for the benefit of Blitz GmbH as the purchaser is conditional upon the payment of the sale price for CCC Germany GmbH Shares. The Share Purchase Agreement-CCC Germany GmbH provides for representations and warranties concerning CCC Germany GmbH and its operations, within the standard scope of such representations and warranties made by the sellers in such agreements related to similar transactions. The Share Purchase Agreement-CCC Germany GmbH was also entered into subject to closing the Transaction.

As a part of the Transaction, the Company and CCC Germany entered into an operational contribution agreement with HR Group and its subsidiary, Blitz GmbH, pursuant to which the Company will inject into CCC Germany in form of a loan amount not exceeding: (i) EUR 35,000,000 to cover expenditure relating to closing down of selected shops and their current losses, and (ii) EUR 6,500,000 to cover other integration costs. HR Group will use such resources to effect the integration of CCC Germany GmbH with HR Group consisting in the closing down of selected loss-making shops run by CCC Germany GmbH, the rebranding of selected shops operated by CCC Germany under the “CCC” brand to the “RENO” brand, which will continue to operate, and the integration of the remaining operations of CCC Germany GmbH headquarters with HR Group.

On 24 November 2018 the Issuer and the Issuer’s subsidiary, CCC.eu sp. z o.o. (“**CCC.eu**”) and a company from HR Group, Hamm Reno Group GmbH with its registered office in Osnabruck, entered into a framework supply agreement governing the principles of commercial cooperation with regard to

the supply of products, pursuant to which Hamm Reno Group GmbH and CCC.eu will initiate cooperation with regard to supplies of own-brand products in the autumn/winter 2019/2020, spring/summer 2020 and autumn/winter 2020/2021 seasons. The supply agreement will come into force between the parties as of 26 November 2018.

Selected consolidated financial data of the HR Group's group available as of the day of signing the agreement (preliminary, unaudited and subject to changes) for the financial year ended 30 September 2018 include, among others, the following: net sales EUR 370.3 million, with 49% gross margin and approximately 4.5% EBITDA margin. According to the budget available to the Issuer, HR Group intends to achieve over 30% increase in EBITDA in the financial year ending 30 September 2019. The net financial debt (including loans, shareholder loan, and other) is at the level of EUR 69.6 million.

*Signatures:*

1/ Karol Półtorak - Vice President of Management Board

2/ Marcin Czyczerski - Vice President of Management Board