

Company: **Work Service S.A.**
Current Report No **56/2019**
Date: **3 July 2019**
Time: **3:39 p.m.**
Subject: **Conclusion of the Call Option and Cooperation Agreement regarding terms of the transaction concerning the sale of shares in the Issuer's subsidiary Prohuman 2004 Kft.**

Management Board of Work Service S.A. (the “Issuer” or the “Company”) informs, with reference to current report No 49/2019, that today, i.e. on 3 July 2019, the Issuer and Hungarian companies: Human Investors Kft. (“HI”), Profólió Projekt Tanácsadó Kft. (“Profólió”) and Prohumán 2004 Kft. (“Prohumán”) signed the Call Option and Cooperation Agreement (the “Agreement”) and other corresponding agreements, regulating in details the terms and conditions of the transactional process concerning the prospective sale of 100% of shares in Prohumán (“Prohumán Sale Process”). Prohumán Sale Process refers to the sale to HI (a company created by managers associated with Profólió and Prohumán) or a third person selected and appointed by HI (the “Buyer”): (i) all of shares in Prohuman held by the Issuer, representing 80.22% of the share capital of Prohuman (the “Main Quota”), and (ii) all or a part of remaining shares in Prohuman held by Profólió, representing 19.78% of the share capital of Prohuman (the “Profólió Quota”).

Pursuant to the Agreement, a call option right has been established over the Main Quota to the benefit of the Buyer (“Call Option”), under which the Buyer may unilaterally purchase the Main Quota. The Call Option is created for a fixed term of 2 (two) years from the Agreement’s signing date (“Signing Date”), with the possibility of its earlier expiry in certain cases as defined in Agreement.

The selling price of the Main Quota (“Call Option Purchase Price”) consists of a cash payment and repayment of all loans (“Prohumán Loans”) already granted by Prohuman for the Issuer under loan agreements (“Prohumán Loan Agreement”) increased by interest (amount of settlement of intra-group liabilities). The selling price at the time of Closing will generate a gross profit (before tax) in the Issuer's separate financial statements in the amount of approx. PLN 49 mln.

Also today, the Company signed an amendment to the Prohumán Loan Agreement extending the maturity date of the Prohumán Loans to 31 December 2021 and permitting the repayment of the Prohumán Loans in accordance with the Agreement. The condition of the entry into force of this amendment to the Prohumán Loan Agreement is coming into effect of the Agreement and delivering of original copies of notarial voluntary submission to enforcement deeds executed by the Company for each loan agreement.

The exercise of the Call Option and the Closing shall be subject to the prior fulfilment of actions and conditions referred to as in the Agreement.

The Agreement stipulates that completion of the Prohumán sale process by HI and the Closing shall be completed until 31 March 2020, with the possibility of its extension, under certain conditions (“Basic Transaction”).

Profólió shall fully cooperate with HI in the Prohumán Sale Process, including transfer of Profólió Quota or its part (to the extent the Buyer does not buy the entire Profólió Quota) and shall be a party to the further relevant sale agreement (“Prohumán Sale Agreement”).

If the conditions for extension are not fulfilled the Company may terminate the Call Option, by written notice delivered to HI on or before 30 April 2020. If the Company does not terminate the Call Option on 30 April 2020 at the latest, then under certain conditions the deadline for the occurrence of the Closing will automatically be extended. If the deadline for the Closing has been extended, but the Closing does not occur by such extended deadline, then the Company may terminate the Call Option at any time after such extended deadline. HI may terminate the Call Option anytime.

In the event of failure of the Basic Transaction in the schedule described above, the parties have agreed terms of mutual settlements and further sale of Prohumán. On the day on which the Call Option is terminated by any of the aforementioned parties (“Closing Cancellation Date”), the Issuer shall become entitled to exclusively manage the sale of the Main Quota and the Profólió Quota to a third-party buyer (“Second Prohumán Sale”) in accordance with the agreement dated on 23 October 2017 and its amendments to it (“QSPA”). The Second Prohumán Sale shall start within 9 months from Closing Cancellation Date. As a result of the Second Prohumán Sale: (i) the Company, (ii) a fully owned Company’s affiliate (to which the contractual position under the QSPA can be unilaterally transferred by the Company subject to the payment of the purchase price) or (iii) a third-party buyer selected by the Company (to which certain rights and obligations under QSPA can be unilaterally transferred by the Company subject to the payment of the purchase price) shall purchase the Profólió Quota for a purchase price that will be reduced by PLN 4 mln as compared to the purchase under the QSPA dated 23 October 2017 with no interest charged over that price during the Second Prohumán Sale, and fully payable in cash under the terms of the QSPA (as amended in accordance with the Agreement) (“Profólió Quota Purchase Price”).

Payment to Profólió of the Profólió Quota Purchase Price by the Company or the third-party buyer selected by the Company shall be simultaneous with the payment for and transfer of the Main Quota and shall take place by the earlier of: (i) within 12 months from the day of the commencement of Second Prohumán Sale and (ii) within 21 months from the Closing Cancellation Date (“Deadline for the Second Prohumán Sale”). Under certain conditions, the Deadline for the Second Prohumán Sale will automatically be extended by 3 (three) months. If Payment to Profólió of the Profólió Quota Purchase Price fails to occur before or on the Deadline for the Second Prohumán Sale, the Second Prohumán Sale shall be regarded as unsuccessful; in such case the Profólió Quota Purchase Price is payable by the Company in 4 equal quarterly instalments and the closing of the amended QSPA shall take place.

In connection with the above, the Profólió and the Company today signed an amendment to QSPA (“Amendment to QSPA”) in case of failure of the Second Prohumán Sale. Amendment to QSPA contains the Main Quota sales method (“Third Completion”). Third Completion divides into 4 (four) completions (in the order of their sequence: “First Tranche Completion” which takes place on the last business day of a 3 months’ period calculated from the date of entry into force of the Amendment to QSPA; “Second Tranche Completion” which takes place on the last business day of a 6 months’ period calculated from the date of entry into force of the Amendment to QSPA; “Third Tranche Completion” which takes place on the last business day of a 9 months’ period calculated from the date of entry into force of the Amendment to QSPA; and “Fourth Tranche Completion” which takes place on the last business day of a 12 months’ period calculated from the date of entry into force of the Amendment to QSPA). Each of the completions is at 1/4 of the Profólió Quota Purchase Price and representing 4.945% of the Prohuman registered capital. Each of the completions will be made under the conditions set out in Amendment to QSPA.

The parties provided in Agreement the contractual penalties for violating the provisions of the Agreement from PLN 100,000 to PLN 40,000,000 depending on the nature and importance of a given breach.

The parties provided in Agreement 10% interest in the event of defaults on payment counted from the date of maturity of the payment until the date of actual making of the payment.

Agreement is governed by Hungarian law. Other terms and conditions of the Term Sheet do not differ from those applied in agreements of this type.

The funds obtained from the sale of the Main Quota will be allocated to: (i) the full repayment of the loans granted to the Issuer under the loan agreement of 18 November 2015 (subsequently amended) concluded with BNP Paribas Bank Polska SA, Bank Millennium SA, Santander Bank Polska SA and Powszechna Kasa Oszczędności Bank Polski SA about which the Company informed in current reports, inter alia, no. 43/2015, no. 34/2017, no. 7/2018, no. 82/2018 and no. 86/2018 in the amount of approximately PLN 110 mln (ii) further repayment of liabilities of the Issuer's Group.

As a result of the conducted analysis, the Issuer decided that it is justified to classify the information indicated above as confidential information within the meaning of Article 17 (1) of the MAR, subject to publication in the form of this report.

Legal basis:

Article 17 (1) MAR (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC).

Signatures:

Iwona Szmitkowska – President of the Management Board

Paul Christodoulou – Vice-President of the Management Board