

THE REPORT OF MANAGEMENT BOARD ON THE ACTIVITIES OF WORK SERVICE S.A.

for 2020

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A. Review of financial statements

1. Key financial data of Work Service SA

SPECIFICATION	01.01.- 31.12.2020	01.01.- 31.12.2019	01.01.- 31.12.2020	01.01.- 31.12.2019
Work Service S.A.	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	206 359	324 289	46 122	75 384
EBITDA (operating profit + depreciation and amortisation)	-26 524	-33 822	-5 928	-7 862
Profit on sales	-21 965	-28 894	-4 909	-6 717
Operating profit (EBIT)	-33 902	-43 586	-7 577	-10 132
Gross profit (loss)	-18 383	-197 059	-4 109	-45 809
Net profit (loss)	-35 637	-186 752	-7 965	-43 413
Net cash flows from operating activities	-6 564	-62 068	-1 467	-14 428
Net cash flows from investing activities	4 185	40 906	935	9 509
Net cash flows from financing activities	9 754	22 199	2 180	5 160
Total net cash flows	7 375	1 037	1 648	241
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Assets	417 399	493 608	90 448	115 911
Liabilities and provisions for liabilities	423 465	464 037	91 762	108 967
Long-term liabilities	141 748	59 354	30 716	13 938
Short-term liabilities	275 636	388 751	59 729	91 288
Equity	-6 066	29 571	-1 315	6 944
Share capital	6 559	6 559	1 421	1 540
Supplementary capital	283 164	283 164	61 360	66 494

Selected financial data were presented in EUR according to the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information provided by issuers of securities and the terms of recognizing as equivalent the information required by the regulations of the law of a state not being a member state (Journal of Laws from 2018 item 757) for conversion of balance sheet items the rate from the last day was applied, and for items from the profit and loss account and the cash flow statement, the average rate in the period was applied.

	Average EUR exchange rate in the period	EUR exchange rate as at the last day of the period
01.01-31.12.2020	4,4742	4,6148
01.01-31.12.2019	4,3018	4,2585

SELECTED FINANCIAL RATIOS

Selected financial ratios of Wok Service SA are presented in the following table.

Selected financial ratios	Formula	2020	2019
Profitability of sales	Profit on sales / revenues from sales	-0,106	-0,089
Profitability of EBIT	Operation activities result / revenues from sales	-0,164	-0,134
Profitability of EBITDA	(Operation activities result + amortisation) / revenues from sales	-0,13	-0,10
Net profitability	Net financial result / revenues from sales	-0,17	-0,58
ROE	Net financial result / share capital at the end of period	5,87	-6,32
The cash conversion cycle (in days)	Inventories cycle + receivables cycle - liabilities cycle	6	11
Receivables turnover (in days)	(Average balance of receivables from supplies and services / sales revenue) *360	61	61
Liabilities turnover (in days)	(Average balance of liabilities from supplies and services / costs of services sold) *360	56	52
Inventory turnover (in days)	Inventory / net revenues from sales *360	1	1

2. Strategic description

The separate financial statements of the Parent and the consolidated financial statements of its Capital Group were prepared based on the assumption that the Parent and the Capital Group companies will continue as a going concern in an unchanged form and scope for at least 12 months after the date of the financial statements.

The factors and events described in this chapter will allow the Company to significantly reduce its debt and, consequently, continue its operations on the promising market of personnel services.

I. ASSESSMENT OF FINANCIAL AND STRATEGIC SITUATION BY THE MANAGEMENT BOARD OF WORK SERVICE S.A.

In the opinion of the Management Board, in 2019 and throughout 2020, the Capital Group made a significant progress in the restructuring process, substantially completing it in August 2020.

As the review of strategic options was completed:

- 1) the assets and financial standing of the Capital Group has been fully stabilised and secured;
- 2) the Capital Group is now a member of the world's leading service provider on the global HR market so it receives a strategic and business support to develop further in Poland and in the entire region of Central and Eastern Europe.

As at the date of publication of these financial statements, applicable risks are relatively lower than those described in the report for 2019 and related to i) ongoing pandemic of COVID-19 ii) loss of control over the subsidiary Prohuman 2004 kft in accordance with IFRS 10 described in this subsection iii) ongoing disputes between the shareholders of Work Service S.A. and growing liabilities towards GI Group.

However, in the opinion of the Management Board, these circumstances could not result in any significant uncertainty as to the possibility for the Company and the Capital Group to continue as a going concern.

II. DESCRIPTION OF MATERIAL EVENTS AND FACTORS INFLUENCING THE CURRENT FINANCIAL AND CAPITAL SITUATION OF THE CAPITAL GROUP

According to the Management Board, important factors influencing the current strategic, financial and capital situation of the Group include:

- **A change in the shareholding structure of Work Service S.A.;**
- **Obtaining financing in subsequent months of 2020 to pay off the most urgent public law liabilities and bonds, and replenish the current working capital;**
- **Entering into the Restructuring Agreement with the Banks, providing for an option for the Company to redeem half of its bank debt;**
- **Conclusion of an agreement with GI group SpA on potential operational cooperation;**
- **Information on new instalment arrangements concluded with the Social Insurance Institution (ZUS) and the arrangements made with the Tax Office and the State Fund for Rehabilitation of Persons with Disabilities**
- **Information on the loss of control over the subsidiary Prohuman 2004 Kft in accordance with IFRS 10**

- Information on shareholder disputes of Work Service S.A.
- Information related to the impact of the COVID-19 pandemic on the Group's situation in 2020; and significant unusual events affecting the presented financial results.

When assessing the situation of Work Service S.A. these factors and events should be considered jointly.

1) Successful completion of the strategic options review: a change in the shareholding structure, obtaining financing to pay off the Company debt, repayment of bond liabilities, entering into the restructuring agreement with the banks

On February 3, 2020, an investment agreement was concluded with Gi INTERNATIONAL S.R.L. (the "Investor"), wholly owned by Gi Group S.A. Some favourable changes resulted from the performance of the agreement, which, in the opinion of the Management Board of Work Service S.A. are essential for stabilising the strategic situation of Work Service, allow for reducing the Group's debt, and create the potential for further development of the Group and creating solutions for the personnel services market in Poland and Central Europe.

A. A change in the shareholding structure of Work Service S.A.; entry into the Gi Group – a leading entity on the global market of HR services.

As a result of the transaction of direct or indirect purchase of Work Service S.A. shares, as described in detail in the chapter: "Overview of the Interim Report of the Capital Group for H1 2020", item 6, the Investor acquired a controlling stake in Work Service S.A. in Q3 2020.

By the end of August 2020, the Investor had informed the Company that it held 33,260,510 shares of the Company, of which:

- 1) directly – 19,546,224 shares of the Company;
- 2) indirectly – 13,714,286 shares of the Company;

representing 50.71% of the share capital of the Company and authorising the holder to 33,260,510 votes at the general meeting of the Company, accounting for 50.71% of the total votes.

As a result, the Work Service Group has become a member of the Investor's group, which is an international industry entity providing services in the field of temporary and permanent employment and recruitment. At the same time, Gi Group S.A. is one of the world's leading providers of services aimed at the development of the labour market.

In the opinion of the Management Board of Work Service S.A., the service proposal, experience and competences of the Work Service Capital Group in Central and Eastern Europe supplement the proposal of Gi Group S.A. in this part of the world and creates the potential for further development of both Work Service and Gi.

B. Provision of bridge financing to supplement the current financial liquidity of the Work Service Group.

In the performance of the investment agreement of 2020 February 3, the Work Service Group was provided with bridge financing in the following amounts and on the following dates:

1. PLN 7,093,913.00 on February 27, 2020, to Sellpro Sp. z o.o.
2. PLN 3,500,000.00 on May 18, 2020, to Work Service S.A.
3. PLN 9,000,000.00 on July 24, 2020, to Work Service S.A.

In addition, in H1 2020, the Investor's group made financing (loans) available to the German group (sold in Q3) in the following amounts and on the following dates:

1. EUR 95,000 on February 19, 2020
2. EUR 120,000 on March 20, 2020

3. EUR 170,000 on April 9, 2020
4. EUR 180,000 on June 17, 2020

The financing thus obtained made it possible to improve the liquidity of the Work Service Group in the transaction period and was used in a significant part for the partial repayment of public law liabilities.

C. The conclusion and subsequent entry into force of the Financing Agreement up to the amount of PLN 210 million.

On August 10, 2020, the Company concluded a financing agreement with the Investor (the "Financing Agreement"). The Financing Agreement provides that the Company will be granted financing in the total amount of PLN 210,000,000.00 (two hundred and ten million zloty) (the "Loan Amount") (the "Financing").

The financing will be used cover the Company's payment obligations, including to pay off the reduced balance of debt towards the Banks, in the amounts specified in the repayment schedule, as well as the existing debt towards the Social Insurance Institution (ZUS), the Tax Office (US), and the State Fund for Rehabilitation of Disabled People (PFRON). As at the conclusion date, the Financing Agreement was conditional (*detailed terms of its entry into force are described in the chapter: "Overview of the Interim Report of the Capital Group for H1 2020", item 6).*

The Financing Agreement provides that repayment of the Loan Amount will be secured by the Company by submitting, within one month of the conclusion of the Financing Agreement, a declaration of voluntary submission to enforcement pursuant to Article 777 § 1 item 5 of the Code of Civil Procedure, up to the Loan Amount, valid until December 31, 2028, as well as by pledge agreements on shares in the Company subsidiaries: Industry Personnel Services sp. z o.o., Sellpro sp. z o.o., Finance Care sp. z o.o., Krajowe Centrum Pracy sp. z o.o., Work Service Czech S.R.O., and Work Service Slovakia S.R.O.

All the conditions precedent of the Financing Agreement were met in August 2020, which was announced by Work Service S.A. in a current report; therefore, as at the date of publication of this report, the Financing Agreement is in force.

By the date of publication of this report, the following tranches had been made available to Work Service S.A. in the performance of the Financing Agreement:

1. PLN 19,175,000.00 on August 24, 2020, to Work Service SA
2. PLN 10,825,000.00 on August 27, 2020, to Work Service SA
3. PLN 8,451,000.00 on September 24, 2020 to Work Service SA
4. PLN 4,340,000.00 on November 3, 2020 to Work Service SA.
5. PLN 4,000,000.00 on 1 December 2020 to Work Service S.A.
6. PLN 5,516,000.00 on 18 December 2020 to Work Service S.A.
7. PLN 5,516,000.00 on 23 December 2020 to Work Service S.A.
8. PLN 3,000,000.00 on 23 December 2020 to Work Service S.A.
9. PLN 4,061,000.00 on 24 February 2021 to Work Service S.A.
10. PLN 3,257,000.00 on 7 April 2021 to Work Service S.A.

These funds were used, among others, to: repay the bonds described in item D of this subchapter, partly repay the transaction costs oraz and installments to Polish Banks in order to reduce bank debt.

D. Repayment and partial relief of bond debt.

On June 22, 2020, a conditional sales agreement was concluded between the Company and mBank Spółka Akcyjna, Millennium Fundusz Inwestycyjny Otwarty, Millennium Specjalistyczny Fundusz Inwestycyjny Otwarty, Investor Parasol Fundusz Inwestycyjny Otwarty and Noble Funds Fundusz Inwestycyjny Otwarty (the "Bondholders") for W, X and Z shares. Pursuant to the agreement, the Company shall purchase all W, X and Z series bonds (the "Bonds") issued by the Issuer, with the nominal value of PLN 35,250,000.00 for 30% of their value, i.e. for the total price of PLN 10,575,000.00 (in words: ten million five hundred and seventy-five thousand zloty) plus interest on all Bonds, as determined under the terms of the Bond issue (the "Agreement").

Thanks to the funds obtained in the performance of the Financing Agreement described in item C of this subchapter, on August 26, 2020, the Company redeemed all SHB series bonds and repaid interest due on the Bonds. Thus, the Company settled all liabilities under the SHB series bonds, which were redeemed as a result of their redemption by the Company. The nominal value of SHB bonds amounted to PLN 8,600,000.00.

On August 27, 2020, the Company repaid in full all its W, X and Z series bonds with the total nominal value of PLN 35,250,000.00, for the amount of PLN 10,575,000.00 (the "Bonds"), as well as repaid interest due on the Bonds.

E. Conclusion of a Restructuring Agreement with banks providing for the redemption of some loan liabilities

On July 9, 2020, an agreement was concluded between the Company and the Banks on cooperation in the field of debt restructuring, specifying detailed conditions for restructuring the Issuer's debt towards the Banks under the loan agreement of November 18, 2015, as amended, concluded between, *inter alia*, the Banks and the Company (the "Loan Agreement") (the "Restructuring Agreement").

On August 28, 2020, Work Service S.A. announced that the Restructuring Agreement entered into force.

At the same time, Work Service S.A. announced that as a consequence of the entry into force of the Restructuring Agreement, its parties were obliged to perform the target restructuring of claims based on a partial arrangement, which the Company and the Banks planned to conclude in the weeks to come as part of the proceedings on approval of the arrangement within the meaning of the restructuring law (the "Arrangement").

The Restructuring Agreement provides for partial repayment and partial relief, under the Arrangement, of the Banks' claims against the Company under the Loan Agreement in the principal amount of approximately PLN 110,350,000.00, up to the amount corresponding to 50% of the principal amount (the "Repayment Amount"). The Repayment Amount will be repaid by the Company to the Banks in quarterly instalments, in accordance with the agreed repayment schedule, with the first payment to be made by September 30, 2020 and the last by June 30, 2023. Interest on the Repayment Amount will be calculated in the amount equal to WIBOR 3M + 200 bps per annum.

On 23 November Work Service S.A. became aware that the Banks unanimously accepted Work Service S.A.'s arrangement proposals, and accordingly, the arrangement was accepted by the Banks, within the meaning of the restructuring law ("Arrangement"). The content of the Arrangement adopted by the Banks provides for the restructuring of receivables under the partial arrangement, in accordance with the rules set out in the Restructuring Agreement.

The Arrangement covers receivables on account of financing Work Service S.A.'s operations through loans granted before the arrangement date under the Loan Agreement ("Receivables under Arrangement Procedure"). Banks are the only creditors with Receivables under Arrangement Procedure. The main principles of the restructuring of the Receivables under Arrangement Procedure are as follows:

- 1) As of the date of final and legally effective approval of the Arrangement, the Receivables under Arrangement Procedure in respect of repayment of the principal under the Loan Agreement are subject to redemption in 49.9998445% as at the Arrangement Date, that is 29 September 2020.
- 2) The Issuer shall repay the principal of the loans constituting the Receivables under Arrangement Procedure in the portion not subject to redemption pursuant to paragraph 1 above, that is 50.0001555% as at the Arrangement Date. The principal sum of the loans constituting the Receivables under Arrangement Procedure shall be repaid, in the portion not subject to redemption, in instalments of a specific percentage.
- 3) The Company will repay the Receivables under Arrangement Procedure from the Banks in quarterly instalments according to a fixed repayment schedule, with the first payment taking place on 30 September 2020 and the last by 30 June 2023. Interest on the repayment amount will be charged at WIBOR 3M + 200 bps per annum.
- 4) As of the date of final and legally effective approval of the Arrangement, Receivables under Arrangement Procedure for payment of interest whose payment date has been deferred prior to the date of the Arrangement until the date of full repayment of the principal of the loan (under the Loan Agreement) shall be subject to redemption in full.

Supervision over the implementation of the Arrangement shall be exercised in accordance with the provisions of the Restructuring Law by the Arrangement Supervisor.

On November 30, 2020, Work Service S.A. filed an application with the court for approval of the partial arrangement adopted in the proceedings for approval of the arrangement.

On 23 December 2020, Work Service S.A. received information that the District Court for Wrocław-Fabryczna, 8th Commercial Division for bankruptcy and restructuring cases, issued a decision on approving a partial arrangement with the Banks adopted in the proceedings for approval of the arrangement.

On 11 January 2021, the attorney for litigation of Work Service S.A. received a copy of a decision on approval of a partial composition agreement with the Banks adopted in proceedings for approval of a composition agreement ("Decision") issued by the District Court for Wrocław-Fabryczna, 8th Commercial Division for bankruptcy and restructuring ("Court").

On 19 February 2021, the attorney for Work Service S.A. was informed that the decision on approving a partial arrangement with the Banks adopted in the proceedings for approval of the arrangement, issued by the District Court for Wrocław-Fabryczna, 8th Commercial Division for bankruptcy and restructuring cases, became final on 22 January 2021.

F. Conclusion of an agreement with Gi group SpA on potential operational cooperation;

On 21 October 2020 Work Service S.A. entered into an agreement (the "Agreement") with GI Group SpA, seated in Milan, which is an indirect parent company of the Issuer (through GI International SRL, a shareholder of the Issuer) to enter into potential operational cooperation within the GI Group (the "GI Group") including also entities from the Issuer's group (the "WS Group") in order to enable the development of relations between the two groups in order to achieve mutual synergies, economies of scale and reduction of operating costs (the "Project").

Cooperation on the exchange of information under the Agreement in order to assess the following potential areas of intervention:

- 1) transfer of assets and liabilities made under arm's length conditions;
- 2) migration to the same software and other operating systems by GI Group and WS Group;
- 3) establishment of a shared services centre, covering all or a selection of: purchases, payroll, controlling, IT, human resources, law, accounting, finance and treasury of both the Capital Group and the GI Group.

For the purposes of the Project, the Parties have agreed in the Agreement to establish appropriate working groups and functions, composed of representatives of GI Group and WS Group, respectively. The Agreement provides for the exchange of relevant information for the purpose of considering, evaluating, advising, planning or implementing such cooperation. Whereby, the Issuer shall carefully consider the impact of the above cooperation on minority shareholders and to take up actions and pursue the necessary measures in order to take due account of the situation thereof. The Agreement binds the Parties until: (i) the cooperation has been completed, or (ii) terminated by a Party with three months' notice.

2) Conclusion of new, longer-term instalment arrangements with the Social Security Institution (ZUS) and arrangements with the Tax and the State Fund for Rehabilitation of Persons with Disabilities;

In the opinion of the Management Board of Work Service, the new arrangements, in addition to the successful completion of the strategic options review and acquiring a leading Investor, were an important factor determining the situation of Work Service in the area of debt service towards the Social Insurance Institution (ZUS).

Following a decrease in the loan-related debt in 2018 (in connection with the sale transaction of the Exact Group described in the Report of the Capital Group for 2018), in 2019 the Capital Group continued its restructuring operations, concluding instalment

arrangements with the Social Insurance Institution (ZUS), which in 2019 encumbered the Group's current liquidity. The Work Service Group has prepared new assumptions for instalment arrangements based on the schedule of obtaining financing as part of the ongoing process of strategic options review. What is more, the Management Board of Work Service has started negotiations with the Social Insurance Institution (ZUS) aimed at concluding such new, longer-term instalment arrangements in order to reduce the monthly arrangement instalment, whereas earlier arrangements have been terminated.

As a result, on April 23, 2020, the Issuer entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 67,348,606.83. In addition, one of the Issuer's subsidiaries – industry Personnel Services Sp. z o.o. with its registered office in Wrocław (further: "IPS") also entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 10,065,383.60. Pursuant to the instalment arrangements, the outstanding social security contributions will be repaid in 48 instalments, from June 2020 to May 2024 (in the case of the Issuer) and in 48 instalments from March 2020 to February 2024 (in the case of IPS). The repayment plan included periods with lower instalments, financed from the current cash flows, and periods with relatively higher instalments.

Due to the prevailing COVID-19 pandemic, the Management Board has decided to continue renegotiations and propose new terms to the Social Insurance Institution (ZUS). As a result, new arrangements have been signed.

On August 7, 2020, Work Service S.A. concluded with the Social Insurance Institution (ZUS) an instalment arrangement regarding the outstanding social insurance contributions (including related interest) under new conditions, amounting to PLN 79,830,776.83 in total, which replaced the previous instalment agreement of Work Service S.A. Moreover, the arrangement was also concluded by one of the subsidiaries of Work Service S.A., Finance Care Sp. z o.o. with its registered office in Włocławek) – the value of the arrangement amounted to PLN 5,159,706.60.

Pursuant to the instalment arrangements, Work Service S.A. will repay its social insurance contribution liabilities for May 2020 in 24 equal instalments, starting from September 2020, whereas outstanding contributions for other periods will be repaid in 60 progressive instalments, starting from September 2020. Finance Care will repay its outstanding social insurance contributions for May 2020 in 12 equal instalments, starting from August 2020, whereas outstanding contributions for other periods will be repaid in 60 equal instalments, starting from September 2020. One of the conditions for the validity of the instalment arrangements is the settlement of current payments to the Social Insurance Institution (ZUS) without any delay.

On August 11, 2020, one of the subsidiaries, Work Service International sp. z o.o. with its registered office in Wrocław (further: "WSI") concluded two instalment arrangements with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions: one amounting to PLN 8,722,420.40 (contributions without prolongation fees and interest) ("Instalment Arrangement 1") and one amounting to PLN 1,630,773.19 (including prolongation fees and interest) ("Instalment Arrangement 2"). Pursuant to Instalment Arrangement 1, the social insurance contribution liabilities for monthly periods from August 2019 to April 2020 will be repaid in 60 instalments, starting from September 7, 2020. Pursuant to Instalment Arrangement 2, the social insurance contribution liabilities for May 2020 will be repaid in 24 instalments, starting from September 7 2020. One of the conditions for the validity of the instalment arrangements is the settlement of current payments to the Social Insurance Institution (ZUS) without any delay.

On 5 October 2020, a subsidiary- Industry Personnel Services sp. z o.o. with its registered office in Wrocław (hereinafter: "IPS") concluded two instalment arrangements with the Social Insurance Institution (ZUS) concerning overdue liabilities on account of social security contributions in the amount of: PLN 12,614,664.89 (premiums plus the prolongation fees and interest) ("Instalment Arrangement 1") and PLN 530,141.69 (excluding prolongation fees and interest) ("Instalment Arrangement 2"). Under the terms of the Instalment Arrangement 1, the IPS obligations for the periods 05/2018 to 04/2020 will be repaid in 60 instalments starting on 20 October 2020. Under the terms of the Instalment Arrangement 2, the IPS obligations for the period 05/2020 will be repaid in 24 instalments starting on 20 October 2020. One of the conditions of the instalment agreements is that current payments to the Social Insurance Institution (ZUS) are paid without delay.)

On 26 October 2020 Work Service S.A.'s subsidiary, that is:

- 1) Work Service International sp. z o.o. with its registered office in Wrocław (hereinafter: "WSI");
- 2) Industry Personnel Services sp. z o.o. with its registered office in Wrocław (hereinafter: "IPS");
- 3) Sellpro sp. z o.o. with its registered office in Wrocław (hereinafter: "Sellpro");

were issued with decisions of the Head of the Tax Office in Wrocław on making payment of VAT liability in instalments. The boundary conditions of the decision are described below.

Re. 1.)

The Head of the Tax Office in Wrocław agreed to WSI tax liabilities in respect of VAT for February, March, April, May 2020 in the total amount of PLN 3,191,512.00 (including the prolongation fees and interest) being paid in instalments.

Re. 2.)

The Head of the Tax Office in Wrocław agreed to IPS tax liabilities in respect of VAT for February, March, April, May 2020 in the total amount of PLN 1,739,028.00 (including the prolongation fees and interest) being paid in instalments.

Re. 3.)

The Head of the Tax Office in Wrocław agreed to Sellpro tax liabilities in respect of VAT being paid in instalments:

a) for February, March and May 2020 in the total amount of PLN 2,777,215.02 (including the prolongation fees and interest).

b) for April 2020 in the total amount of PLN 863,228.00 (including the prolongation fees and interest).

According to each of the above decisions, tax liabilities will be repaid in 48 monthly instalments starting from 16.11.2020. Consent to making payment in instalments is contingent on meeting the deadline for payment in instalments.

On 2 November Work Service S.A. was issued with a consent of the Head of the Lower Silesian Tax Office in Wrocław to make payment of tax liabilities under VAT in instalments ("Decision"). The decision fully takes into account the Company's request and concerns a permit to make payment of tax liabilities on account of VAT for February, March, April, May 2020 in the total amount of PLN 14,635,014.00 (including listing fees and interest). Pursuant to the Decision, tax liabilities were split into 48 monthly instalments starting from 16.11.2020. The Tax Office will uphold the Decision subject to such conditions as Work Service S.A. making current payments to the Tax Office.

On 5 November Work Service S.A. was issued with a consent of the Head of the Lower Silesian Tax Office in Wrocław to make payment of CIT liabilities for 2018 in instalments ("Decision"). The decision concerns the split of payment of CIT liabilities in the total amount of PLN 8,471,397.00 (including interest on arrears and prolongation fees) into instalments. Pursuant to the Decision, tax liabilities were split into 48 monthly instalments starting from 16.11.2020. The Tax Office will uphold the Decision subject to such conditions as Work Service S.A. making current payments to the Tax Office.

On 4 February 2021, Work Service S.A. was informed that the State Fund for the Rehabilitation of Persons with Disabilities seated in Warsaw, (hereinafter: "PFRON") signed an agreement on spreading into installments cash payments for reimbursement of subsidies to the remuneration of disabled employees (hereinafter: the "Agreement"). The agreement covers Work Service S.A.'s obligation to reimburse remuneration to disabled employees resulting from the decision of the President of the Management Board of PFRON of November 21, 2019, upheld by the decision of the President of the Management Board of PFRON of October 29, 2020, in the part related to reimbursement of PFRON funds transferred to the Issuer as remuneration to disabled employees for the reporting periods March-April, June-September, November 2016, February-March, August-December 2017, January-February 2018 and reversing the appealed decision in the part related to reimbursement of remuneration to disabled employees for the reporting periods June-July 2014. The obligation covered by the Agreement consists of:

1) the amount of principal of PLN 6,226,032.13 (say: six million two hundred twenty six thousand thirty two zloty and thirteen grosz);

2) interest in the amount of PLN 1,821,894.25 (one million eight hundred and twenty-one thousand eight hundred and ninety-four zlotys and twenty-five grosz).

The above decision of the President of the Management Board of PFRON dated 29 October 2020, was appealed by the Issuer with a complaint to the Provincial Administrative Court in Warsaw in the part concerning the reporting period: August 2016 (reimbursement amount: PLN 423,722.26). Pursuant to the provisions of the Agreement, if a final court decision is issued stating that the Issuer is not obliged to pay PFRON the whole or part of the receivables covered by the Agreement, the Parties shall cease to be bound by the Agreement with respect to the receivables covered by such decision. Under the Agreement, Work Service's obligation will be repaid in 60 installments starting from February 2021 until January 2026

3) Gradual reorganisation of the Capital Group and reduction of the number of its member entities.

The activities of the Management Board of Work Service S.A. described in this section are mainly related to the Group restructuring by disinvestments of non-profitable or non-core entities (temporary work). As a consequence, significant changes took place throughout 2019 and in the first months of 2020 (until the date of publication of these financial statements):

- repayment of acquisition liabilities to FIEGE Logistik Stiftung & Co. KG in several instalments in 2019; then, on June 5, 2020, a conditional agreement was concluded for the sale of the German companies which was finally implemented on July 27, 2020
- by the end of 2019, disinvestments had been completed regarding the entities from the Antal Sp. z o.o. Group
- the sale of Czech and Slovak entities, which served as collateral for the bondholders, was abandoned because the relevant bond liabilities were repaid, and then transactions of sale of these entities to the shareholder Work Service S.A. were completed
- measures have been taken to reduce the involvement of Polish entities in cross-border services (transfer of Polish employees to France, Belgium, and partly Germany) due to the reduced efficiency and profitability of this business, especially during the COVID-19 pandemic. As a result of the activities referred to above, on August 3, it was decided to wind up three Polish companies (Work Express Sp. z o.o., Outsourcing Solutions Partner Sp. z o.o., Support and Care Sp. z o.o.) and to open the corresponding liquidation proceedings.

In addition, the purchase option for Prohuman 2004 Kft was terminated on April 6, 2020, which resulted from the arrangements included in the investment agreement described in this chapter (it was one of the conditions precedent of that agreement). ;

A. Termination of the purchase option for Prohuman 2004 Kft.

Signing of call option and co-operation agreement

This paragraph sets out the key terms of the agreement concluded on 3 July 2019 between the Company and the following Hungarian companies: Human Investors Kft. ("HI"), Profólió Projekt Tanácsadó Kft. ("Profólió") and Prohumán 2004 Kft. ("Prohumán")

This agreement sets out in detail the terms of the transaction for the future sale of 100% of shares in Prohumán ("Prohumán Sales Process"). The Prohumán Sales Process refers to the sale to HI company (a company formed by managers related to Profólió and Prohumán) or another entity designated by HI ("Buyer"): (i) all Prohumán shares held by the Company, which represent 80.22% of Prohumán's share capital ("Principal Shares") and (ii) all or part of the remaining Prohumán shares held by Profólió, which constitute 19.78% of Prohumán's share capital ("Profólió Shares").

Pursuant to the Agreement, a right of call option was established for the Buyer in respect of the Principal Shares ("Call Option") under which the Buyer may unilaterally acquire the Principal Shares. The Call Option has been set for a fixed period of two (2) years from the date of signing the Agreement ("Date of Signing"), with the possibility of early termination in the cases set out in the Agreement.

The sale price of the Principal Shares ("Purchase Price of the Call Option") consists of a cash payment and repayment of all loans granted by Prohumán to the Company ("Prohumán Loans") under loan agreements ("Prohumán Loan Agreement") plus interest (settlement amount of intra-group liabilities).

At the same time, the Company signed an Annex to the Prohumán Loan Agreement extending the maturity of Prohumán Loans until 31 December 2021 and allowing the repayment of Prohumán Loans in accordance with the Agreement. The entry into force of this Annex to the Prohumán Loan Agreement was subject to the entry into force of the Agreement and to the delivery of the originals of the notarial submission to the enforcement of the Company with regard to the claims arising from the Prohumán Loan Agreement.

The exercise of the Call Option and the completion of the sale shall be subject to the prior fulfilment of the conditions set out in the Agreement.

Pursuant to the Agreement, the termination of the Prohumán Sales Process by HI will be completed by 31 March 2020, with the possibility of extending this deadline, subject to the terms of the Agreement ("Extension of Deadline").

Profólió will cooperate with HI in the Prohumán Sales Process, including the sale of Profólió Shares or parts thereof (to the extent that Buyer will not buy the entire Profólió Shares) and will be a party to the sales contract ("Prohumán Sales Agreement").

If the conditions for the Extension of the Deadline are not met, the Company may terminate the Call Option by written notice to HI by 30 April 2020 at the latest. If the Company does not complete the Call Option by 30 April 2020 at the latest, then, under the terms of the Agreement, the deadline for the completion of the Prohumán Sales Process will be automatically extended. If this period is extended but the sale of Prohumán will not take place within this extended period, the Company may terminate the Call Option at any time after that extended period. HI may at any time terminate the Call Option.

If the above transaction fails in accordance with the schedule described above, the parties agreed on the terms and conditions for the mutual settlement and subsequent sale of Prohumán. On the date of the termination of the Call Option by either of the above parties ("Closing Cancellation Date"), the Issuer will be entitled to exclusively manage the sale of the Principal Shares and the shares of Profólió to an external buyer ("Second Sale of Prohumán") in accordance with the Agreement of 23 October 2017 and its amendments ("QSPA"). The second sale of Prohumán will start within 9 months of the date of the Closing Cancellation Date. As a result of the Second Sale of Prohumán: (i) the Company, (ii) a subsidiary of the Company, in which the Company is the sole shareholder (to which the Company may unilaterally transfer rights and obligations under the QSPA subject to payment of the purchase price) or (iii) an external buyer selected by the Company (to which certain rights and obligations under the QSPA may be unilaterally transferred by the Company subject to payment of the purchase price), will acquire Profólió shares for the purchase price which will be reduced by PLN 4 million compared to the purchase price specified in the QSPA without interest on this price during the second sale of Prohumán and will be payable in full in cash in accordance with the QSPA (as amended) ("Profólió Share Purchase Price").

The payment to Profólió of the Profólió Share Purchase Price by the Company or an external buyer chosen by the Company will be made at the same time as the payment and transfer of the principal shares and will not occur earlier than: (i) within 12 months of the start of the Second Sale of Prohumán and (ii) within 21 months of the Closing Cancellation Date ("Prohumán Second Sale Date"). Under certain conditions, Prohumán Second Sale Date will be automatically extended by 3 (three) months. If the payment of the Profólió Share Purchase Price is not made before or on the date of the Second Sale of Prohumán, the Second Sale of Prohumán will be considered as unsuccessful.

In this case, the purchase price of Profólió Shares will be payable by the Company in 4 (four) equal quarterly instalments.

Therefore, Profólió and the Company signed an Annex to the QSPA ("Annex to QSPA") in the event of a failure of the Second Sale of Prohumán. The Annex to the QSPA defines the way in which the shares are sold ("Third Sale of Prohumán"), in four instalments of the "First Instalment Implementation" will take place on the last working day of the three-month period from the date of entry into force of the Annex to the QSPA; "Second Instalment Implementation" will take place on the last working day of the six-month period from the date of entry into force of the Annex to the QSPA; "Third Instalment Implementation" will take place on the last working day of the 9-month period from the date of entry into force of the Annex to the QSPA, and "Fourth Instalment Implementation" will take place on the last working day of the 12-month period from the date of entry into force of the Annex to the QSPA. Each of these instalments corresponds to 1/4 (one quarter) of the Profólió Shares Purchase Price and represents 4.945% of Prohumán's registered capital. Each instalment shall be paid in accordance with the conditions set out in the amendment to the QSPA.

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

The parties have fixed interest in the Agreement at 10 % in the event of non-compliance with payments calculated from the due date until the actual date of payment.

The Agreement shall be governed by Hungarian law. The other terms of the Agreement shall not depart from the terms and conditions applicable to such agreements.

Funds acquired from the sale of the Principal Shares will be spent, as follows: (i) for a complete repayment of the loan granted to the Company pursuant to the loan agreement of 18 November 2015 (subsequently annexed) concluded with BNP Paribas S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A., which the Company reported in current reports, e.g. No. 43/2015, 34/2017, 7/2018, 82/2018 and 86/2018, amounting to about PLN 110 mln (ii) for further debt adjustment and the reduction of liabilities of the Issuer's Capital Group.

Termination of the Call Option on 6 April 2020

On April 6, 2020, Work Service S.A. terminated the Call Option in respect of all Prohumán 2004 Kft shares. ("Prohumán"), held by Work Service S.A., representing 80.22 % of Prohumán's share capital ("Call Option").

According to the agreement described in the previous section, the sale of Prohumán by HI, under the Call Option was completed, was to be completed by 31 March 2020, with the possibility of extending this deadline, subject to the terms of the agreement.

As the terms of the extension of this period have not been fulfilled, Work Service S.A. was entitled to terminate the Call Option until 30 April 2020, which was executed by Work Service S.A. In the presented agreement, the parties agreed on the terms of further sale of Prohumán in the case of a failure of the Call Option transaction. Therefore, from April 6, 2020, Work Service S.A. is entitled to exclusively manage the sale of 100% of the Prohumán shares held by the Company and Profólió under the so-called second sale of Prohumán.

The absence of an extension of the Call Option period was one of the suspensive conditions of the investment agreement concluded on 13 February 2020 between Work Service S.A. and Gi International S.r.l.**B. Conclusion of an agreement with an advisor on the execution of a transaction for the sale of shares in Prohuman 2004 Kft.**

On 29 December 2020, Work Service S.A. signed a cooperation agreement with an external advisor concerning completion of a second process of sale of 100% shares in Prohumán 2004 Kft. ("Prohumán") ("Second Prohumán Sales Process"). The Second Prohuman Sales Process will be carried out under the Purchase Option and Cooperation Agreement of 3 July 2019 concluded between Work Service S.A. and the Hungarian companies: Human Investors Kft. ("HI"), Profólió Projekt Tanácsadó Kft. ("Profólió") or Prohumán (the "Agreement").

C. Repayment of acquisition liabilities to FIEGE Logistik Stiftung & Co. KG followed by sales of Work Service GmbH & Co. KG

In 2019, Work Service S.A., through the intragroup loan, repaid by the end of the year the remaining acquisition liabilities for a 100% controlled by Work Service S.A. subsidiary Work Service GmbH & Co.KG.

On 5 June 2020, the subsidiaries of Work Service S.A., i.e. work Service SPV Sp. z o.o. with its registered office in Wrocław (KRS: 0000499130) as seller 1, Work Service International Sp. z o. o. with its registered office in Wrocław (KRS: 0000261009) as seller 2 (together as "Sellers") and Work Service S.A. as guarantor, concluded with Gi Group Deutschland GmbH based in Düsseldorf (HRB 70863 in the German Commercial Register), being a subsidiary of Gi INTERNATIONAL S.R.L., which is wholly owned by Gi Group SpA, as a buyer ("Buyer"), a conditional agreement for the sale of equity rights in Work Service GmbH & Co. KG with its registered office in Düsseldorf (number 23071 in the German Commercial Register) ("Company") ("Agreement" or "Transaction").

Under the Agreement, the Seller has undertaken to sell respectively 74% and 26% of its Company's equity rights, with a total nominal value of EUR 100,000.00, representing a total of 100% of the Company's equity rights ("Equity Rights"). The sale price of the Equity Rights was set at PLN 4,500,000.00 ("Price").

The agreement was concluded subject to certain suspensive conditions, in particular the consent of the Issuer's capital group banks to release the pledge on the Company's equity rights and subsequent effective release of the above pledge. In addition, under the Agreement, the Issuer will provide a general guarantee in respect of all obligations of the Sellers under the Agreement. The remaining provisions of the Agreement shall not depart from the terms and conditions of agreements of such type, in particular as regards the provisions concerning the prohibition of competitive activities, the statements and assurances made by the Sellers and the principles of liability of the parties.

In addition, upon closing the Transaction, the Buyer will promptly repay to the Issuer the amounts resulting from the inter-group liabilities of the Company and its subsidiaries in the amount of approx. PLN 3,300,000.00.

Finally, on July 27, the Sellers sold 74% and 26% of their share rights in the Company, respectively, with the total nominal value of EUR 100,000.00, accounting for the total of 100% of the share rights in the Company, for the price of PLN 4,500,000.00 – the price actually received by the Sellers.

Pursuant to the Agreement, the Buyer was to repay to the Issuer, within 10 working days after July 27, 2020, the intra-group liabilities to the amount of approx. PLN 3,300,000.00.

The Issuer intended to allocate the amount of PLN 7,500,000.00 received under the transaction to repay the principal of the bridge loan.

The planned sale of German entities was performed as part of restructuring activities carried out by Work Service within the Issuer's Capital Group and also the result of the planned investment of Gi Group SA. in the Capital Group.

D. Withdrawal from the sale of Czech and Slovak entities in connection with the restructuring of bonds described in item 3 of this chapter, and then completing the transaction of sale of these entities to the shareholder Work Service S.A.

On December 10, 2018, the Company fully implemented the conditional agreement concluded on December 6, 2018 and completed the restructuring and bond refinancing process. In the bond issue terms, the Company undertook to implement restructuring activities including, among others, to start of the sales process of Work Service Czech Republic s.r.o., Work Service Slovakia s.r.o., Work Service SK s.r.o. and Work Service Outsourcing Slovakia s.r.o. in accordance with the agreed schedule.

At a meeting held on 21 December 2020, the Company's Management Board decided to execute transactions consisting in the sale of all shares in Work Service S.A., i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o. to GI International SRL (which is owned by Gi Group SpA based in Milan) ("Transactions").

On 10 February 2021, the Supervisory Board of Work Service S.A. agreed that Work Service S.A. will perform transactions consisting in the sale of all shares in the Issuer's subsidiaries Work Service Czech s.r.o. and Work Service Slovakia s.r.o. to GI International SRL (wholly owned by Gi Group SpA seated in Milan) ("Transactions"). At the same time, the Supervisory Board accepted the key terms of the Transaction as set forth in the draft of the relevant framework agreement, which in particular includes setting the sales price of shares in the above subsidiaries at a total amount of PLN 29,200,000.00, which may be paid in cash or by a set-off of receivables of the Issuer against GI International SRL or by settling a part of the amount in cash and the remaining amount by a set-off.

On 24 February 2021. Work Service S.A. and two of its subsidiaries, i.e. Industry Personnel Services sp. z o.o. and Work Service International sp. z o.o., as the seller ("Seller") entered into an agreement with GI International SRL seated in Milan (wholly owned by Gi Group SpA seated in Milan), as the buyer ("Buyer"): (i) Framework Sales Agreement which sets out the terms and conditions of the transaction of selling all shares in the Issuer's subsidiaries, i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o., held by the Sellers to the Buyer. (the "Agreement", the "Transactions"), and, in execution of the Agreement, (ii) two agreements for the sale of such shares (in accordance with their forms attached hereto).

The total sales price of all shares in the above subsidiaries of the Issuer amounted to PLN 29,200,000.00 (the "Selling Price"), including

- 1) for shares in Work Service Czech s.r.o. - PLN 20,300,000.00
- 2) for shares in Work Service Slovakia s.r.o. - PLN 8,900,000.00

The Parties to the Agreement agreed that the Selling Price shall be paid in two instalments as follows:

- 1) The amount of PLN 19,200,000.00 due from the Buyer will be deducted on 1 March 2021 from a part of the Loan Amount, which the Issuer informed about in the current report no. 110/2020, which Loan was granted by the Buyer to the Issuer on the basis of the Financing Agreement (described in the current report no. 54/2020). As a result of the deduction, the due part of the Loan Amount shall be reduced to the amount of PLN 10,800,000.00. ("Remaining Loan Amount").
- 2) The amount of PLN 10,000,000.00 due from the Buyer shall be paid in cash by April 30, 2021.

Pursuant to the Agreement, the parties may change the method of payment of the Sales Price by using a payment option selected from the following: (i) in full in cash, or (ii) in full by way of set-off of the Issuer's claims against the Buyer, or (iii) by settling part of the amount in cash and the remaining amount by way of set-off.

In the event of breach by any of the Sellers of their obligations arising from the prohibition on competitive activity with respect to the Issuer's subsidiaries sold, as set forth in the Agreement, a given Seller shall be obliged to pay the Buyer a contractual penalty in the amount of EUR 25,000 for each case of breach; payment of the contractual penalty shall not exclude the Buyer's right to claim compensation for damage exceeding the amount of such penalty. The other terms and conditions specified in the Agreement on which the Transactions are to be carried out do not differ from the terms and conditions applied for this type of agreements on the market. The agreement was not entered into subject to a condition or term.

The transaction is a manifestation of the Company's strategy to focus more on developing its business in Poland and raising additional funds to reduce its liabilities. The Management Board of Work Service S.A. considered the sale of companies in the Czech Republic and Slovakia already at the stage of selecting strategic options at the beginning of 2019, which resulted from the lack of sufficient synergies with foreign companies operating independently.

4) Loss of control over Prohuman 2004 Kft according to IFRS 10

On 31 December 2020, the Management Board of Work Service S.A., having obtained relevant opinions from external legal advisors, performed a multi-faceted analysis of information concerning facts and circumstances indicating the occurrence of a number of difficulties with respect to effective ownership and management of the Hungarian company Prohumán 2004 Munkaerő Szolgáltató és Tanácsadó Kft. seated in Budapest, in which Work Service S.A. holds shares representing a majority (80.22%) of votes at the Meeting of Shareholders ("Prohumán"), resulting from an unfavourable attitude of Profólió Project Tanácsadó Kft. seated in Budapest, which is a minority shareholder in Prohumán ("Profólió"), and three (out of four) Executive Directors of Prohumán connected with it - including as regards exercising effectively certain rights of Work Service S.A. as a shareholder in Prohumán (in particular, as Profólió contests the correctness of appointment of one of the Executive Directors of Prohumán, delegated by Work Service S.A. to perform this function). This analysis has led the Company's Management Board to formulate an assessment that the resulting corporate dispute has reached a level of intensity which may pose a significant threat - at least temporarily (but for an indefinite period of time) - to Work Service S.A.'s ability to exercise sufficiently effective control over Prohumán. Mutual relations of Work Service S.A. and Profólió, which were established in the past on the basis of numerous contractual relations (especially those resulting from the shareholders' agreement), have in fact allowed these entities to exercise joint control over Prohumán; however, this year there have been discrepancies in some decisions made by Prohumán's corporate bodies, including as regards the appointment of the sole Managing Director of Prohumán nominated by Work Service S.A.; other Managing Directors have not reported his appointment to the relevant court register as well as they do not admit him to perform his functions. A.; the other Managing Directors have so far failed to report his appointment to the relevant court registry, as well as to admit him to perform his functions. The actions and omissions detrimental to the interests of Work Service S.A., which were taken by Prohumán's managers who are in conflict with Work Service S.A. and by Profólió, are in violation of the law and Prohumán's Articles of Association.

Work Service S.A. endeavors to correct the deficiencies of Prohumán's operations, including through appropriate proceedings before a competent court, and intends to take further steps in this regard with the professional assistance of Hungarian legal advisors. The object of these actions is to restore Prohumán to legal and statutory compliance; in the first instance, this includes obtaining the registration of the Managing Director in the court register. In the opinion of Work Service S.A. on 31 December 2020, further continuation or intensification of this dispute - which may manifest itself in complete discontinuation of cooperation of Profólió or Prohumán with Work Service S.A. (especially as regards proper provision of necessary information and financial data by Prohumán or selection of an auditor for Prohumán and its subsidiaries) - increases the risk of serious adverse consequences for Work Service S.A. or its capital group, especially in the area of consolidation of financial statements.

On 31 March 2021, the Management Board of Work Service S.A. informed that as a result of an ongoing corporate dispute in Prohumán caused by an unfavourable attitude of Profólió Project Tanácsadó Kft. seated in Budapest, being a minority shareholder of Prohumán ("Profólió") and three (out of four) managing directors of Prohumán connected with it - difficulties in exercising effective ownership and management influence over Prohumán as well as its capital group ("Prohumán Group") resulted in the Work Service S.A.'s belief that on 31 March 2021 the Company has effectively lost control over Prohumán in accordance with the International Financial Reporting Standards ("IFRS").

Until March 31, 2021, Work Service S.A. has completed a number of actions, including those under respective proceedings, aimed at restoring, in a manner prescribed by law, the full extent of its rights related to the majority shareholder status in Prohumán. Despite exercising due diligence, the actions taken by Work Service S.A. did not bring the expected results and therefore the prerequisites of IFRS 10 determining the loss of control of the Issuer over Prohuman were fulfilled.

Under IFRS 10, this loss of control will cause Work Service S.A. to change its situation, i.e. regain control, starting from the consolidated financial statements of the Work Service group for the fiscal year 2020, the Company will make appropriate changes to the method of consolidating the data of the Prohuman 2004 Kft group, described in the consolidated financial statements.

5) Activities aimed at restructuring the financial debt of the Work Service group towards GI International S.R.L.

In connection with the information presented in points 1 B and 1 C of this chapter, by the date of publication of this report, in the performance of the investment agreement and the Financing Agreement, financing was made available to companies belonging to the continued part of the capital group in the total amount of PLN 87,734,913.00.

In connection with the information presented in point 3D of this chapter, part of the above-mentioned liability was settled with the selling price of the Czech and Slovak entities. As a result of this settlement, the above-mentioned amount of liability to GI International S.R.L. decreased by PLN 19,200,000.00 and as at the date of publication of this report amounts to PLN 68,534,913.00.

In accordance with the currently agreed terms and conditions resulting from valid bridge financing agreements and the Financing Agreement described in point 1C of this chapter as well as in note 20 of the Group's Annual Report for 2020, the amount of this liability should be settled or repaid as follows:

- PLN 7,093,913.00 until July 31, 2021
- PLN 3,500,000.00 until May 31, 2025
- PLN 9,000,000.00 until July 9, 2025
- PLN 41,623,000.00 until July 31, 2021
- PLN 7,318,000.00 until July 31, 2025

On April 19, 2021, Work Service S.A. signed a letter of intent with GI International S.R.L. concerning the consideration and analysis of all possible solutions that may apply to the restructuring of the above-mentioned debt ("Receivables" towards GI International SRL, in particular the amendment of the Financing Agreement or the conduct of proceedings, pursuant to the provisions of the Restructuring Law aimed at postponing the due date of the Receivables or converting the Receivables on the Company's shares of a new issue ("Conversion"). The effect of the possible Conversion assumed by Work Service SA is, in particular, a positive impact on the amount of equity capital per unit of Work Service SA.

6) Financial data for 2020

A. Adjustment of the scale of activity (continued operations) and a systematic reduction in operating costs to improve the profitability of the business;

The financials presented refer to the 12-month period ended on December 31, 2020, and the 12-month period ended on December 31, 2019.

	01.01.2020-31.12.2020	01.01.2019-31.12.2019 after adjustment
Revenues	206 359 156,43	324 289 028,95
Net revenues from sales of products	206 526 452,25	323 625 074,10
Variation in stocks of products	-167 295,82	663 954,85
Manufacturing cost of products for entity's own purposes		
Net income on sale of goods and materials		
Operating costs	228 324 302,84	353 182 660,80

Depreciation	7 378 388,97	9 763 421,06
Consumption of materials and energy	1 555 625,20	2 190 121,31
Outside services	27 435 527,54	56 939 605,83
Taxes and charges	868 759,04	686 808,39
Remuneration	157 138 094,24	234 205 508,34
Social insurance and other benefits	32 704 965,88	47 140 404,66
Other generic expenses	1 242 941,97	2 256 791,21
Value of goods and materials sold		
Profit (loss) on sales	-21 965 146,41	-28 893 631,85
Other operating incomes	11 051 942,33	30 026 477,18
Other operating costs	22 989 048,88	44 718 486,65
Profit (loss) on operating activities	-33 902 252,96	-43 585 641,32
Financial incomes	88 523 193,21	6 119 430,19
Financial costs	73 004 370,65	159 592 910,33
Gross profit (loss)	-18 383 430,40	-197 059 121,46
Income tax	17 253 856,70	-10 307 080,99
Net profit (loss)	-35 637 287,10	-186 752 040,47

Comment on financial data of Work Service SA

As a consequence of concluding Annex No. 4 to the loan agreement in December 2018, after the sale of the Exact group and partial repayment of debt to Polish banks and the stabilization of the situation in the area of bond debt, the Management Board of the Company planned to focus its attention on core operating activities.

However, as a result of the problems related to the still large debt in both 2019 and 2020 in the Group, and lasted a deep crisis of confidence of the entire market, customers, offices, banks and various institutions toward Work Service has begun, which has exacerbated the difficulties of managing business.

Therefore, we observe for a long time two important trends:

- 1) Scaling down of operations (a decrease in revenues), also caused by the prevailing COVID-19 pandemic;**
- 2) A gradual reduction in operating costs, in parallel to the scale-down of operations.**

The problem of the lack of profitability, especially of Polish companies, was addressed in 2019 by a faster than planned correction of the business operating costs. The intention of the Management Board of Work Service in the previous financial year was to achieve a balance by the end of the first quarter of 2020 so that sales revenues less direct costs of obtaining them (mainly salaries and other costs related to the hiring of temporary staff), could cover the general costs of the management and administration in the hitherto unprofitable entities.

This goal has not yet been fully achieved and is a challenge still faced by the Management Board, currently a bit more problematic due to the COVID-19 pandemic. At the same time, in the opinion of the Management Board, the tool for achieving this goal is changing. The Company and its entities focus, to a greater extent, on rebuilding sales revenues (with a restructured cost base), also as a result of joining the international Gi Group, rather than concentrate on further significant adjustments of business service costs. These costs will continue to be adjusted in connection with the COVID-19 pandemic and the search for synergy between Work Service and the Investor's group. Nevertheless, the priority area of interest for the Management Board of Work Service S.A. in the near future is and will continue to be sourcing new orders and gradually improving sales revenues.

The Management Board of the Company notes that despite the COVID-19 pandemic, the Company continues to operate on the prospective market for HR services and after completion of operations in the area of operational and financial restructuring and the entry into the Group of an international professional investor, it will focus only on rebuilding trust and on the return to higher levels of sales revenue, which, because of the leverage effect, can help the group to achieve better financial results in the future.

After the support received from an international industry investor, Work Service should remain, particularly in Poland, a leading and medium-term viable player in the HR market.

B. Recognition of atypical events as a result of operating activity of Work Service SA;

The Management Board notes that in the operating result for 2020 (as presented above), a number of unusual events were identified, including:

- I. Unusual events and factors improving the operating result in the total amount of PLN 5.1 million, including:
 1. .Recognition of unusual other operating income in the total amount of PLN 5.1 million, including:
 - Recognition of other operating income in connection with the release of restructuring provisions in the total amount of approx. PLN 0.6 million;
 - Recognition of other operating income related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 0.2 million;
 - Recognition of operating income related to the government subsidy for COVID-19 in the total amount of approx. PLN 0.5 million;
 - Recognition of other operating income related to the adjustment to the value of equity and liabilities in the balance sheet in the total amount of PLN 1.1 million;
 - Recognition of other operating income related to the adjustment to the value of liabilities from related entities in the total amount of PLN. 1,7 million
 - Recognition of other operating income in connection with the release of provision for estimated liabilities to PFRON in the amount of PLN 1 million.
- II. Unusual events and factors worsening the operating result in the total amount of PLN 25.9 million, including:
 1. Costs of third-party services related, among others, to i) advisory services (covered and not covered by restructuring provisions), ii) settlement of cooperation with a subcontractor, and (iii) other costs in the total amount of approx. PLN 5 million;
 2. Recognition of unusual other operating costs in the amount of PLN 20.4 million, including:
 - Other operating costs related to the adjustment of or delay in payment of public law liabilities and other legal costs in the total amount of approx. PLN 1.4 million.
 - Other operating costs related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 2.5 million;
 - Other operating costs related to the termination of lease and rental agreements in the total amount of approx. PLN 0.3 million;
 - Other operating costs related to the adjustment to the value of liabilities (including related entities) in the total amount of PLN. 16.2 million.
 3. Recognition of unusual corrections of revenues related to correction of PFRON subsidies for previous years in the total amount of approx. PLN 0.5 million

In connection with the above (the balance of item I and item II in total), the impact of the identified unusual events included in the operating result above is negative and amounts to approx. PLN -20.8 million.

The comparative amounts for 2019 presented above also include unusual events deteriorating the operating profit in the total amount of approx. PLN -36.7 million. These events were also presented in the published in Financial Statement of Work Service SA for 2019.

C. Recognition in the result on financial operations of Work Service SA of events of non-recurring nature

The Company's management notes that in the 2020 results of financial activities of Work Service SA presented in item 4) a number of events of an unusual nature were recognized, including:

- financial revenue from the redemption of bonds and loans in the amount of PLN 81 405 329,85,
- financial cost due to the write - off for loans from related entities in the amount of -45 875 711

Therefore, the impact of identified atypical events included in the result on financing activities in point 6 is positive and amounts to about PLN 35,5 million.

The 2019 comparative figures for continuing operations presented in section 6 also include unusual events deteriorating the result from financing activities in the total amount of approximately PLN -139,7 million. These events were also presented in the published Financial Statement of Work Service SA for 2019.

D. Recognition in the income tax amount of an unusual adjustment for the write-down of deferred tax assets

The 2020 figures presented above recognize an adjustment to deferred tax assets in an amount equal to approx. PLN -16.6 million

7) Information on the impact of COVID-19 on the future operations of the Work Service Group

The operations of the Work Service Group depend heavily on the financial condition of a diversified portfolio of its clients, representing different sectors of the economy, some of which may be affected by the recession caused by the COVID-19 pandemic.

The Issuer cannot rule out that further effects of the prevailing COVID-19 pandemic may have a negative impact on the situation of the Issuer and its subsidiaries, including in conjunction with:

- possible late payments from certain clients, which may result in an increase in receivables and a temporary reduction in proceeds from the sale of invoices to factoring businesses; and
- a further, temporary decrease in the level of sales revenues due to the decline in orders.

Taking into account all the described circumstances, The Management Board doesn't identify any significant uncertainty related to the Company's going concern as a result of the COVID-19 pandemic.

8) Increase in share capital pursuant to Resolution No. 3 of the Extraordinary General Meeting of the Company dated 27.11.2020.

The Company received on 11.01.2021, pursuant to Article 69 section 1 point 1 of the Act of 29 July 2005 on public offering and the conditions for introducing financial instruments into the organised trading system and on public companies (Journal of Laws 2019.623 as amended) hereinafter: ("Act"), from the proxy of Gi International S.R.L., with its registered office in Milan, Italian Republic, ("GI") - a notice ("Notice") based on GI's receipt of the decision of the District Court in Warsaw dated 30.12.2020 to grant security in the form of prohibiting GI from exercising all rights from 6,231,111 shares of the Company, acquired pursuant to the agreement dated 19.08.2020, concluded with Tomasz Misiak, in particular: the right to vote from those shares and all rights from shares in relation to which the law or the Company's Articles of Association require that a shareholder hold a specific sum of shares in the share capital or the sum of votes at the general meeting of shareholders of the Company, including convening general meetings of shareholders of the Company pursuant to Article 399 §3 of the Act of 15 September 2000. Code of Commercial

Companies, to the extent that the exercise of these rights by GI is possible with the shares acquired pursuant to the agreement of 19.08.2020 concluded with Tomasz Misiak.

On April 22, 2021, the Company received a Notification from GI's attorney, the basis of which was the receipt by GI on April 22, 2021 of the decision of the District Court in Warsaw of April 9, 2021 on the amendment of the decision of December 30, 2020, and the dismissal of Tomasz Misiak's application for security ("Decision"). The Notification indicated that as a result of the issuance of the Decision, the security originally granted to Tomasz Misiak in the form of prohibiting GI from exercising any rights attached to 6,231,111 shares of the Company was revoked and GI regained the possibility of exercising all rights under the said 6,231,111 shares of the Company.

B. Other information

1. Work Service SA — Company information

Work Service SA with its registered office in Wrocław at ul. Gwiazdzista 66 is entered in the National Court Register kept by the District Court in Wrocław under KRS number 0000083941. The company was established by notarial deed dated 12 December 2000 prepared in a Notary Office in Oleśnica (Repertory A No 7712/2000). The Company was registered on 28 January 2002. Work Service Spółka Akcyjna operates under Polish law. The Company operates primarily on the basis of the Commercial Companies Code and regulations of the General Meeting, Supervisory Board and Management Board. Work Service SA is a company specialising in employment services, in modern human resource solutions, providing services in the area of recruitment, the provision of employees to clients, consultancy and human resources management.

Company name, address and communication numbers:

Company name	Work Service S.A.
Legal form	Joint stock company
Address	53-413 Wrocław ul. Gwiazdzista 66
Phone	+48 (071) 37 10 900
Fax	+48 (071) 37 10 938
E-mail	work@workservice.pl
Website	www.workservice.pl

Work Service SA operates under Polish law. The basis of the Company's operations are primarily Commercial Companies Code and the regulations of the General Meeting, the Supervisory Board and Management Board.

Directors of Work Service SA as at December 31, 2020:

- Thibault Lefebvre – President
- Iwona Szmitkowska – Vice-President
- Nicola Dell'Edera – Vice-President

On 23 December 2020, the Supervisory Board, acting pursuant to § 16 sec. 2 lit. b) of the Company's Articles of Association and 14 par 2 lit. b) of the Regulations of the Supervisory Board adopted a resolution to dismiss Ms. Iwona Szmitkowska from the current position of the Vice- President of the Management Board with effect from December 31, 2020 and on January 1, 2021, appointed:

1. Ms Iwona Szmitkowska to perform the function in the Management Board of the Company, entrusting her with the position of the President of the Management Board of the Company,
2. Mr. Paolo Caramello to perform a function in the Management Board of the Company, entrusting him with the position of the Vice President of the Management Board of the Company.

On 21 December 2020, the Company received document containing the resignation of Mr. Thibault Lefebvre from the position of the President of the Management Board of Work Service S.A. with effect on December 31, 2020. Mr. Thibault Lefebvre indicated that he decided to focus on his new role as Head of Western Europe within GI Group International as of 1st of January, 2021.

On 20 August 2020 the Issuer received a letter containing information about the resignation of Mr. Jarosław Dymitruk from the current position of Vice President of the Management Board of Work Service S.A. with effect from August 21, 2020. The reasons for the resignation were not given.

On 20 August 2020 the Supervisory Board decided to shorten the period of delegation of the Vice-Chairman of the Supervisory Board - Mr. Marcus Preston to temporarily perform the duties of a Member of the Management Board of the Company until August 20, 2020.

On August 20, 2020, the Issuer's Supervisory Board, acting pursuant to § 16 sec. 2 lit. b) of the Company's Articles of Association and 14 par 2 lit. b) of the Regulations of the Supervisory Board adopted a resolution to dismiss Ms Iwona Szmitkowska from the current position of the President of the Management Board with effect from August 21, 2020 and on August 21, 2020, appointed:

1. Mr. Thibault Lefebvre to perform a function in the Management Board of the Company, entrusting him with the position of the President of the Management Board of the Company.
2. Ms Iwona Szmitkowska to perform the function in the Management Board of the Company, entrusting her with the position of the Vice President of the Management Board of the Company.
3. Mr. Nicola Dell'Eder to perform a function in the Management Board of the Company, entrusting him with the position of the Vice President of the Management Board of the Company.

Composition of the Supervisory Board of Work Service SA as at December 31, 2020:

- Maurizio Uboldi – Chairman of Supervisory Board
- Dario Dell'Osa – Vice-Chairman of the Supervisory Board
- Davide Toso – Member of the Supervisory Board
- Antonio Carvelli – Member of the Supervisory Board
- Federica Giulia Giovanna Polo – Member of the Supervisory Board
- Francesca Garofolo – Member of the Supervisory Board
- Maria Luisa Cammarata – Member of the Supervisory Board
- Donato Di Gilio – Member of the Supervisory Board
- Marcus Preston – Member of the Supervisory Board

On 19 October 2020, the Management Board of Work Service S.A. has received information about the first meeting of the Supervisory Board in the new composition that took place on 16 October 2020, at which, inter alia, it was decided to elect, among the newly appointed members of the Supervisory Board, the Chairman of the Supervisory Board in person of Mr. Maurizio Uboldi and Deputy Chairman of the Supervisory Board in person of Mr. Dario Dell'Osa.

On August 25, 2020, the Company received letters containing the following information: on the resignation of Mr. Tomasz Jakub Wojtaszek from the function of a Member of the Supervisory Board of Work Service S.A. with immediate effect and the resignation of Mr. Pierre Mellinger from the function of a member of the Supervisory Board of Work Service S.A. with instant effect. The

reasons for the resignation were not given. On September 10, 2020, the Company received a letter of September 10, 2020 containing information about the resignation of Mr. Marcus Preston from the position of Deputy Chairman of the Supervisory Board of Work Service S.A. with instant effect. The reasons for the resignation were not given.

On 15 October 2020 the Ordinary General Meeting of the Company have dismissed from the Supervisory Board:

1. Mr. Przemysław Schmidt – Chairman of the Supervisory Board,
2. Mr. Piotr Żegleń – Member of the Supervisory Board,
3. Mr. Tomasz Bujak – Member of the Supervisory Board,
4. Mr. Paweł Ruka – Member of the Supervisory Board,
5. Mr. Andrzej Witkowski – Member of the Supervisory Board,
6. Mr. Robert Oliwa – Member of the Supervisory Board.

Reasons of dismissal were not given.

On 15 October 2020 the Ordinary General Meeting of the Company appointed as a members of the Supervisory Board:

1. Mr. Maurizio Uboldi – Member of the Supervisory Board,
2. Mr. Davide Toso – Member of the Supervisory Board,
3. Mr. Antonio Carvelli – Member of the Supervisory Board,
4. Mr. Dario Dell’Osa – Member of the Supervisory Board,
5. Mrs. Federica Giulia Giovanna Polo – Member of the Supervisory Board,
6. Mrs. Francesca Garofolo – Member of the Supervisory Board,
7. Mrs. Maria Luisa Cammarata – Member of the Supervisory Board,
8. Mr. Donato Di Gilio – Member of the Supervisory Board,
9. Mr. Marcus Preston – Member of the Supervisory Board.

2. Information basic products and the structure of sales and revenue of the Company about

The core business of the Company includes:

- temporary work — offering work for temporary employees;
- outsourcing, personnel consultancy;
- personnel consultancy.

Temporary work — these services are provided to entities who seek flexible employment solutions due to high volatility of demand for products and services provided. These services enable the customers to optimise the personnel structure of an enterprise, by adjusting the number to such factors as: seasonal growth in production, winning a large order, scheduled vacations, excessive absenteeism and staff rotation, as well as fluctuating manufacturing cycles. By using temporary work services, they are able to adjust, on a daily basis, the number of employees to the current needs, reducing operating costs and focusing on core operations of the company. These services include: searching for and selecting employees, recruitment and induction, supervision and reporting of results, calculation of salary components and maintaining payroll records, as well as payment of remuneration.

Personnel consultancy — this service is offered to companies who search for appropriate specialists for key positions. Work Service carries out a tailored recruitment process using modern tools for assessment of competences and selection of candidates. As part of personnel consultancy services, Work Service SA also verifies currently employed staff in terms of the desired skills needed to achieve goals set for an employee. Based on the independent analysis, the customer may make appropriate changes and plan further development of its personnel, streamline its remuneration system or improve incentive systems.

As part of personnel consultancy, the Company also offers specialist assessment and development centre services, mass recruitment (recruitment of large numbers of employees within a single project, e.g. commercial representatives) and outplacement (preparing employees to change their jobs and active help in finding it). In the process of providing the service, WSSA applies advanced selection tools and access to own, extensive database of candidates.

Outsourcing — this service aims at relieving the entrepreneur from the need to carry out certain auxiliary functions which are necessary for the company's operations, but are outside its core business. By offering this service, the Company assumes responsibility for the entire process and for the final result. Owing to outsourcing services, WSSA's customers may focus their own resources and funds on strategic tasks, achieving transparency of costs and complete control of outsourcing services.

Structure of revenue by sectors (sales markets)				
Sectors	2020		2019	
	(PLN '000)	%	(PLN '000)	%
Administration — other	1 463 204	0,7%	1 695 324	0,5%
Call center	26 598 803	12,9%	79 756 696	24,6%
Electronics	32 200 134	15,6%	31 799 216	9,8%
FMCG	8 932 346	4,3%	6 917 509	2,1%
Engineering	17 328	0,0%	340 297	0,1%
Automotive industry	31 301 831	15,2%	90 134 354	27,8%
Industry — other	40 632 345	19,7%	37 726 802	11,6%
Sales and distribution	3 646 094	1,8%	4 953 448	1,5%
Financial and insurance services	140 399	0,1%	200 736	0,1%
Other services	61 335 385	29,7%	70 700 247	21,8%
Healthcare services	91 287	0,0%	64 398	0,0%
Total	206 359 156	100,0%	324 289 029	100,0%

Due to the specific nature of operations of Work Service Group of Companies, which provides services in the area of human resources management, specializing in searching and recruiting employees, HR consultancy and strategic HR consultancy, and outsourcing of functions related to auxiliary processes in enterprises, the primary suppliers for the Group are suppliers of the so-called shared services and suppliers of office maintenance and operation-related materials, etc. Both the portfolio of suppliers and buyers is diversified – the share of an individual entity does not exceed 10% in the revenue of the Group of Companies.

Sales structure				
Specification	2020		2019	
	(PLN '000)	(%)	(PLN '000)	(%)
Temporary work	199 316 709	96,6%	312 907 056	96,5%
Outsourcing	6 619 791	3,2%	10 962 496	3,4%
Personnel consultancy	422 657	0,2%	419 477	0,1%
Total	206 359 156	100,0%	324 289 029	100,0%

Sector TOP 10 Customers	Sales revenue in 2020
Other services	23 272 261
Call center	22 669 785
Automotive industry	13 718 284
Other industry	12 376 571
Electronics	10 959 597
Electronics	9 146 864
Electronics	6 385 104
Other industry	5 398 445
Automotive industry	4 449 571
Other services	4 390 701

Due to trade secrecy, the Company provide sectors in which our customers operate instead of the customers' names.

3. The companies being a part of the Work Service Capital Group

Work Service Capital Group renders human resource management services. It specialises in the search for and recruitment of skilled workers, personnel consulting, outsourcing of functions related to HR management and supporting processes in enterprises and offers solutions based on the use of agency work employment contracts. The Capital Group conducts business in all parts of the country via its regional offices and representatives and also abroad: in Europe and Asia. The activity of the Work Service Capital Group is based on the ability to combine the needs of enterprises relating to employment costs and structure optimisation with resources available in the labour market, i.e. the number of professionally active people, their qualifications and labour cost.

Work Service SA – is the Dominating Company in the Work Service Group. Its activity is based on the rendering of the following services: temporary work, personnel consulting, recruitment, competence evaluation, outplacement, human resource management and salary calculation.

Finance Care Sp. z o.o. - as part of cooperation with insurance companies and banks, Finance Care provides out-sourcing services for these entities.

Industry Personnel Services sp. z o.o. - carries out tasks related to the execution of projects involving the management of parts of or entire production plants.

Sellpro Sp. z o.o. - renders services related to recruitment and provision of workers, business and management consulting, activity related to databases, market research.

WS Support Sp. z o.o. - the Company conducts business covering end-to-end cleaning services for healthcare institutions, other public utility buildings and private facilities.

Work Service International Sp. z o.o. – renders services related to temporary work and recruitment of workers in international markets.

Work Service Czech s.r.o. – renders services related to temporary work, outsourcing and recruitment of workers in the Czech market.

Work Service Slovakia s.r.o. - the company is indirectly subordinated to Work Service SA through Industry Personnel Services Sp. z o.o., which is the majority partner and Work Service International Sp. z o.o. (that holds the rest of shares in Work Service Slovakia s.r.o.). The scope of service offered by the Company in Slovakia is equivalent to those offered by the Dominating Company in the domestic market.

Work Service Outsourcing Slovakia s.r.o. – the equity of the company was fully assumed by Work Service Slovakia s.r.o. The company conducts business, among other things, related to personnel consulting, compilation and sales of research and analyses of labour markets.

Krajowe Centrum Pracy Sp. z o.o. - the purpose of the company is to offer specialised solutions relating to both permanent and temporary employment, recruitment of specialists also on foreign markets, the outsourcing of functions typical for the raw material and energy industry.

Work Express Sp. z o.o. (in liquidation) - the company directly subordinated to the Dominating Company, with 100% shares held by Work Service SA. As a temporary employment agency, it offers end-to-end organisation of the employment process for temporary workers. Another line of business of the company consists of job agency and personnel consulting services. The third activity area consists of the process outsourcing services. Taking advantage of its knowledge and experience gained when rendering temporary employment services to enterprises from the TSL sector, the firm has created innovative solutions for clients in the following industries: IT, consumer electronics, clothing, food, heavy industry and online shops.

Outsourcing Solutions Partner Sp. z o.o. (in liquidation) - a company indirectly subordinated to Work Service SA. 100% of shares of the company belong to Work Express Sp. z o.o. (100% subordinated to Work Service SA).

Support and Care Sp. z o.o. (in liquidation) - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Work Express Sp. z o.o. (in 100% subsidiary of Work Service SA).

Prohuman 2004 Kft - a company directly subordinated to the Dominating Company, with 80.22% shares held by Work Service SA. The company is one of the largest job centres on the Hungarian market. Prohuman has been active on the Hungarian market of personnel services since 2004. The Company is a part of the Prohume Group comprising five firms active in different areas (end-to-end HR services, merchandising, sales promotions, marketing events, telemarketing).

Prohuman Outsourcing Kft. - indirectly subordinated to Work Service SA. The company is 100% owned by Prohuman 2004 Kft (subordinated to Work Service SA in 80.22%).

Work Service SPV Sp. z o.o. - 100% subordinated to Work Service SA. Its establishment is related to the implementation of provisions contained in the agreement with Fiege Logistik Stiftung & Co. KG with the office in Greven, Germany.

Work Service 2000 s.r.o (Slovakia) – the company's business is equivalent to that of Antal Sp. z o.o. on the Slovak market. The equity of the company was assumed in full by Work Service Slovakia s.r.o, which is indirectly subordinated to Work Service SA.

Human Existence Kft. – a company indirectly subordinated to Work Service SA. The company is 100% owned by Prohuman 2004 Kft (subordinated to Work Service SA in 80.22%). The company offers the leasing of temporary workers and outsourcing. It operates in the north-eastern part of Hungary.

HR-Rent Kft. – the company renders temporary work services in Hungary and abroad (Austria, Germany).

Finance Sales Hungary Kft (Profield 2008 Kft). – the company renders end-to-end agency services related to various financial products, i.e. financial service outsourcing.

Naton kadrovsko svetovanje d.o.o. (Slovenia) – the oldest HR agency in Slovenia. It occupies the second or third place depending on its size and on the number of temporary workers in Slovenia.

Naton Ljudski potencijali d.o.o. (Croatia) – the firm operates in the territory of Croatia specialising, in particular, in the pharmaceutical sector.

Work Service SK s.r.o. - a company indirectly subordinated to Work Service SA through Work Service Slovakia s.r.o. The scope of service offered by the Company in Slovakia is equivalent to those offered by the Dominating Company.

Finance Care Hungary Pénzügyi Tanácsadó Kft. - as a part of the cooperation with insurance companies and banks, the company provides outsourcing services to such entities on the Hungarian market.

APT Resources&Services s.r.l. - the firm was established in 1994. It mainly operates in the following industries: IT, banking and finance, engineering, retail trade, medicine and pharmaceuticals. It renders services related to temporary work, recruitment and selection of workers and HR outsourcing.

APT Human Resources s.r.l. - The core business of the firm consists of temporary work services, mostly for the following industries: food production, energy, finance and banking, insurance.

APT Broker s.r.l. - The firm renders financial agency services for the banking sector.

APT Finance Broker s.r.l. - The firm renders financial agency services for the banking sector.

Work Service East Lcc – the firm offers agency services relating to the employment of workers abroad.

Kariera.pl Sp. z o.o. – a 49% subsidiary of Krajowe Centrum Pracy Sp. z o.o. The Company is the administrator of the "kariera.pl" service dedicated to premium segment candidates (employees and job offers for middle and senior managers and professionals).

WorkPort24 GMBH – the company's business covers the management of an online job portal for international employers and workers as an instrument of a job agency, sales of personnel services and a place for advertising, sales and marketing of personnel services as well as the execution of training and certification of workers according to the requirements of local labour markets.

As on 31 December 2020 the Work Service Capital Group comprised of the following economic entities:

Companies in which Work Service SA holds direct capital share

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Finance Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.12.2005	100.00%	100.00%	Full

Industry Personnel Services sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.11.2003	100.00%	100.00%	Full
Work Service International Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	06.07.2006	100.00%	100.00%	Full
WS Support Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	19.02.2010	100.00%	100.00%	Full
Sellpro Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.03.2009	100.00%	100.00%	Full
Virtual Cinema Studio Sp. z o.o.	01-793 Warszawa, ul. Rydygiera Ludwika 7	20.12.2002	50.00%	50.00%	Non-consolidated
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	16.05.2011	75.00%	75.00%	Full
Prohuman 2004 Kft.	H-1146 Budapest, Hungaria korut 140-144.	21.12.2013	80.22%	80.22%	Equity method
Work Express Sp. z o.o. (in liquidation)	ul. Korfantego 2/100,101, 40-265 Katowice	02.01.2014	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	100.00%	100.00%	Full
Work Service Czech s.r.o.	Anglická 140/20, Vinohrady, 120 00 Praha 2	30.01.2004	100.00%	100.00%	Full
Work Service East Lcc	Kharkov, ul. Malomyasnitska 6, Kharkov area, Kharkov voivodship, Ukraine	03.02.2017	100.00%	100.00%	Full

Companies related through Work Service International Sp. z o. o.

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	21.99%	21.99%	Full
WorkPort24 GMBH	An den Treptowers 1 D-12435 Berlin	19.08.2011	100.00%	100.00%	Non-consolidated

Companies related through Industry Personnel Services Sp. z o.o.

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.05.2011	78.01%	78.01%	Full
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, Gwiaździsta 66	28.03.2013	25.00%	25.00%	Full

Companies related through Work Service Slovakia s.r.o.

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Outsourcing Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.09.2011	100.00%	100.00%	Full
Work Service SK s.r.o.	831 03 Bratislava, Škultétyho 1	01.06.2016	100.00%	100.00%	Full
Work Service 2000 s.r.o.	831 03 Bratislava, Škultétyho 1	01.04.2016	100.00%	100.00%	Full

Companies related through Prohuman 2004 Kft

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
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Prohuman Outsourcing Kft.	H-1146 Budapest, Hungaria korut 140-144	21.12.2013	100.00%	100.00%	Equity method
Human Existence Kft.	3525 Miskole, Arany Janos ter.1. mfsz 18.	08.07.2014	100.00%	100.00%	Equity method
Naton kadrovsko svetovanje d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100.00%	100.00%	Equity method
HR Rent Kft	H-7624 Pecs, Ferencesek utcoja 52	10.12.2015	100.00%	100.00%	Equity method
Finance Sales Hungary Kft (Profield 2008 Kft)	H-1146 Budapest, Hungaria korut 140-144	17.12.2015	100.00%	100.00%	Equity method
APT Resources&Services s.r.l.	82B2 Clucerului Street, 1st Dis- trict, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method
APT Human Resources s.r.l.	82B2 Clucerului Street, 1st Dis- trict, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method
APT Broker s.r.l.	82B2 Clucerului Street, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method
APT Finance Broker s.r.l.	82B2 Clucerului Street, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method

Companies related through Naton kadrovsko svetovanje d.o.o.

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Naton Ljudski potencial d.o.o.	Zvonimirova 2/III, 100000 Zagreb, Croatia	03.12.2015	100.00%	100.00%	Equity method

Companies related through Work Express Sp. z o.o. (in liquidation)

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Outsourcing Solutions Partner Sp. z o.o. (in liquidation)	ul. Korfantego 2/100,101, 40-265 Katowice	02.01.2014	100.00%	100.00%	Full
Support and Care Sp. z o.o. (in liquidation)	00-132 Warszawa ul. Grzybowska 3 lok U6	02.01.2014	100.00%	100.00%	Full

Companies related through Krajowe Centrum Pracy Sp. z o.o.

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Kariera.pl Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	03.11.2016	51.00%	51.00%	Full

Companies related through Finance Sales Hungary Kft (Profield 2008)

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Finance Care Hungary Pénzügyi Tanácsadó Kft	H-1146 Budapest, Hungária krt. 140-144, HU25790722	08.11.2016	100.00%	100.00%	Equity method

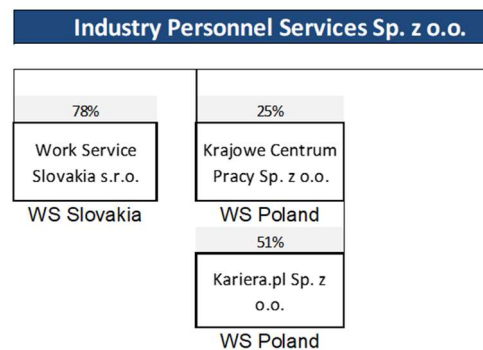
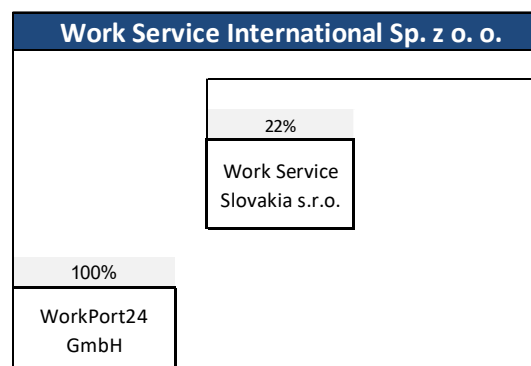
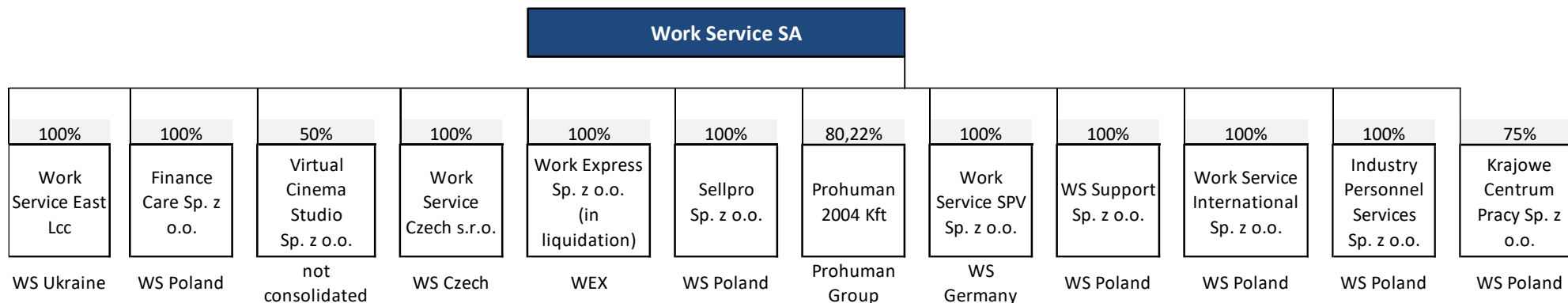
Disclosures concerning material subjective appraisals and assumptions (and changes of such appraisals and assumptions), adopted during assessment:

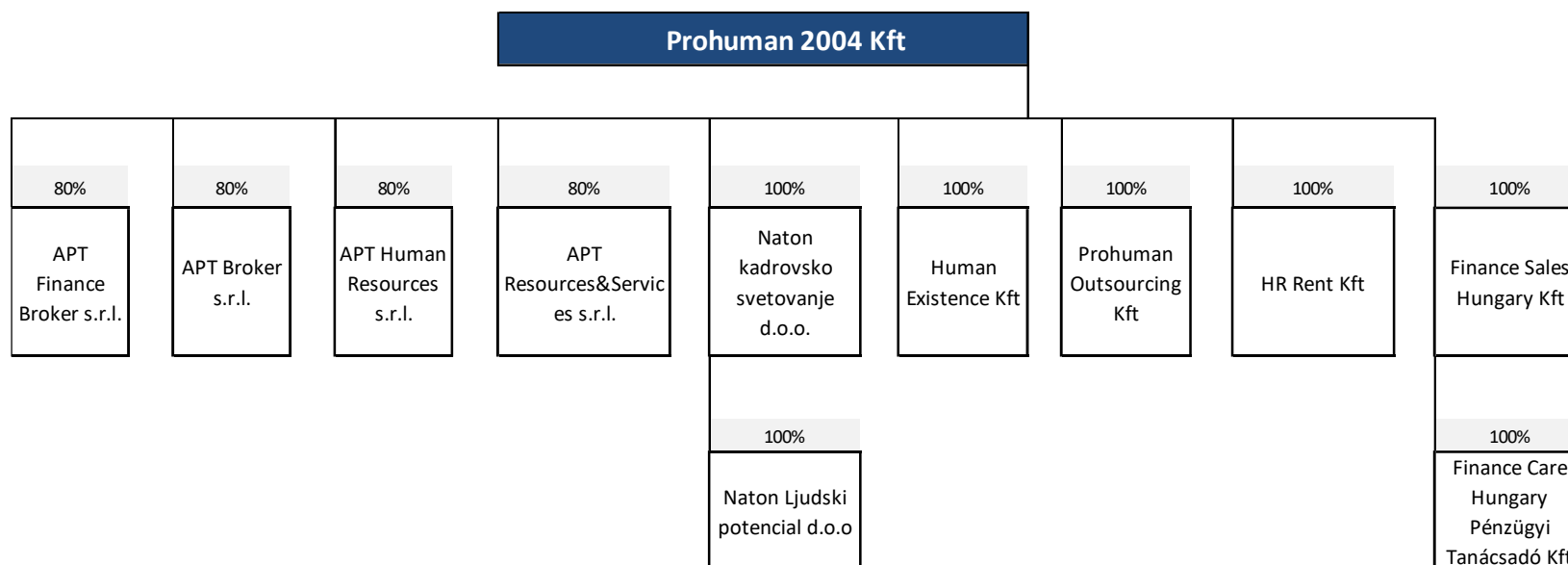
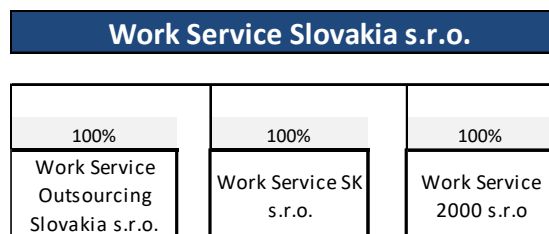
Related entities of the Parent Company are the entities included in the consolidated financial statements, i.e. all Capital Group companies except for Virtual Cinema Studio sp. z o.o and WorkPort24 GMBH.

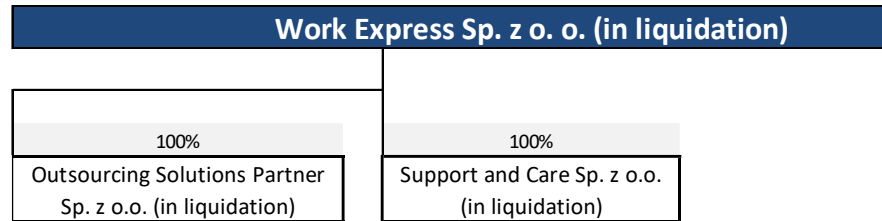
Due to the fact that Work Service SA does not have control over Virtual Cinema Studio sp. z o.o., (since it holds only 50% of the voting rights according to art. 5 and 6 IFRS 10), does not consolidate it.

As for WorkPort24 GMBH, the application of the materiality principle referred to § 31 of IAS 1 excludes this company from consolidation under the equity method as a related entity.

4. Structure of the Work Service Capital Group as at 31.12.2020







5. Related party transactions

	IPS	KAR	FC	WSI	SEL	CLEAN	KCP	fiegSPV	skWS	skoutWS
Revenue	471 465,6	119 434,4	386 864,2	8 298 361,3	7 272 763,6	51 030,4	241 317,2	4 494 122,0	12 416,9	0,0
Costs	3 784 716,0	0,0	45 565,6	1 427 897,7	2 272 955,7	2 510 588,2	1 885 322,9	1 778 165,9	7 278,2	0,0
Receivables	0,0	300 776,3	0,0	2 862 268,3	0,0	0,0	5 189 755,7	50 095 564,5	159 236,1	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	24 461 191,5	0,0	2 264 946,3	523 097,0	65 394 031,0	3 466 622,5	0,0	0,0	29 819,8	0,0
Borrowings granted	0,0	0,0	0,0	0,0	0,0	0,0	5 044 676,4	36 096 966,1	15 658,1	0,0

	skWSK	czWS	ger24WS	fiegGP	fiegWS	fiegOUT	fiegKG	fiegWSF	gerKON	antGER
Revenue	287 265,9	11 471,9	776 610,3	0,0	95 541,7	0,0	3 841 404,0	0,0	0,0	0,0
Costs	2 946 539,6	54 904,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Receivables	0,0	16 759 182,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	0,0	1 217 464,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Borrowings granted	0,0	26 114,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

	antSK	presWS	presLOG	presOSP	humPRO	humOUT	humEXI	natSLV	natCR	humHR
Revenue	0,0	915 182,6	252 382,5	191 115,9	4 423 868,4	0,0	0,0	599 118,7	0,0	0,0
Costs	78 905,0	928 541,5	428 466,5	592 872,3	24 713,2	0,0	0,0	0,0	0,0	0,0
Receivables	0,0	0,0	0,0	0,0	144 338 978,3	0,0	0,0	0,0	0,0	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	388 924,4	0,0	0,0	0,0	52 450 455,7	0,0	0,0	0,0	0,0	0,0
Borrowings granted	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

	humFIE	humFC	rsAPT	hrAPT	bAPT	fbAPT	ukr2WS
Revenue	0,0	0,0	0,0	0,0	0,0	0,0	150,0
Costs	0,0	0,0	0,0	0,0	0,0	0,0	9 170,0
Receivables	0,0	0,0	0,0	0,0	0,0	0,0	184,5
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	4 430,0
Borrowings granted	0,0	0,0	0,0	0,0	0,0	0,0	0,0

This table doesn't include borrowings from GI International, which were described in note 23 in Financial Statement of Work Service SA.

Glossary — Work Service Capital Group Companies

ABBREVIATION	NAME
WSSA	Work Service S.A.
IPS	Industry Personnel Services Sp. z o.o.
FC	Finance Care Sp. z o.o.
WSI	Work Service International Sp. z o.o.
SEL	Sellpro Sp. z o.o.
CLEAN	WS Support Sp. z o.o.
KCP	Krajowe Centrum Pracy Sp. z o.o.
KAR	Kariera.pl Sp. z o.o.
fiegSPV	Work Service SPV Sp. z o.o.
presWS	Work Express Sp. z o.o.
presLOG	Support and Care Sp. z o.o.
presOSP	Outsourcing Solutions Partner Sp. z o.o.
skWSK	Work Service SK s.r.o.
skWS	Work Service Slovakia s.r.o.
skoutWS	Work Service Slovakia Outsourcing s.r.o.
czWS	Work Service Czech s.r.o.
ger24WS	Work Service 24 GmbH
gerKON	IT Kontrakt GmbH
humPRO	Prohuman 2004 Kft
humFC	Finance Care Hungar Kft
humHR	HR-Rent Kft
humFIE	Profield 2008 Értékesítés Támogató Kft.
humEXI	Human Existence Kft
humOUT	Prohuman Outsourcing Kft
fiegWSF	Work Service Fahrschuhe QC GmbH
fiegGP	Work Service GP GmbH
fiegWS	Work Service Deutschland GmbH
fiegOUT	Work Service Outsourcing Deutschland GmbH
fiegKG	Work Service GmbH & Co.KG
antGER	Enloyd GmbH
antSK	Work Service 2000 s.r.o. (Slovakia)
bAPT	APT Broker s.r.l.
fbAPT	APT Finance Broker s.r.l.
hrAPT	APT Human Resources s.r.l.
rsAPT	APT Resources&Services s.r.l.
ukr2WS	Work Service East Lcc
natCR	Naton Ljudski potencial d.o.o.
natSLV	Naton kadrovsko-svetanoje d.o.o.

Transactions with personally related entities

2020	Prologics Uk	Iwona Szmitkowska	Mizyak Corp Tomasz Misiak	Tomasz Hanczarek	Tomasz Hanczarek Doradztwo	Jarosław Dymitruk	Marcus Preston	TOTAL
REVENUES	0,00	0,00	327,00	0,00	0,00	0,00	0,00	327,00
COSTS	0,00	15 474,54	244 866,82	11 124,47	234 855,80	579,27	64 302,00	571 202,90
RECEIVABLES	8 547 221,51	171,17	327,00	0,00	0,00	0,00	0,00	8 547 719,68
PAYABLES	0,00	0,00	0,00	0,00	26 231,73	16 500,00	0,00	42 731,73

2019	Maciej Witucki	Paul Christodoulou	Prologics Uk	Tomasz Ślęzak	Iwona Szmitkowska	Mizyak Corp Tomasz Misiak	Tomasz Wojciech Misiak	Tomasz Hanczarek
REVENUES	0,00	47,18	341 573,60	0,00	0,00	182 768,52	0,00	0,00
COSTS	0,00	53 015,41	0,00	4 738,01	63 501,64	428 971,92	175 580,07	17 730,33
RECEIVABLES	2 500,99	460 679,62	8 547 221,51	0,00	725,67	242 514,48	0,00	11 124,47
PAYABLES	0,00	0,00	0,00	0,00	749,20	74 665,00	0,00	0,00

2019	Tomasz Hanczarek Doradztwo	Thm Sp. Z O.O.	Everett Kamin	Jarosław Dymitruk	TOTAL
REVENUES	32 385,74	7 090,83	0,00	0,00	563 865,87
COSTS	356 477,65	0,00	0,00	0,00	1 100 015,03
RECEIVABLES	38 178,96	8 721,72	33 569,18	0,00	9 345 236,60
PAYABLES	0,00	0,00	0,00	16 500,00	91 914,20

6. Information on material transactions with related parties concluded by the Company on terms other than at arm's length

Transactions with related parties are concluded on an arm's length basis.

7. Information about guarantees and sureties

Title of contingent liability	Type of security	31/12/2020	31/12/2019
Loan collateral	Statement of GI Group S.P.A on voluntary submission to the enforcement of art. 777	82 762 500,00	
	surety of GI Group S.P.A	82 762 500,00	
	Statement of Work Service SA on voluntary submission to the execution, art. 777	165 525 000,00	66 210 000,00
	surety of subsidiaries		360 000 000,00
	registered pledge on assets - Prohuman 2004 Kft shares	221 200 000,00	277 500 000,00
Lease collateral	blank promissory note with a promissory note declaration	4 621 782,30	4 621 782,30
Factoring security	blank promissory note with a promissory note declaration and suretyship of subsidiaries	34 450 000,00	39 105 000,00
Performance guarantee	surety	1 354 370,88	1 354 370,88
Bond collateral	Pledge on shares of subsidiaries: Work Service Slovakia s.r.o and entities controlled by Work Service Slovakia s.r.o, as well as Work Service Czech s.r.o.		120% of outstanding bonds
Commitment to repurchase additional Prohuman shares from Profolio	-	86 000 000,00	86 000 000,00
Contingent liability for repayment of loan in case of default of court settlement	-	55 168 856,85	
Loan security from GI International S.R.L under the Financing Agreement	Statement of voluntary submission to the execution, art. 777	210 000 000,00	
	registered pledge on assets (shares of subsidiaries)	315 000 000,00	
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 2	Statement of voluntary submission to the execution, art. 777	3 500 000,00	
	pledge on shares in Krajowe Centrum Pracy Sp. z o.o.	5 250 000,00	
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 3	Statement of voluntary submission to the execution, art. 777	9 000 000,00	
	pledge on shares in Finance Care Sp. z o.o.	13 500 000,00	

No.	Surety on behalf of	Promissory note beneficiary	Surety subject	Agreement date	Agreement expiry date	Amount covered by the surety (gross)
1.	Industry Personnel Services Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 04.12.2018	Indefinite period	14 000 000,00
2.	Sellpro Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 04.12.2018	Indefinite period	14 000 000,00
3.	Finance Care Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 04.12.2018	Indefinite period	14 000 000,00

No.	Surety on behalf of	Promissory note beneficiary	Surety subject	Agreement date	Agreement expiry date	Amount covered by the surety (gross)
4.	Sellpro Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	Annex increasing the limit of 07.08.2018	Indefinite period	20 000 000,00
5.	Industry Personnel Services Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 07.08.2018	Indefinite period	20 000 000.00
6.	Work Service International Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 10.06.2019	Indefinite period	20 000 000.00

8. Information about agreements acknowledged by the Company with a possible future effect on the current ownership structure of the current shareholders and bondholders. Evaluation of the ability to complete the investment plans, including equity investments, in relation to owned assets, including the possible changes in the financing structure of these activities

There are no other agreements in the Company than agreements described in more detail in point 2. "Strategic description"

9. Explanation of differences between financial results presented in the annual report and the previously published forecasts of results

Work Service SA does not prepare a separate forecast of results. Forecasts are made for the Work Service Capital Group.

10. Assessment, with justification, of financial resources management, in particular the ability to meet obligations incurred, and specification of potential threats and actions taken or planned by the Company to prevent these threats

The increase in value of the Company, in addition to organic growth, takes place on the basis of external growth, the tool of which are the acquisitions of entities, providing complementary services to the services offered by Work Service. The Company constantly optimises financial management strategy, taking into account conditions prevailing in the financial market and the availability of capital. The adopted strategy is largely the result of the operating model applied. The most important element is to manage the current liquidity, in particular taking into account the fact that a substantial part of production costs are the costs of salaries and associated social security costs. The above-mentioned items of expenses are, by nature, payable in a relatively short period, and moreover, the terms of payment are rigid and cannot be exceeded. In addition, the Company actively uses factoring lines. In addition, the Company focuses a lot of attention on the current control of receivables inflow (debt collection activities).

The company manages the capital to maintain its ability to continue operations, as described in detail in point 2.

In its current operations, Work Service SA uses overdraft facilities. The following table presents loan liabilities as at 31 December 2020.

Liabilities due to loans as at 31 December 2020							
Entity business name	Amount of loan/borrowing according to the agreement		Outstanding amount of loan/borrowing		Interest rate conditions	Maturity date	Collaterals
	PLN	currency	PLN	currency			
Loans:							
Bank BGŻ BNP Paribas	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	surety of GI Group S.R.L. up to PLN 82,762,500.00, pledge on shares of Prohuman, statement Work Service SA on voluntary submission to enforcement up to PLN 165,525,000.00, statement GI Group S.R.L. on voluntary submission to enforcement up to PLN 82,762,500.00,
Bank Millennium S.A.	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
Bank Zachodni BZ WBK	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
Raiffeisen Bank Polska	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
PKO Bank Polski	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
Credit cards	None	PLN	1 082,07	PLN	None	None	None
Total credits			44 136 442,07				

Liabilities due to loans as at 31 December 2019							
Entity business name	Amount of loan/borrowing according to the agreement		Outstanding amount of loan/borrowing		Interest rate conditions	Maturity date	Collaterals
	PLN	currency	PLN	currency			
Loans:							
Santander Bank Polska S.A.	32 000 000	PLN	21 733 298,06	PLN	WIBOR 1M + bank margin	30-09-2020	Guarantee, pledge on bank accounts, assignment of rights under insurance policy, contractual pledges on assets, contractual pledges on shares, mortgage, declaration on submission to enforcement
Bank Millennium S.A.	32 000 000	PLN	21 885 902,48	PLN	WIBOR 1M + bank margin	30-09-2020	as above
Bank BGŻ BNP Paribas S.A.	32 000 000	PLN	17 861 785,96	PLN	WIBOR 1M + bank margin	30-09-2020	as above
Raiffeisen Bank Polska S.A.	32 000 000	PLN	21 449 015,65	PLN	WIBOR 1M + bank margin	30-09-2020	as above
Powszechna Kasa Oszczędności Bank Polski S.A.	55 000 000	PLN	22 070 200,00	PLN	WIBOR 1M + bank margin	30-09-2020	as above
Credit cards liabilities		PLN	3 501,22	PLN			
TOTAL LOANS							
TOTAL LOANS			105 000 277,18	PLN			
TOTAL LOANS			-	PLN			

Liabilities due to loans as at 31 December 2019

ADJUSTMENT TO ADJUSTED ACQUISITION PRICE	1 5 277,18	PLN
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11. External and internal factors material for the development of the Company

a) Risk associated with personal data protection

Due to the nature of the business, the Company has an extensive database of employees' personal data, the size of which exceeds hundreds of thousands of records. According to the Act on personal data protection of 29 August 1997 (Dz. U. 2016 r. poz. 922), information relating to these data are secret and shall not be disclosed to unauthorised persons. Nevertheless, there is a risk of access to databases by unauthorised persons as a result of theft, hacking or forced entry, or other unwanted actions. In such a case, the information stored by Work Service SA could be used to the detriment of the Company and its customers, which would adversely affect the image of the Company, and thus worsened its position in the market. To reduce this risk of providing unauthorised persons with access to the database, Work Service created technical infrastructure based on a properly secured server facility, electronic security systems and high-end servers. These measures contributed to the reduction of the above risk.

b) Liquidity risk

By offering so-called flexible employment services, the Company conducts comprehensive trainings to prepare employees for a particular job. Then, those employees are delegated to enterprises that have reported their demand for this kind of service. Until receipt of payment for the service, Work Service SA bears all costs relating to employment (salaries, insurance, etc.) of people taking up the employment. Companies renting the workers pay for the service on specific, contractual payment dates. This business model requires the effective working capital management, while causing vulnerability to the risk of periodical and relevant decrease in liquidity. To minimise the risk, the Company actively uses factoring lines.

c) Risks associated with social and economic situation in Poland and Europe

The activities of companies related to the offering of services on the labour market depends on the socioeconomic situation in Poland and abroad. The financial results of companies are particularly affected by macroeconomic factors such as the level of business investment resulting in an increase in employment, GDP growth rate, the growth rate of wages, interest rates and inflation, and, with the increasing globalisation of economies, foreign direct investments. The factor that had a significant impact on the development of the industry, in which the Company operates is the degree of absorption of funds from the European Union budget. In the event of breakdown or deterioration of market conditions there is a risk of a reduction in demand for the product offered by the Company. The Management Board of the Company conducts on-going analysis of the market situation and makes suitable strategic decisions.

d) Risk associated with the competitor's operation

Recognized global brands, such as Adecco, Manpower or Randstad treat the market of Central and Eastern European countries as a strategic market and have strongly competed with Work Service Group for years. Work Service S.A., which has relevant experience and a recognized brand, is able to react early enough to competitors' activities and flexibly respond to the needs of the labor market: both that of the candidate/employee and the employer/client. In the opinion of the Management Board there are no premises for a new global personnel service operator entering the Polish market. In addition, Work Service Group provides services on the basis of long-term contracts, to a stable group of customers.

e) Risk associated with fluctuations in the market

In recent years we have seen dynamic development of temporary work as well as the changing needs of this market. Entrepreneurs expect Temporary Employment Agencies to provide prepared employees who are trained and do not require additional investment in the form of various types of training and courses. The Company has adequate technical facilities, knowledge and years of experience, monitors, can anticipate and knows the needs of this market. Through the presence in Poland and Europe, it is able to respond to changes in trends in the market. However, in the case of activities on the markets of European countries one should pay attention to the possible presence of periodic changes caused by e.g. a short presence in the markets or cultural differences.

f) Risk associated with changes in legal regulations

The macroeconomic situation of the country may force a change in tax law, labour law, changes in the area of social insurance or in the area of trade activities. Any such change can result in increased operating costs of the Company, which in turn translate into financial results and may cause difficulty in assessing the impact of future events or decisions. The Management Board of the Company monitors, on an ongoing basis, changes in legislation in the markets on which it operates and reacts in advance to ensure that its operations comply with local laws.

12. Assessment of factors and unusual events affecting the result on operations for the financial year, with determination of the degree of influence of these factors or unusual events on the earned result

The unusual events are described in point 2. Strategic Description

13. Changes in fundamental principles of business management

Changes in fundamental principles of the Company's business management did not occur in the period analyzed.

14. Agreements concluded between the Company and the managerial staff, providing for compensation in the event of their resignation or dismissal from the occupied post

Ms Iwona Szmitkowska concluded a non-competition agreement with Work Service SA after the termination of the employment agreement on 10 October 2014, providing a guaranteed payment of compensation for refraining from competitive activities in the amount of PLN 600,000 gross, payable in 12-month instalments of PLN 50,000 per month for each month of refraining from competitive activities, for a period of 12 months after the termination of the agreement.

15. The value of salaries, bonuses and benefits, including those arising from incentive or bonus programs based on the Company's capital, including programs based on senior bonds, convertible bonds, subscription warrants (in cash, kind or other potentially payable separately for each of the directors or supervisory bodies of the company, no matter whether they were included in the costs or resulted from profit distribution)

The following table presents the information on the remuneration paid to the members of the Management Board and the Supervisory Board in 2020.

Gross benefits for persons holding functions in the Management Board (in PLN)		
Name and Surname	2020	2019
Witucki Maciej	250 000,00	855 447,77
Dymitruk Jarosław	541 675,61	483 184,59
Christodoulou Paul	241 573,00	411 738,33
Ślęzak Tomasz	0,00	308 899,31
Preston Marcus	310 374,02	0,00
Szmitkowska Iwona	674 052,61	677 936,38
Gajek Piotr	0,00	479 349,60
Krzysztof Rewers	0,00	174 400,00

- the table shows all amounts paid to management board members (current and former) in 2020

Gross benefits for persons holding functions in the Supervisory Board (in PLN)		
Name and Surname	2020	2019
Bujak Tomasz	51 139,53	36 774,19
Di Gillo Donato	14 934,48	0,00
Misiak Tomasz	0,00	44 500,00
Ługowski Tomasz	0,00	3 000,00
Oliwa Robert	47 009,16	9 000,00
Perston Marcus	17 488,53	14 000,00
Ruka Paweł	32 374,41	23 225,81
Schmidt Przemysław	56 777,98	12 000,00
Witkowski Andrzej	53 373,24	9 000,00
Żegleń Piotr	49 733,94	12 000,00
Kamiński Piotr	0,00	21 129,03
Hanczarek Tomasz	0,00	84 500,00
Kaczmarczyk Krzysztof	0,00	12 677,39

- other members of the Supervisory Board did not receive remuneration

In 2020 there were no new liabilities resulting from pensions or similar benefits for former members of management, supervisory or administration bodies, and no new liabilities were incurred in relation to such pensions.

16. Ownership of shares of Work Service SA by persons managing and supervising the Company

The summary of shares of the Company or rights to them by persons managing and supervising the Company at the date of the report for year 2020, together with changes in ownership, in the period since the previous report separately for each person.

Shareholder	As at the date of publication of this statement	Changes in ownership: acquisition (disposal)	Balance at the date of this statement	Nominal value of the held shares (PLN) as of the date of this statement
Iwona Szmitkowska - President of the Board of the Directors	32 712	32 712	0	3 271
Jarosław Dymitruk - Vice-President of the Board of Directors	13 000	-1 562	14 562	1 300

17. Information on agreements known to the Parent Company, which could result in future in changes in the proportion of shares held by existing shareholders and bondholders. Assessment of feasibility of investment, including capital investments, compared to the volume of funds, including possible changes in the financing structure of this activities

There are no other agreements in the Company than agreements described in more detail in point 2. "Strategic description" with a possible future effect on the current ownership structure of the current shareholders and bondholders.

18. Indication of the proceedings pending before the court, competent authority for arbitration or a public authority

1) Litigation with minority Shareholders.

a) Action brought by a minority shareholder of the Company, Investment Mizyak Corp sp. z o.o. S.K.A. with its registered office in Wrocław ("Mizyak") against Work Service S.A.

Minority shareholder of Investment Mizyak Corp sp. z o.o. S.K.A. ("Shareholder") brought an action for declaring invalid, or alternatively for revoking resolution no. 3 on: (i) increasing the Company's share capital by the amount of PLN 2,820,512.80 through the issue of new series X ordinary bearer shares in the number of 28,205,128 shares, the exclusion in full of the pre-emptive rights of existing shareholders to all new series X shares, (ii) dematerialisation and applying for the admission and introduction to trading on the regulated market of the Warsaw Stock Exchange of new series X shares, and (iii) amending the Company's Articles of Association once Resolution No. 7 on the adoption of the consolidated text of the Articles of Association of the General Meeting of Shareholders of the Company dated 27.11.2020. ("General Meeting"). On 18 December 2020, the Court issued a decision granting security to the Shareholder's claims by suspending the enforceability of Resolutions No. 3 and No. 7 of the General Meeting, and by suspending the proceedings or proceedings for entry in the National Court Register of amendments to the Company's data on the basis of the above resolutions, as well as the proceedings aimed at filing the uniform text of the Company's Articles of Association - until the judgment in the case becomes final ("Order").

The Company sees no grounds to question the validity of the resolutions of the General Meeting, recognizing the claims of Investment Mizyak Corp sp. z o.o. S.K.A. as unfounded. In view of the above, on 21 January 2021, the Company filed a complaint against the Order, challenging it in its entirety and requesting dismissal of the motion to secure the claim of Investment Mizyak Corp sp. z o.o. S.K.A. On 4 February 2021, the Company filed a response to the lawsuit filed by Investment Mizyak Corp sp. z o.o. S.K.A. , requesting that the claim be dismissed in its entirety. The proceedings are pending, the Company intends to oppose the claims of Investment Mizyak Corp sp. z o.o. S.K.A. by taking appropriate legal action.

b) Action of 3 minority shareholders of the Company against Work Service S.A.

Three minority shareholders of the Company holding in total: 1,750,180 shares, representing approximately 2.67% of the Company's share capital ("Shareholders") have commenced court proceedings against the Company to declare invalid or, alternatively, to revoke Resolution No. 3 of the Extraordinary General Meeting of Shareholders of the Company dated 27.11.2020 on: (i) increasing the Company's share capital by the amount of PLN 2,820,512.80 through the issue of new series X ordinary bearer shares in the number of 28,205,128 shares, excluding in full the pre-emptive rights of existing shareholders to all new series X shares, (ii) dematerialising and applying for the admission and introduction to trading on the regulated market of the Warsaw Stock Exchange of new series X shares, and (iii) amending the Company's Articles of Association ("Resolution No. 3"). On 18 December 2020, the Court issued a decision to secure the Shareholders' claim for the annulment or revocation of Resolution No. 3 by suspending the execution and effectiveness of Resolution No. 3 until the judgment concerning the case becomes final and by prohibiting the Company from taking any action to register the share capital increase and the amendment of the Articles of Association in connection with Resolution No. 3 until the judgment concerning the case becomes final.

The Company sees no grounds to question the validity and correctness of the passing of Resolution 3 and considers the Shareholders' claims to be unfounded.

The Company filed a complaint against the Order, challenging it in its entirety and requesting that the motion to secure the claim of the Shareholders be dismissed. The Company filed a reply to the statement of claim with the Court requesting that the Shareholders' claims be dismissed in their entirety. The proceedings are pending. The Company intends to oppose the Shareholders' claims by taking appropriate legal action.

2) Other court cases.

The table below shows the litigation in which the company of the Work Service Group is a party, and the value of the subject matter is more than PLN 50,000.

Claimant	Defendant	Value of the subject of the dispute	Subject of the dispute
Work Service S.A.	Halibut sp. z o.o.	62 081,60 zł	Case concerning a payment of outstanding VAT invoices
Work Service S.A.	Matras S.A.	114 940,58 zł	Case for the payment of invoices. Suspended proceedings due to deficiencies in the composition of the defendant's management board - an application for appointment of a probation officer was submitted.
Work Service S.A.	Dominik U. Lechosław O. Maciej C.	366 029,98 zł	Case concerning a payment, pursuant to Article 299(1) CCC, following a previous ineffective execution against the company in which the defendants were members of management board. Case at the stage of enforcement proceedings.
Work Service S.A.	Pielle sp. z o.o.	122 465,49 zł	Case concerning a payment, at the stage of enforcement proceedings
Haitong Bank	Work Service S.A.	790 135,35 zł	Case concerning a payment of remuneration in respect of bond issue
Monika P.	Work Service S.A., Samsung Electronics Poland Manufacturing Sp. z o.o.	65 335,33 zł	Case concerning a compensation and damages for an accident suffered by the contractor during the performance of the contract
Work Service S.A.	PAYPRO S.A. Intercash Polska sp. z o.o.	97 821,73 zł	Case concerning a payment of outstanding invoices issued for the remuneration of the provided service of temporary work (interim order).
Work Service S.A.	Agencja Ochrony Osób i Mienia Inter – Pol Security sp. z o.o.	130 099,87 zł	Case concerning a payment for unpaid invoices issued in respect of the provision of service directed to the customer of temporary employees by Industry Personnel Services sp. z o.o. Although the service was performed, the customer did not pay the invoices – a company affiliated with Vision Group
Work Service S.A.	Alma Market S.A.	74 100,68 zł	Insolvency proceedings
Work Service S.A.	Conbelts S.A.	153 822,37 zł	Sanative procedure is under way
Work Service S.A.	Wioletta K., Karolina K.	81 079,32 zł	Case concerning a payment, pursuant to Article 299(1) CCC, following a previous ineffective execution against the company in which the defendants were members of management board.
Work Service S.A.	Fashion Marketing Investments Group sp. z o.o.	1 027 357,10 zł	Case at the stage of enforcement proceedings. Work Service S.A. won the case in court and is currently trying to enforce the debt in the enforcement procedure.
Work Service S.A.	Dynaminds sp. z o.o.	895 220,90 zł	The case concerning a payment of outstanding invoices; a court settlement has been concluded in the case, which is at the stage of implementation

Work Service S.A.	Skyline Investment S.A. .	61 811,66 zł	Case concerning a payment of invoices for outstanding rent fees
Work Service S.A.	Jakub P.	58 291,66 zł	A criminal case in which the victim Work Service S.A. seeks compensation for its material loss
Work Service S.A.	Valmet Sp. z o.o.	142 631,42 zł	Case concerning a payment
PFRON	Work Service S.A.	423 722,26 zł	Case concerning a reimbursement of co-financing of remuneration of disabled persons for the reporting periods of: June and July 2014; March, April, June – September and November 2016; February, March, August – December 2017 and January and February 2018

19. Information about shareholders holding at least 5% of the total number of votes at the general meeting of shareholders

The following table presents the shareholding structure, as at 31.12.2020 together with information about shareholders holding at least 5% of votes at the General Meeting of Shareholders, as at the date of drawing up this report, taking into account all notifications received by Work Service SA pursuant to Article 69 section 1 item 1 of the Act on Public Offering and the Terms and Conditions of Introducing Financial Instruments to an Organised System of Trading and on Public Companies.

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
GI International S.R.L.	33 261 010	50,71%	33 261 010	50,71%
Others	32 329 628	49,29%	32 329 628	49,29%
Total	65 590 638	100,00%	65 590 638	100,00%

20. Information about concluded significant agreements, including agreements concluded between shareholders (partners), insurance agreements, partnership and cooperation agreements known to the Company

All significant agreements have been described in respective parts of the financial statement for the year 2020.

The value of loans granted as at December 31, 2020 (before write-downs).

Customer's name	Borrowing amount (in PLN)	Interest rate	Maturity date of the borrowing
KARIERA.PL sp. z o.o.	4 192 483,12	WIBOR 1M+3,5%	2021-03-01*
WORK SERVICE SLOVAKIA SRO	15 658,12	WIBOR 1M+3%	2021-08-01
KRAJOWE CENTRUM PRACY sp. z o.o.	5 044 676,37	WIBOR 1M+3%	2022-07-01
WORK EXPRESS sp. z o.o. (in liquidation)	8 894 161,22	WIBOR 1 M+2%	2021-04-01*
WORK SERVICE SPV sp. z o.o.	36 096 966,11	WIBOR 1M + 3%	2022-12-31*
ZAO WORK SERVICE RUSSIA	29 717 924,70	9,5%	-*

Customer's name	Borrowing amount (in PLN)	Interest rate	Maturity date of the borrowing
FUNDACJA WORK SERVICE	151,09	WIBOR 1M+3%	2022-12-31
WORK SERVICE CZECH S.R.O.	26 114,83	-	-
WORKPORT 24 GMBH	142 738,52	EURIBOR 3M+3,4%	2022-12-31

* - loans with a 100% write-down

Loans received as at December 31, 2020, with particular emphasis on loans received from entities related to the Company, stating at least their amount, type and amount, interest rate and maturity date

Customer's name	Amount of the borrowing received (PLN)	Interest rate	Maturity date of the borrowing
FINANCE CARE Sp. z o.o.	949 684,83	WIBOR 1M+3%	2022-12-31
INDUSTRY PERSONNEL SERVICES Sp. z o.o.	3 497 061,00	WIBOR 1M+3%	2022-12-31
PROHUMAN 2004 KFT	55 492 738,92	variable	2021-12-31
SELLPRO Sp. z o.o.	43 468 185,76	WIBOR 1M+3%	2022-12-31
WORK SERVICE CZECH S.R.O.	337 027,65	3%	2021-07-24
GI INTERNATIONAL SRL	73 323 000,00	zmienne	2025-07-31

21. Information on the conditions of co-operation with the entity authorised to audit financial statements

The entity authorised to audit financial statements of Work Service SA is Grant Thornton Polska Sp. z o.o. with its registered office in Warsaw. The relation between the parties in this matter is governed by an agreement concluded on 24 August 2020. Information on remuneration of the entity authorised to audit financial statements. paid or payable for the year 2020 are presented in Note 49 of the consolidated financial statements for the year ended on 31 December 2020.

Specification	Net value for 2019	Net value for 2020
Statutory audit of the separate annual financial statements	57 000,00	57 500,00
Half-yearly review	30 000,00	33 000,00
Total	87 000,00	90 500,00

22. Restrictions on transferring ownership rights to securities

On 11 January 2021 the Management Board of Work Service S.A. has received from a proxy of Gi International SRL with its seat in Milan, Italy - notification, the basis of which is the GI's receipt of the decision of the District Court in Warsaw of 30 December 2020 on granting - security in the form of prohibiting the GI to exercise all rights from 6,231,111 shares of the Issuer, acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak, in particular: voting rights from these shares and all rights from shares, in relation to which the law or the Company's Articles of Association requires the shareholder to have a specified amount of shares in the share capital or the total number of votes at the Company's general meeting of shareholders, including the convening of the Company's general meetings of shareholders based on art. 399 §3 of the Act of September 15, 2000, Code of Commercial Companies, to the extent that GI may exercise these rights with shares acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak.

23. Statement on the application of Corporate Governance

In consideration with entry into force as on 1 January 2016 of the amended Best Practices of WSE Listed Companies 2016, in accordance with obligation effecting from § 29(3) of the Rules of Conduct of the Stock Exchange, Management Board of Work Service S.A. published a report on non-application by the Company of some rules of corporate governance effecting from amended set of "Best Practices of WSE Listed Companies 2016"

1) Corporate governance policies at the Company and public availability of the underlying document

Work Service, declaring operation in accordance with the highest standards of communications of capital market and corporate governance principles applies the "Best Practices of WSE Listed Companies 2016", developed by the Warsaw Stock Exchange.

The Company, as the issuer of the shares listed on the main market of the Warsaw Stock Exchange, is governed by principles of corporate governance contained in the "Best Practice for WSE Listed Companies 2016", adopted by Resolution No 26/1413/2015 of the WSE Board dated 13 October 2015 in the version annexed to that resolution "Best Practices of WSE Listed Companies 2016" which is available on the website of the Warsaw Stock Exchange at: https://static.gpw.pl/pub/files/PDF/RG/DPSN2016_GPW.pdf

2) The extent to which the Parent Company has departed from the provisions of corporate governance principles, an indication of such provisions and explanation of the reasons

Starting from stock exchange debut in April 2012, the Company's intention is to follow best practices of corporate governance, as evidenced by the statement of the Company's Management Board, filed in the IPO Prospectus 2008 and Prospectus 2011.

At present, the Company complies with the corporate governance rules set out in the Code of Best Practice for WSE Listed Companies 2016, except for the following rules:

I.Z.1.3. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation, a chart showing the division of duties and responsibilities among members of the management board.

The Company does not apply a rule thoroughly. As a rule, diagram of division of tasks and responsibilities among member of Management Board is included in Regulations of the Management Board made available on website, and considering pending development of the whole Work Service Capital Group, the Company is planning to elaborate detailed and updated division of competences and responsibilities among members of the management board of the company.

I.Z.1.5. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation, current and periodic reports, prospectuses and information memoranda with annexes, published by the company at least in the last 5 years.

The Company satisfies the above rule since April 2012, namely from its debut on Warsaw Stock Exchange. Considering this fact, time requirement of 5 years is not observed.

I.Z.1.16. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation, information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting.

This rule is not applied, because the Company does not broadcast debates held on general assembly. Nevertheless, if this situation occurs, the Company will publish information in this scope on website.

II.Z.1. The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent, and a chart describing that division should be available on the company's website.

With reference to the rule I.Z.1.3., the Company shows that does not apply this rule thoroughly. As a rule, diagram of division of tasks and responsibilities among member of Management Board is included in Regulations of the Management Board made available on website, and considering pending development of the whole Work Service Capital Group, the Company is planning to elaborate detailed and updated division of competences and responsibilities among members of the management board of the company.

II.Z.2. A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.

The Company does not apply the above rule. At the same time, it is assumed that membership of members of management board in management boards or supervisory boards of other companies has no negative impact upon activity of Work Service.

- II.Z.5.** Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

The Company applies the above rule.

- II.Z.6** The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2.

The above rule is not applied in full.

- II.Z.10.4** In addition to its responsibilities laid down in the legislation, the supervisory board should prepare and present to the ordinary general meeting once per year an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.

The rule is not applied considering the fact that according to the Company, scale of its activity specified in recommendation I.R.2 does not justify preparation of detailed assessment of rationality by the supervisory board.

- IV.R.2.** If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-time broadcast of the general meeting;
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

The Company informs that shareholders did not report to the company expectations in terms of performance of above-mentioned recommendation.

- IV.Z.2.** If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

With regards to recommendation IV.R.2., the company has currently relevant technical infrastructure.

- VI.R.1.** The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

In terms of policy of remuneration for member of Management Board and Supervisory Board of the Company as well as rules for its establishment in the Company, the rules of remuneration and levels of pays specified by General Assembly are valid – with regards to members of Supervisory Board, by Supervisory Board – with regards to members of Management Board and by Management Board with reference to the key managers; amount of remuneration depends on scope of individual obligations and areas of responsibilities entrusted to individual persons being in composition of these bodies and key managers.

- VI.R.3.** If the supervisory board has a remuneration committee, principle II.Z.7 applies to its operations.

Recommendation is applied partially. The Remuneration Committee is composed of three members of Supervisory Board, including one independent member having relevant qualifications.

- VI.Z.4.** In this activity report, the company should report on the remuneration policy including at least the following:

- a. general information about the company's remuneration system;
- b. information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;
- c. information about non-financial remuneration components due to each management board member and key manager;

- d. significant amendments of the remuneration policy in the last financial year or information about their absence;
- e. assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.

This rule is not applied by the Company in full. Numerous information is included in annual report of management board on activity of the company, including among the others, information on conditions and amount of remuneration of each member of management board or information on non-financial components of remuneration allocated to individual members of management board and the key managers. However, the rule requires detailed implementation, what the Company is planning to do.

3) Description of the main features of the Issuer's internal audit and risk management systems in relation to the process of compiling financial statements and consolidated financial statements

In accordance with the recommendations of the European Commission of 15 February 2005 on the role of non executive directors or members of supervisory board of listed companies and the committees of the (supervisory) board and pursuant to § 13 section 9 Articles of Association of the Company, an Audit Committee was established. The composition of the Committee results from the resolution of the Supervisory Board No 1 dated 9 July 2019. Appointment of the above Committee constituted adjustment of corporate structures of Work Service Capital Group to the requirements of the public market. Composition of the Committee and its tasks are described in paragraph "Composition, changes and a description of the management and supervisory bodies" Statements on corporate governance.

Guidelines for risk management in the Company are discussed in item 12 "Assessment, with justification, of financial resources management, in particular the ability to meet obligations incurred, and specification of potential threats and actions taken or planned by the Company to prevent these threats" of the Directors' Report on operations of Work Service.

Control over the implementation of market risk management process is exercised by the Department of Finance and Controlling Department, while supervision of the risk management process is performed by a President of the Management Board.

Starting from stock exchange debut in April 2012, the Company applies internal procedures governing the preparation, approval, publication and purpose of individual and consolidated financial statements of the Company and the Group. The Company also applies uniform information policy for the entire Capital Group.

Internal Control and risk management systems, applied in the Parent Company, are to ensure the provision of reliable and defect-free financial information to be included in current and periodic reports. The internal control system involves, among others:

- appointment of persons responsible for the preparation of financial reports,
- carrying out regular reviews of financial results by the Management Board,
- respecting the principle of authorisation of current and periodic reports prior to their publication,
- multistage control of consolidated and individual statements in particular with regard to the accuracy of the accounting reconciliations, analysis of the merits and reliability of information,
- regular (at least once a year) defining the risks that in Management Board's opinion could affect the financial results of Company.

The Management Work Service SA reviews and verifies the strategy at least once a year. On the basis of the review and the conclusions resulting therefrom, the budgeting process is performed, covering all areas of functioning. The budgeting process involves middle and senior management. The annual budget is approved by the Supervisory Board.

4) Shareholding

The following table presents the shareholding structure, as at 31.12.2020 together with information about shareholders holding at least 5% of votes at the General Meeting of Shareholders taking into account all notifications received by Work Service SA pursuant to Article 69 section 1 item 1 of the Act on Public Offering and the Terms and Conditions of Introducing Financial Instruments to an Organised System of Trading and on Public Companies (Journal of Laws of 2005, No. 184, item 1539).

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
GI International S.R.L.	33 261 010	50,71%	33 261 010	50,71%
Others	32 329 628	49,29%	32 329 628	49,29%
Total	65 590 638	100,00%	65 590 638	100,00%

5) Identification of holders of any securities with special control rights and a description of those rights

There are no holders of securities which confer special control rights.

6) Indication of restrictions on exercising voting rights

The Company's Articles of Association do not provide for any restrictions on exercising voting rights.

7) Indication of restrictions on transferring ownership rights to securities

On 11 January 2021 the Management Board of Work Service S.A. has received from a proxy of GI International SRL with its seat in Milan, Italy - notification, the basis of which is the GI's receipt of the decision of the District Court in Warsaw of 30 December 2020 on granting security in the form of prohibiting the GI to exercise all rights from 6,231,111 shares of the Issuer, acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak, in particular: voting rights from these shares and all rights from shares, in relation to which the law or the Company's Articles of Association requires the shareholder to have a specified amount of shares in the share capital or the total number of votes at the Company's general meeting of shareholders, including the convening of the Company's general meetings of shareholders based on art. 399 §3 of the Act of September 15, 2000, Code of Commercial Companies, to the extent that GI may exercise these rights with shares acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak.

On April 22, 2021, the Company received a Notification from GI's attorney, the basis of which was the receipt by GI on April 22, 2021 of the decision of the District Court in Warsaw of April 9, 2021 on the amendment of the decision of December 30, 2020, and the dismissal of Tomasz Misiak's application for security ("Decision"). The Notification indicated that as a result of the issuance of the Decision, the security originally granted to Tomasz Misiak in the form of prohibiting GI from exercising any rights attached to 6,231,111 shares of the Company was revoked and GI regained the possibility of exercising all rights under the said 6,231,111 shares of the Company.

8) Regulations concerning appointment or removal of Management or Supervisory Board Members, the rights of those persons, in particular, the right to take decision on share issue or redemption

The information below complies with the Articles of Association with the amendment adopted on October 15, 2020 and entered by the National Court Register on February 26, 2021.

The rules governing the appointment and dismissal of managing persons

Management Board

The Management Board directs the activities of the Company and represents it externally. Management Board consists of one to six members appointed and dismissed by the Supervisory Board. The number of management Board members is determined by the Supervisory Board.

The Management Board shall be appointed for a five-year terms. Management Board members may be reappointed for subsequent terms. Member of Management Board may not, without the consent of the Supervisory Board, deal with competing interests or participate in a competitive company as a partner or member of the governing bodies. In case of conflict of interests of member of the Management Board, a Management Board member should inform Management Board of this circumstance and refrain from participation in discussion and from voting on the resolution in a given case.

The following persons are authorised to submit statements on behalf of the Company: the President of the Management Board independently- if the Management Board consists of one member; two members of the Management Board acting jointly or Member of the Management Board acting jointly with a proxy - if the Management Board consists of more than one member.

Proxies may be appointed to perform specific types of activities or special tasks, operating independently within the power of attorney granted to them in writing by the Management Board. Consent of all the members of the Management is required to grant a procuration.

With the reservation referred to below, Management Board takes decisions in the form of resolutions at meetings convened by the President of Management Board on his own initiative or at the request of a member the Management Board or at the request of the Supervisory Board. Management Boards resolutions may also be adopted outside a meeting the Management Board in writing or by means of direct remote communication, provided that all members have been notified of the draft resolution. Voting in the manner referred to in the preceding sentence may be ordered by President of the Management Board on his own initiative or at the request of any other member of the Management Board. Resolutions of the Management Board shall be adopted by an absolute majority of votes, however, if they are taken at a meeting of Management Board its validity requires the presence of all, and in the Management Boards consisting of more than three members - the presence of at least three members of the Management Board. In case of equality of votes, the vote of the President the Management Board shall prevail.

The Management Board is required to develop and transfer to the Supervisory Board until 30 November of the year proceeding the year to which it relates, the draft financial plan (budget) for the coming year. The budget should contain a plan of expenditure and revenue for the next financial year. The budget for the next financial year is adopted by the Supervisory Board on or before 31 December of the year proceeding the year to which it relates. In case of no presentation of the budget by the Management Board, as well as in case of no budget approval by the Supervisory Board, the Supervisory Board may specify the date by which the Management Board is obliged to submit a new draft budget, taking into account the Supervisory Board comments. Until the adoption of the budget for the year, a budget adopted for the previous calendar year will be in force, where each item will be increased by the rate of inflation in a given year, calculated in accordance with the index of increase in the price of goods and services (CPI). Detailed rules for the organisation and operation of the Management Board will be set out in the rules of the Management Board, adopted by the Management Board and approved by the Supervisory Board.

Supervisory Board

The Supervisory Board consists of 5-10 members, including the Chairman and Vice Chairman. The number of members of the Supervisory Board is determined by the General Meeting. As long as the Company's shares are admitted to trading on a regulated market in the Republic of Poland, at least two members of the Supervisory Board should meet the criteria of independence from the Company and entities related to the Company arising from corporate governance rules applicable to the regulated market on Polish territory, on which the Company's shares are or are intended to be traded.

In case of resignation before the expiry of the term of office or in case of death of a member of the Supervisory Board, the remaining members of the Supervisory Board, regardless of their number, are entitled to co-opt a new member in place of the resigning or deceased member of the Supervisory Board. Number of co-opted members of the Supervisory Board and not approved by General Meeting of Shareholders shall not exceed one-fourth of the members of the Supervisory Board of a given term. Number of co-opted members of the Supervisory Board and not approved by General Meeting of Shareholders shall not exceed one-fourth of the members of the Supervisory Board of a given term. . In the case of non-approval of co-opted members of the Supervisory Board by the General Meeting of Shareholders, their term of office expires with the closing of the General Meeting of Shareholders referred to above.

The members of Supervisory Board shall be appointed by the General Meeting of Shareholders.

Along with consent to the appointment of the Supervisory Board, the candidate for the Independent Member of the Supervisory Board shall submit a written declaration of compliance with the independence criteria referred to above. Independent Member of the Supervisory Board should meet the independence criteria for the duration of the term. If during the term Independent Board Member has ceased to meet any of the criteria referred to in the preceding sentence he shall notify the Management Board the Company in writing immediately, but not later than within three days of the event giving rise to cease meeting these criteria or adoption such information. Failure to meet the criteria of independence by any member of the Supervisory Board, or the loss of the status of an Independent Member of the Supervisory Board during the term, does not result in the expiry of his mandate and has no effect on the ability of the Supervisory Board to exercise the powers provided for in the Code of Commercial Companies and these Articles.

The Supervisory Board shall be appointed for a joint term of three years. It is permissible to re-appoint to the Supervisory Board for the next term of office the same persons. Member of the Supervisory Board may not, without the authorization of the General Assembly participate in a competitive company as a partner in a civil partnership and limited company or as a member of capital company body, or participate in any other competitive legal person as a member of the body. This prohibition shall not apply to taking office or shares in companies belonging to capital group of the Company. In case of conflict of interests of member of the Supervisory Board and Company, Supervisory Board member should report this fact to the Supervisory Board and refrain from taking part in the discussion and from voting on the resolution of the case. Member of the Supervisory Board shall submit information to the Supervisory Board on any relationship with a shareholder who holds shares representing not less than 5% of the total number of votes at the General Meeting.

The Supervisory Board may appoint commission or committees, both permanent and to clarify certain issues - specifying organisation, operation and specific powers of these commissions and committees - if the subject of the work of the commission or committee falls within the competence of the Supervisory Board; while within the framework of the Supervisory Board as permanent committees shall be appointed:

- **The Audit Committee**, activities of which are governed by the applicable laws, competent, in particular, in cases of supervision of the Company's financial reporting process and audit of financial statements of the Company.
- **Remuneration Committee**, competent, in particular, for cases of supervision of the manner and form of remuneration of the members of the Management Board and matters regarding the implementation of the Company incentive programs.

The Supervisory Board makes decisions in the form of a resolution at meetings convened by the Chairman of the Supervisory Board or, in the event of failure to convene the meeting by the Chairman, the Vice-Chairman of the Supervisory Board. This person shall convene a meeting of the Supervisory Board on its own initiative or within two weeks of receipt of the request from Management Board or Supervisory Board. Such a request must be made in writing, stating the proposed agenda.

The Supervisory Board members exercise their rights and duties in person, and they are obliged to maintain confidentiality. Meetings of the Supervisory Board are held without the participation of Management Board. If necessary, the members of the Management Board may, however, be invited to the meeting of the Supervisory Board. Meetings of the Supervisory Board shall be held as necessary, but not less frequently than once a quarter.

The Association of the Company Work Service SA Supervisory Board resolutions may be adopted if the meeting is attended by at least half of its members, and all members have been invited to at least 7 working days prior to the meeting. Resolutions of the Supervisory Board are also valid when its member notified within a period shorter than the period referred to in the preceding sentence shall declare in writing that he agrees to the wording of the resolution of the Supervisory Board or appear at the meeting of the Supervisory Board.

The Supervisory Board members may participate in adopting resolutions of the Supervisory Board, by casting their votes in writing through another member of the Supervisory Board. Voting in writing shall not concern matters introduced into the agenda at the meeting of the Supervisory Board.

The session of the Supervisory Board can be attended personally or with the use of means of distance communication. The Supervisory Board can pass resolutions at the session or in lieu of the session in writing or with the use of means of distance communication. A resolution of the Supervisory Board passed in lieu of the session is valid on condition that all its members have been notified of the content of the draft resolution and at least half of its members took part in passing the resolution. Voting in

lieu of the session of the Supervisory Board can be ordered by the Chairman or Deputy-Chairman of the Supervisory Board upon their own initiative or upon a request of a member of the Supervisory Board or of the Management Board.

Resolutions of the Supervisory Board are passed with the ordinary majority of votes cast. In the case of equal number of votes, when an ordinary majority of votes is required, the person chairing the meeting shall have the casting vote. If the specific resolution in the form and of the content presented in the invitation to the session of the Supervisory Board has not been adopted, then such resolution can be put to the vote again at the next session of the Supervisory Board which shall be held no sooner than after the lapse of forty two (42) and not later than after the lapse of forty five (45) days of the date of the session of the Supervisory Board that has not adopted such resolution.

In an agreement between the Company and a member of the Management Board and in a dispute with a member, the Company shall be represented by the Supervisory Board or a proxy appointed by virtue of a resolution of the General Meeting. Detailed rules of organization and operations of the Supervisory Board are specified in the Regulations of the Supervisory Board adopted by the General Meeting.

The Supervisory Board shall exercise constant supervision over the operations of the Company.

Specific rights of the Supervisory Board comprise:

- a) review of the financial statement of the Company and report of the Management Board and motions of the Management Board concerning distribution of profit or coverage of loss and submission of the annual written statement on the review results, its own work and a concise evaluation of the standing of the Company, including the assessment of the internal control and the system of managing the risk crucial for the Company with the General Meeting,
- b) appointment and dismissal of members of the Management Board, subject to § 17 section 3 and 4;
- c) suspension in performance of duties, for important reasons, of particular members of the Management Board and delegation of members of the Supervisory Board to temporary performance of the activities of the members of the Management Board who may not perform their activities;
- d) approval of the Management Board regulations;
- e) granting consent to any benefits to be paid by the Company under any title and any entities related with the Company to members of the Management Board;
- f) granting consent to effecting a transaction by the Company and: (i) its shareholders eligible to cast more than 5% votes at the General Meeting of the Company, (ii) any persons related with the shareholders, including persons controlling such shareholders, (iii) members of governing bodies of the Company, their relatives and entities which are subsidiaries of the members of the governing bodies of the Company;
- g) granting consent to payment of advances to the anticipated dividend;
- h) selection and change of the entity authorized to audit the financial statements, including a consolidated financial statement of the Company and its capital group;
- i) selection of an independent, external certified auditor of the Company;
- j) approval of annual and periodical financial plans and significant changes in the plans provided by the Management Board;
- k) employment and determination of employment conditions (including remuneration prizes and bonuses) of the members of the Management Board of the Company,
- l) granting consent to issue of ordinary debentures,
- m) granting consent to merger, transformation or winding up of the Company or its subsidiaries,
- n) granting consent to acquisition or disposal of real property, perpetual usufruct or an interest in a real property,
- o) granting consent to lease, establishing a perpetual usufruct, rent, pledge, encumbering with mortgage, establishing other burdens, pre-emption rights or awarding other rights on any part of the undertaking or assets of the Company, except for awarding the above mentioned to direct or indirect subsidiaries of the Company except for burdens related to credit facilities or loans which require consent of the Supervisory Board in accordance with § 16 section 2 (r) above;

p) granting consent to conclude agreements concerning strategic cooperation, for instance in a form of partnerships or joint venture unless they are approved in the Business Plan or the annual budget,

- q) granting consent to make capital expenditure of the total amount in excess of EUR 1 000 000 (one million Euro) unless such expenditure was planned and approved in the Business Plan or the annual budget,
- r) granting consent to taking loans or credit facilities if a value of an individual credit or individual loan exceeds EUR 2 500 000 (two million five hundred thousand Euro), unless such loans and credit facilities were planned and approved in the Business Plan or annual budget,
- s) granting consent to issue of one or more guarantees to perform an obligation by a single third party or more in the total value in excess of EUR 100 000 (one hundred Euro) which is not related to the normal business activity and everyday operating activities, however, excluding direct or indirect guarantee of subsidiaries of the Company,
- t) granting consent to acquisition, covering or disposal of shares, stocks, participation units or other securities in other capital companies, partnerships or entities by the Company and to enter into partnerships by the Company with the exclusion of acquisition and disposal of government or bank securities for the period no longer than 360 days as a means of managing the cash position of the Company,
- u) granting consent to founding and winding up of new companies or branches,
- v) granting consent to introduction of incentive programs in the Company, in particular to awarding by the Company the right to cover or acquire shares as part of the managerial options and to changes in such programs,
- w) approval of unusual issues which are not related to the Company's undertaking or in any other manner are outside the normal objects of the Company of the value in excess of EUR 1 000 000 (one million Euro) or transactions which limit the operations of the Company (geographically or in any other manner, in particular containing noncompetition clauses) unless they are approved in the Business Plan and the annual budget,
- x) instituting or amicable settlement of litigations or arbitration proceedings concerning a claim of value no greater than EUR 200 000 (two hundred thousand Euro) or several similar proceedings of the total value of the claim in excess of EUR 500 000 (five hundred thousand Euro),
- y) granting consent to concluding a single agreement or a larger number of agreements with the same entity or a natural person for performance of work or services if the fee or expenses related to such work or services exceed EUR 500 000 (five hundred thousand Euro) in any period of three months,
- z) granting consent to donations, including charity purposes, of the value in excess in total of EUR 15 000 (fifteen thousand Euro) in any year or to donations to political organizations,
- aa) issue of controlling interests in the Company or any subsidiary of the Company other than the issue of the capital issued by a subsidiary of the Company or under managerial incentive programs,
- bb) purchase of assets by the Company of the total value exceeding EUR 500 000 (five thousand Euro) unless it was approved in the Business Plan or annual budget,
- cc) granting consent to amending the Business Plan,
- dd) granting consent to conclusion of any important agreement which may entail obligations of the Company in the amount in excess of EUR 2 000 000 (two million Euro) unless such agreements were approved in the Business Plan or annual budget,
- ee) granting consent to granting loans to third parties of the value in excess of EUR 500 000 (five thousand Euro), excluding loans granted to direct or indirect subsidiaries of the Company;
- ff) specification of the elements of the remuneration policy of the members of the Management Board and the Supervisory Board if the Supervisory Board has been authorised to perform such actions by the General Meeting;
- gg) deciding on temporary withdrawal from the application of the remuneration policy of the members of the Management Board and the Supervisory Board in cases and on the terms specified by the General Meeting in this document;
- hh) preparation of the annual report on the remuneration of the members of the Management Board and the Supervisory Board.

For a resolution of the Supervisory Board granting consent in matters specified in § 16 section 2 point e, f and h to be valid it is required that the resolution is voted over by at least one Independent Member of the Supervisory Board if a person of such status is among members of the Supervisory Board.

Right to make decisions on the issue or redemption of shares

Pursuant to §10.1 of the Company's Articles of Association, the competences of the General Meeting include:

increase or decrease of the Company's share capital;

issuing convertible bonds or bonds with pre-emptive rights, or subscription warrants.

9) Description of principles of amending the Company's Articles of Association

Pursuant to §10.1g and §10.11 of the Company's Articles of Association, each amendment to the Articles of Association and change in the business object of the Company lies within the exclusive competences of the General Meeting.

10) General Meeting — manner of operations

The competences of the General Meeting are specified in the Code of Commercial Companies and Partnerships, provisions of other acts and the Articles of Association. In particular, the competences of the General Meeting comprise:

- a) review and approval of the Management Board's report on the Company's operations and the financial statement for the previous financial year;
- b) adoption of a resolution on distribution of profit equal to 20% of net profit in a given financial year;
- c) adoption of a resolution on distribution of profit above 20% of net profit in a given financial year;
- d) acknowledgement of fulfilment of duties by members of the governing bodies of the Company;
- e) appointment and dismissal of members of the Supervisory Board;
- f) increase or decrease of the share capital;
- g) amending the Company's Statutes;
- h) adoption of resolutions concerning disposal or lease of the Company's undertaking or its organized part and establishing usufruct or another limited material right on its undertaking;
- i) dissolution of the Company;
- j) adoption of regulations of the Supervisory Board and General Meeting and their amendments;
- k) issue of bonds, convertibles or bonds with the pre-emption right and issue of subscription warrants mentioned in Art. 453 § 2 of the Code of Commercial Companies and Partnerships and other financial instruments, except for currency transactions and derivatives.
- l) merging the Company with other companies, division of the Company, separation of a part of the Company's undertaking or transformation of the Company;
- m) issuing a decision in all matters concerning claims for reparation of a damage caused while founding the Company or managing or supervising it;
- n) determination of a manner and amount of the remuneration of the members of the Supervisory Board;
- o) specifying a day, on which a list of shareholders eligible for dividend for a given financial year is determined – the dividend day and determination of the dividend payment term;
- p) creation of reserve capitals which are not required under the applicable law.
- q) granting consent to extend the objects of the Company by including all sorts of the elderly care services;

- r) adoption of the remuneration policy of the members of the Management Board and the Supervisory Board;
- s) evaluation of the Supervisory Board's report on the remuneration of the Management Board and the Supervisory Board.

The Ordinary Meeting of Shareholders is held annually within six months of the end of each financial year. The Extraordinary Meeting of Shareholders is convened if the governing bodies or persons authorized to convene the General Meeting consider it necessary. The General Meeting is convened by the Management Board. The Supervisory Board is entitled to convene the ordinary General Meeting if the Management Board fails to convene the General Meeting within the prescribed time limit. The Supervisory Board and shareholders or a shareholder holding at least one-twelfth of the share capital may require to convene the Extraordinary Meeting of Shareholders.

Shareholders or a shareholder holding at least one-twentieth of the share capital may require to include specific items in the agenda of the nearest General Meeting. The demands mentioned above together with justification allowing for adoption of an informed resolution, shall be submitted by eligible shareholders in writing or in a digital form with the Management Board. If the demand does not contain a justification, the Management Board will ask the shareholders for justification of the motion. The General Meeting is valid regardless of the number of shares represented at it unless provisions of the Code of Commercial Companies and Partnerships and of the Statutes provide otherwise. Resolutions of the General Meeting are adopted by an absolute majority of votes, unless the Code of Commercial Companies and Partnerships and of other acts and the Statutes provide for other conditions of their adoption.

An item included in the agenda of the General Meeting at the initiative of the eligible shareholder or shareholders who submitted such demand, may be – if justified and supported by material reasons – deleted from the agenda by a resolution adopted by the majority of cast votes and on consent of all present shareholders who submitted the above demand. In the case when the Management Board in a justified manner moves for deletion of the item from the agenda which was previously included in it on its own request requires an absolute majority of cast votes. Shareholders participate in the General Meeting in person or by a proxy appointed in writing.

A change of the objects of the Company may be executed without shares buyout. A respective resolution to be effective requires two-thirds of cast votes with presence of the persons representing at least half of the share capital of the Company. Acquisition or disposal of real property, perpetual usufruct or interest in a real property does not require consent of the General Meeting.

11) Composition, changes and a description of the management and supervisory bodies

Composition of the Management Board and Supervisory Board was presented in item 1 of information about Work Service SA in this report.

In accordance with the recommendations of the European Commission of 15 February 2005 on the role of non executive directors or members of supervisory board of listed companies and the committees of the (supervisory) board and pursuant to § 12 section 9 Articles of Association of the Company, two permanent committees have been established: the Audit Committee and the Remuneration Committee. The composition of these committees was specified in resolutions of the Supervisory Board No 1 dated 16 October 2020. Appointment of the above Committees constituted adjustment of corporate structures of the Company to the requirements of the public market.

The current composition of the Audit Committee established by resolution No 1 of the Supervisory Board of 16 October 2020 is as follows:

1. Donato Di Gilio — Chairman of the Audit Committee,
2. Maurizio Uboldi — member of the Audit Committee,
3. Marcus Preston — member of the Audit Committee.

The Audit Committee is competent in particular in matters related to supervision over financial reporting of the Company and the process of reviewing the financial statements of the Company. The tasks of the Committee include:

- monitoring the financial reporting process;
- monitoring the effectiveness of internal control, internal audit and risk management systems;
- monitoring the conduct of audits, in particular audits by the audit firm, taking into account any conclusions and findings of the Audit Oversight Commission resulting from audits carried out in the audit firm;

- controlling and monitoring the independence of the statutory auditor and the audit firm, in particular where the audit firm provides services other than audit services;
- informing the Supervisory Board about the results of the audit and explaining how this study contributed to the reliability of financial reporting in the Company, as well as the role of the Audit Committee in the audit process;
- advising the Supervisory Board on the proper supervision of the Company's financial reporting and the process of auditing the Company's financial statements and the implementation of the financial reporting and internal control rules in the Company, as well as cooperation with the audited entities to audit the Company's financial statements and operating in within these entities with certified auditors.

With regard to the Audit Committee, the following is indicated:

- Marcus Preston and Donato di Gilio made declarations according to which they are independent members of the Audit Committee according to statutory criteria,
- Maurizio Uboldi has knowledge and skills in accounting and auditing of financial statements resulting from the knowledge gained in the course of graduating from higher education, including London Business School, and many years of experience gained as, inter alia, Executive Director and Head of the International Business Department and Mer-ger And Acquisitions,
- Maurizio Uboldi and Donato di Gilio have knowledge and skills in the industry in which the Issuer operates, acquired as a result of many years of activity in the industry related to the broadly understood provision of HR services,

No authorized non-audit services were provided to the Issuer before the audit company auditing its financial statements, and therefore the independence of the audit company was not assessed, and there was no need to consent to the provision of these services.

The main assumptions of the developed policy of selecting an audit firm to conduct the audit and the policy of providing permitted non-audit services by the audit firm conducting the audit, by entities related to this audit firm and by a member of the audit firm's network:

The selection of the audit firm is made by the Supervisory Board after reviewing the recommendation of the Audit Committee. Introduction of any contractual clauses requiring the Supervisory Board to select the audit firm from a particular category or list of audit firms shall be prohibited. Such clauses are void. The Supervisory Board, at the stage of final selection of the audit firm, as well as the Audit Committee at the stage of preparing recommendations, shall be guided by the following guidelines regarding the selection of the audit firm:

- a) price proposed by the audit firm;
- b) the possibility of providing the full range of services specified by the Company (auditing separate financial statements, auditing consolidated financial statements, reviews, etc.);
- c) previous experience of an audit firm in auditing public interest entities, including, in particular, the audit of statements of public interest entities with a profile of activity similar to the Group;
- d) professional qualifications and experience of persons directly involved in the audit conducted in the Group;
- e) availability of qualified specialists on specific issues in the financial statements, such as the valuation of actuarial reserves, valuation of derivatives, analysis of tax issues, public-private partnership projects;
- f) the possibility of conducting an audit within the terms specified by the Company;
- g) reputation of the audit firm on the financial markets;
- h) confirmation of the independence of an audit firm already at the selection procedure stage. This confirmation should apply to both the Company and the Group.

The Vice President of the Management Board of the Company for Economic and Financial Affairs is responsible for the organisation of the procedure for selecting the audit firm ("Selection Procedure").

1. The Selection Procedure is initiated by the Audit Committee which orders its organisation to a Vice President of the Management Board of the Company for Economic and Financial Affairs, specifying a framework timetable for carrying out the Selection Procedure and setting detailed selection criteria including information that should be provided to audit firms in the inquiry. This order must be documented in the minutes of the Audit Committee meeting

2. Vice President of the Management Board of the Company for Economic and Financial Affairs prepares documentation that will enable the audit firm to know the Company's business and obtain information on which financial statements are subject to.
3. The Vice President of the Management Board of the Company for Economic and Financial Affairs collects offers from selected auditing firms, provided that these firms fulfil the mandatory rotation requirements of the audit firm and the key auditor, listed in § 2 above and provided that these audit firms comply with the requirements set out in § 1 sec. 3 of this Policy and Procedure. When collecting offers, the Company ensures the confidentiality of the information contained in submitted bids. Failure to respond within the time limit set by the Company on the request for bids is considered a refusal to participate in the Selection Procedure.
4. After the deadline for submission of bids, The Vice President of the Management Board of the Company for Economic and Financial Affairs, shall make an initial compilation and evaluation of the bids submitted by the audit firms participating in the Selection Procedure and draw up a report on the progress of the Selection Procedure, which contains conclusions from its implementation ("Report"). On the basis of submitted bids and the Report, the Audit Committee reviews the offers submitted and conducts direct talks and negotiations with interested bidders
5. The Audit Committee may commission detailed negotiations to Vice President of the Management Board of the Company for Economic and Financial Affairs. On the results of the negotiations, Vice President of the Management Board of the Company for Economic and Financial Affairs shall immediately inform the Audit Committee
6. As a result of the work carried out, the Audit Committee shall present to the Supervisory Board the recommendation referred to in § 1 sec. 1 of this Policy and Procedure. In case of recommending a renewal of an agreement with an current audit firm, the recommendation refers to the renewal of the agreement specifying the period for which it is to be extended. In case of selecting a new audit firm, the recommendation includes two audit firms. The recommendation is presented to the Supervisory Board, in which the Audit Committee:
 - a) indicates a reasonable preference for one of the audit firms to which it proposes to entrust a statutory audit
 - b) declares that the recommendation is free from third party influence;
 - c) states that the Company has not entered into any agreements containing clauses limiting the Supervisory Board's option to select an audit firm for the purposes of conducting the statutory audit of the Company's financial statements.

The recommendation regarding the selection of an audit firm to conduct the audit was drawn up as a result of the selection procedure organized by the Issuer that meets the applicable criteria,

The Audit Committee held 5 meetings,

Due to the intensive restructuring on which the main efforts have been carried out for several years, the Issuer does not apply the diversity policy with regard to administrative, management and supervisory bodies, in particular with regard to age, gender or education and professional experience. Regardless of the above, in the opinion of the Issuer, there is considerable variation in the administrative, management and supervisory bodies in terms of age, sex, education and life experience.

In particular, the Committee is required to:

- evaluating the independence of the statutory auditor and the audit firm and agreeing to provide non-audit services to the Company;
- developing a policy to select an audit firm to conduct the audit and determine the procedure for selecting an audit firm by the Company;
- the development of a policy for the audit firm to carry out the audit by entities affiliated with that audit firm and by a member of the audit firm network, authorized non-audit services;
- recommending to the Supervisory Board the selection of the authorized entity (audit firm) to audit the Company's financial statements, including consolidated financial statements, in accordance with the principles defined in procedures and policies, developed in accordance with point (b) and (c) above;
- submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company;
- preparing draft resolutions of the Supervisory Board on financial matters of the Company;

- consideration of quarterly, semi-annual and annual financial statements of the Company;
- discuss any issues or reservations that may arise from the audit of the Company's financial statements;
- cooperation with the Company's internal auditor;
- analysis of the Company's internal auditors and the Management Board's responses to the comments and postulates contained in these reports;
- analyzing and evaluating the relationships occurring within the Company, the Supervisory Board and the Management Board, with regard to the existence or possibility of a conflict of interest, and taking measures aimed at eliminating such phenomena;
- consideration of any other issues related to the audit of the Company referred to by the Committee or the Supervisory Board.

The Remuneration Committee

Present composition of Remuneration Committee is as follows.

1. Dario Dell'Osa — Chairman of the Remuneration Committee
2. Antonio Carvelli — Member of the Remuneration Committee
3. Donato Di Gilio — Member of the Remuneration Committee

The duties of the Remuneration Committee include, in particular:

- planning the remuneration policy for the Members of the Management Board,
- supervision over the way and form of remuneration of the members of the Management Board, providing recommendations to Supervisory Board in this regard,
- adjusting the salaries of Members of the Management Board to the long-term interests of the Company and the Company's financial results,
- issues associated with the implementation of incentive programs and those already introduced in the Company, addressed to the Management Board and employees of the Company.

In view of the fact that the Company Work Service SA became a publicly traded company in 2012, the Audit and Remuneration Committees started its operations in 2012.

SIGNATURES:

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Iwona Szmitkowska
President of the Management
Board

.....
Paolo Caramello
Vice President of the
Management Board

.....
Nicola Dell'Edera
Vice President of the
Management Board