

*Dear Shareholders,*

On behalf of the Board of Work Service I am pleased to hand to you the annual report for 2016. In this document we summarize the Capital Group's business year, present a detailed statement of financial performance, as well as discuss major events of the last year.

The past twelve months were a time when the transformation processes of the Capital Group Work Service began, starting from the staff changes and changes in the composition of the Management Board, by a structural reorganisation, to the setting of new development goals for the period 2016–2018. In accordance with the strategic directions we focused on organic growth supported by a market outlook, on efficiency improvement and optimisation of the whole Capital Group's structure. In the past year we have merged i.a. People Care with Antal and Work Service Finance with Finance Care. We reduced back office staff in the Group and simultaneously initialised processes of operational savings and margin improvement for the projects run in Poland and Hungary.

However, it should be kept in mind that in addition to optimisation activities our engine of development is a business activity, which we pursue mainly in Central and Eastern Europe. Due to the listed record-breaking low unemployment levels this is currently a special area on the Old Continent. It is precisely in countries such as the Czech Republic, Hungary, Germany or Poland, where employers work in the conditions of growing market and experience more and more recruitment difficulties. As the leader of personal services in the region, with a market share at almost 15%, because of this naturally we feel an increased demand for our services. As a result, in the past year we had more than 16% revenue growth at the dynamic development of the market predicted to be 13%.

Moreover, Group Work Service increasingly feel the synergy effects resulting from the international presence. The development of cross-border sales and focusing on building relationships at the regional level translated into support for a number of new customers in several markets at the same time. This group includes such global brands as: Delphi, Samsung, DHL, TRW, Adient and Tenneco. Now almost 45% of the Group's revenue comes from international business.

In 2016 we have received solid results. An example may be improving the gross profit on sales that increased by PLN 25 million YoY. We noted, however, a lower level of operating profit compared to the one we expected. It was mainly the effect of transformation costs and one-off events occurring both in the year 2016 as well as in previous years. After the cost had been excluded the level of operating profit was similar to that from the last year.

We are looking towards future, we are planning how to continue the ongoing processes and we are setting out new actions for the following year. Forecasts show that the value of the market where we operate in the region of Central Europe will total over 3.9 billion euros, which means an increase of almost 11% YoY. A leading challenge for our customers will be the acquisition of workforce. Therefore, this year at the beginning of April we have started with the brand new

strategy Work Service and we have started the new image campaign, which aims to encourage Poles to work through us. We have also prepared new recruitment tools. To use them we implement mobile technologies. We are opening a new recruitment structure in Ukraine so that we will recruit employees even better from beyond the Bug for Polish companies. Our aim is to build the recruitment facilities as much as possible that will become our differentiator in the market and competitive advantage in the sector of employment agencies.

There are further transformation and hard work ahead of us but we are confident that our current and planned actions will translate into tangible results. We are going in the direction of greater clarity and transparency of our company, both in strategic and structural terms. That is why for the first time in the history of the Group Work Service we are presenting our forecast for 2017. At the same time, we are in the process of implementation of the Sales IT contract and IPO Exact Systems. I am convinced that their finalisation will lead to strengthening our balance structure, as well as to the unification of the business model.

I want to thank you for the trust you have given us in 2016 and I encourage you to familiarise with the consolidated annual report.

Yours sincerely,

*Maciej Witucki*

*President of the Board of Work Service S.A.*