Capital Group
Work Service

The Report of Management Board of Work Service S.A.
on the activities of Capital Group for the period from 1 January 2018 to 31 December 2018.

Wrocław, 30 April 2019

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1. Basic information on the Work Service Capital Group

1.1. The Parent Company

The Parent Company of the Work Service Capital Group is a company Work Service S.A. Parent Company's registered office is located in Wroclaw, at ul. Gwiaździsta 66 The company was established by notarial deed dated 12 December 2000 prepared in a Notary Office in Oleśnica (Files no. A No. 7712/2000). The company is registered in the National Court Register, in Register of Entrepreneurs kept by the District Court for Wroclaw - Fabryczna in Wroclaw, 6th Commercial Division of the National Court Register under the number KRS 0000083941. The Company was entered into the register of Entrepreneurs of National Court Register on 28 January 2002. Work Service S.A is the successor of Work Service Sp. z o.o.

The core business of the Company according to the Polish Classification of Activities (PKD 7820Z) are activities related to recruitment and provision of personnel.

Work Service SA is an employment agency specialising in employment services, in modern human resource solutions, providing services in the area of recruitment, the provision of skilled workers to clients, consulting and human resource management.

Company name, address and communication numbers:

Company name	Work Service S.A.
Legal form	Joint stock company
address	53-413 Wrocław, ul. Gwiaździsta 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.

1.2. Basic information on the Work Service Capital Group

Introduction to the consolidated financial statements for 2018 have been prepared on the basis of separate financial statements of the Capital Group and compiled in a way that the Group constituted a single entity.

The basis for preparation of the consolidated report is the report of parent company, prepared in accordance with International Financial Accounting Standards that have been approved by the European Union and restated financial statements of subsidiaries. The consolidated financial statements has been adjusted by the amounts of mutual revenues, expenses, unrealised margins and balances arising from transactions between Group companies. Individual financial statements, constituting the basis for preparation of the consolidated financial statements, have been prepared on assumption of continuation of activities of entities within the Capital Group in the foreseeable future, and the belief that there are no circumstances indicating a threat to the continuation of activities.

The core business of the companies comprising the Capital Group is:

- Temporary work – offering work for temporary employees,
- merchandising and promotions - professional service of the sales process,
- recruitment of employees, personal counselling,
- personnel and payroll services,
- outsourcing.

1.3. Composition of the Management Board of the Parent Company as on 31 December 2018

- Maciej Witucki – President
- Paul Andrew Christodoulou – Vice President
- Tomasz Ślęzak – Vice President
- Iwona Szmitkowska – Vice President

On 23 May 2018, the Issuer received document containing the resignation of Mr. Krzysztof Rewers from the position of the Vice President of the Management Board of Work Service S.A. with effect on 23 May 2018. Mr. Krzysztof Rewers indicated that the resignation was caused by personal reasons.

On 23 May 2018 the Supervisory Board of the Issuer, acting pursuant to § 16(2) of the Company's Articles of Association and § 14(2)(b) of the Bye-laws of the Supervisory Board, appointed Mr. Piotr Ambrozowicz to perform the duties of Vice-President of the Management Board of Work Service S.A.

On 15 October 2018, the Issuer received document containing the resignation of Mr. Piotr Ambrozowicz from the position of the Vice President of the Management Board of Work Service S.A. with effect on 16 October 2018. Mr. Piotr Ambrozowicz did not indicate reasons of the resignation.

On 24 January 2019, the Issuer received document containing the resignation of Mr. Maciej Witucki from the position of the President of the Management Board of Work Service S.A. with effect on 28 February 2019. Mr. Maciej Witucki did not indicate reasons of the resignation.

On 24 January 2019, the Issuer received document containing the resignation of Mr. Tomasz Ślęzak from the position of the Vice President of the Management Board of Work Service S.A. with effect on 24 January 2019. Mr. Tomasz Ślęzak did not indicate reasons of the resignation.

On 22 February 2019 the Supervisory Board of the Issuer, acting pursuant to § 16(2) of the Company's Articles of Association and § 14(2)(b) of the Bye-laws of the Supervisory Board, dismissed Mrs. Iwona Szmitkowska from her position of the Vice President of the Management Board and appointed Mrs. Iwona Szmitkowska to perform the duties of President of the Management Board of Work Service S.A.

On 22 February 2019 the Supervisory Board of the Issuer, acting pursuant to § 16(2) of the Company's Articles of Association and § 14(2)(b) of the Bye-laws of the Supervisory Board, appointed Mr. Jarosław Dymitruk to perform the duties of Vice-President of the Management Board of Work Service S.A.

1.4. Composition of Supervisory Board of Work Service S.A. as on 31 December 2018

- Panagiotis Sofianos – Chairman of Supervisory Board
- Tomasz Misiak – Deputy Chairman of the Supervisory Board
- Krzysztof Kaczmarczyk – Member of the Supervisory Board,
- Everett Kamin – Member of the Supervisory Board
- Pierre Mellinger – Member of the Supervisory Board
- Piotr Kamiński – Member of the Supervisory Board
- Robert Ługowski – Member of the Supervisory Board
- Tomasz Hanczarek – Member of the Supervisory Board
- John Leone – Member of the Supervisory Board

In 2018 there were no changes in the composition of the Supervisory Board of Work Service SA.

2. Principles of Capital Group Management

2.1. Composition of Work Service Capital Group

The Work Service Capital Group provides services in the field of human resource management. It specialises in seeking and recruitment of workers, personal consulting, outsourcing functions related to human resources management and auxiliary processes in enterprises and offering solutions based on the use of temporary employment contracts. Capital Group operates throughout the country through regional offices and representative offices as well as abroad in Europe and Asia. The business of Work Service Capital Group is based on the ability to integrate the needs of businesses in terms of cost optimisation and structure of employment, with available resources of the labour market, which is the amount of economically active people, with their skills and labour cost.

The dominant company's dependent entities are dependent entities covered by consolidation of the financial statements, namely all Group companies except for: Company Virtual Cinema Studio Sp. z o.o and Company Work Port sp. z o.o.
Due to the fact that Work Service SA has no control over Virtual Cinema Studio Sp. z o.o. , understood according to §19 IFRS 3 as "ability to direct the entity's financial and operational policy or a venture, in order to derive benefits from its operations", does not consolidate it by the purchase method.
On the other hand, the application of the principle of significance mentioned in §31 IAS 1 results in the exclusion of Work Port sp. z o.o. from consolidation with the equity method as a dependent entity. The fact of excluding the aforementioned Company from consolidation does not affect business decisions made on the basis of the financial statement.

The composition of Work Service Capital Group include:

Work Service SA – This is the Parent Company of the Work Service Group. The company's activity is based on the provision of services: temporary employment, HR consulting, recruitment, competency assessment, outplacement, providing personnel and payroll services.

Antal Sp. z o.o. - the main business of the company are paramedical services, ranging from services to support pregnant women (such as shopping expert, customising the interior to the needs and safety of young children), through the care of newborns, infants and young children. Offered care services are performed by midwives, nannies and governesses. The company's activity is also personal counselling, particularly in the areas of recruitment, selection and sourcing of employees for specific middle and senior management positions of various industries, in sales and marketing, logistics, IT / computer, production , public relations, legal, human resources, finance and accounting, and banking departments.

Finance Care Sp. z o.o. – in cooperation with insurance companies and banks, Care Finance company provides outsourcing services for listed companies.

Industry Personnel Services Sp. z o.o. - carries out tasks related to managing the management projects of separated parts or entire production plants.

Sellpro Sp. z o.o. - merchandising and promotions - professional service of sales process, also performs services related to recruitment and provision of personnel, business consultancy and management, activities related to databases, market research.

WS Support Sp. z o.o. - the Company's business are complex cleaning services of healthcare facilities, other functional buildings and private objects.

Work Service International Sp. z o.o. – provides services related to temporary work and recruiting workers on international markets.

Work Service Czech s.r.o. – provides services related to temporary work, outsourcing and recruitment of employees in Czech Republic.

Work Service Slovakia s.r.o. - indirect subsidiary of Work Service SA, through the company Industry Personnel Services Sp. z o o, which is the majority shareholder and Work Service International Sp. z o.o. (which holds the remaining shares in the Work Service Slovakia s.r.o). The company carries out the range of services analogous to those offered by the Parent Company in the domestic market, but in Slovakia.

Work Service Outsourcing Slovakia s.r.o. - share capital of the company in whole is covered by Work Service Slovakia s.r.o. Its core business is, among others, HR consultancy, development and sale of research and analysis of labour markets.

Work Service24 Gmbh – indirect subsidiary of Work Service SA, which 100% owner is the Work Service Gmbh & Co. KG. The registered office of the company is Hoppegarten near Berlin. Its core business is employment services in the labour market (including headhunting services, conducting recruitment), hiring employees (temporary work), the development and sale of research and analysis of labour markets.

IT Kontrakt Gmbh – indirect subsidiary of Work Service SA. The company dedicated to handle the German market in the range analogous to company IT Kontrakt Sp. z o.o.

Krajowe Centrum Pracy Sp. z o.o. with registered office in Wroclaw - the purpose of establishment of the company is to conduct the business offering to customers specialised solutions in the field of both permanent and temporary recruitment of specialists also in foreign markets, outsourcing of common functions for the raw materials and power generation industry.

Work Express Sp. z o.o. - A direct subsidiary of the Parent Company, in which Work Service SA holds 100% of shares. As a temporary work agency it offers comprehensive organisation of the process of temporary workers employment. The second activity of the company are job placement services and human resource consulting. The third area of business are services of process outsourcing. Using their knowledge and experience gained during servicing companies in the TSL industry in the field of temporary work, the company has created innovative solutions for customers in the following industries: IT, consumer electronics, clothing, food, heavy industry, online stores.

Outsourcing Solutions Partner Sp. z o.o. - 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).

Clean24h Sp. z o.o. - 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).

Support and Care Sp. z o.o. (LogistykaPL Sp. z o.o.) - 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).

Workbus Sp. z o.o. - 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 direct subsidiary of the Parent Company, in which the Work Service SA holds 75% stake. The company is one of the largest recruitment agencies operating on the Hungarian market. Prohuman operates on the Hungarian market of personal services since 2004. The company is a part of the Prohuman Group Capital Group, covering a total of five companies operating in different areas (comprehensive HR services, merchandising, sales promotions, marketing events, telemarketing).

Prohuman Outsourcing Kft. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Prohuman 2004 Kft (75% subsidiary of Work Service SA).

Work Service SPV Sp. z o.o. - The company in 100.00% is a subsidiary of Work Service SA. Its establishment is related to the implementation of the provisions of the agreement with Fiege Logistik Stiftung & Co. KG with its registered office in Greven, Germany.

Enloyd Gmbh – the company conducts the activity analogous to the activity of Antal Sp. z o.o. on the German market. The company's capital was fully covered by the company Work Service Gmbh & Co. KG The Company was registered on 23.03.2015.

Enloyd Kft – the company conducts the activity analogous to the activity of Antal Sp. z o.o. on the Hungarian market. The share capital of the company was fully covered by Antal Sp. z o.o., which is a 100% subsidiary of Work Service SA.

Antal International s.r.o. (Czech Republic) – the company conducts the activity analogous to the activity of Antal Sp. z o.o. on the Czech market. The share capital of the company was fully covered by Antal Sp. Z o.o., which is a 100% subsidiary of Work Service SA.

Antal International s.r.o. (Slovakia) – the company conducts the activity analogous to the activity of Antal Sp. z o.o. on the Slovakian market. The share capital of the company was fully covered by Work Service Slovakia s.r.o, which is a indirect subsidiary of Work Service SA.

Work Service Fahrschule QC Gmbh (the former name: Fortuncorona Gmbh) – an indirect subsidiary of Work Service SA. Specialised training of workers in the logistics industry constitutes the main object of the company's operations. The company's operations are aimed at improving workers' qualifications by enabling them to obtain additional licences to operate machinery and devices used in the logistics industry. The company also offers category C+E driving courses to its own employees and external clients.

Human Existence Kft.- - Indirect subsidiaries of Work Service SA 100% of company shares is owned by company Prohuman 2004 Kft (75% subsidiary of Work Service SA). Company is engaged in leasing of temporary workers and outsourcing. It operates in the north-eastern Hungary.

Work Service Deutschland GmbH- Indirect subsidiaries of Work Service SA The company is involved in intermediation on the labour market, hiring employees (temporary work), mainly in the logistics industry. The company combines the logistics know-how with the knowledge of human resources and implements intelligent staffing solutions for the trade and logistics industry. The company operates in the German market.

Work Service Gmbh & Co. KG with the seat in Dusseldorf, Germany - a limited partnership under German law (Holding Company), in which the Work Service SPV Sp. z o.o and Fiege Logistik Stiftung & Co. KG with the seat in Greven, Germany is limited partners, and Work Service GP GmbH based based in Vienna, is the general partner. The share capital of the Holding Company (fixed capital) amounts to 100,000 euros. On the date of registration of the Holding Company (i.e. as at 4 September 2014) Fiege Logistik Stiftung & Co. KG with the seat in Greven, Germany held a participating interest of 77.000 euro i.e. 77% of the capital of Holding Company, and Work Service SPV Sp. z o.o. held a share of 23,000 euros, i.e. 23% of the capital of Holding Company. The company Work Service SPV Sp. z o.o has an equity participation of 74,000 euros, i.e. 74% of capital of Holding Company and the company Fiege Logistik Stiftung & Co. KG, based in Greven, Germany has an equity participation of 26,000 euros, i.e. 26% of the capital of the Holding Company. Work Service GP GmbH, based in Vienna, which is the general partner of Holding Company, has no equity participation in it. The purpose of the Holding Company is the management of shares in other companies.

Work Service Outsourcing Deutschland GmbH – Indirect subsidiaries of Work Service SA The company offers services related to the outsourcing of processes, with special adjustment for logistics. The company operates in the German market. The uniqueness of the company is based on training and providing staff development according to customer needs. These trainings are held in more than 100 locations of the company or in cooperation with its partners in Germany.

Work Service GP Gmbh – a company established and operating under the laws of Austria. The company is the general partner of Work Service GmbH & Co. KG.

HR-Rent Kft. - This company provides temporary employment in Hungary Baranya country and abroad (Austria, Germany).

Finance Sales Hungary Kft (Profield 2008 Kft). - is engaged in the provision of full-scope intermediary services of various financial products, i.e. financial outsourcing services.

HR Global d.o.o. - a holding company for the subsidiaries.

Naton kadrovsko svetovanje d.o.o.- the oldest HR agency in Slovenia. It holds second to third place according to size and number of agency workers in Slovenia.

Naton ljudski potencijali d.o.o. (Croatia) - the company specializes and covers Croatia with special skills recrutiment, mostly in Pharma sector.

Work Service SK s.r.o.- indirect subsidiary of Work Service SA, through the company Work Service Slovakia s.r.o. The company carries out the range of services analogous to those offered by the Parent Company in Slovakia.

Kariera.pl Sp. z o.o. – a 51% subsidiary of Krajowe Centrum Pracy Sp. z o.o. The Company is the administrator of "kariera.pl" service, dedicated to premium segment candidates (employees and job offers for middle and senior managers and professionals).

Finance Care Hungary Pénzügyi Tanácsadó Kft. - as part of cooperation with insurance companies and banks, the company provides outsourcing services for these entities in the Hungarian market.

APT Resources&Services s.r.l – The company was established in 1994. It primarily operates in the following sectors: IT, banking and finance, engineering, retail, medical and pharmaceutical. The company provides services related to temporary work, recruitment and selection of employees and HR outsourcing.

APT Human Resources s.r.l. - the core operations of the company include providing temporary work, mostly in the following industries: food production, energy, finance and banking, insurance

APT Broker s.r.l. - the company provides financial intermediation services for the banking sector.

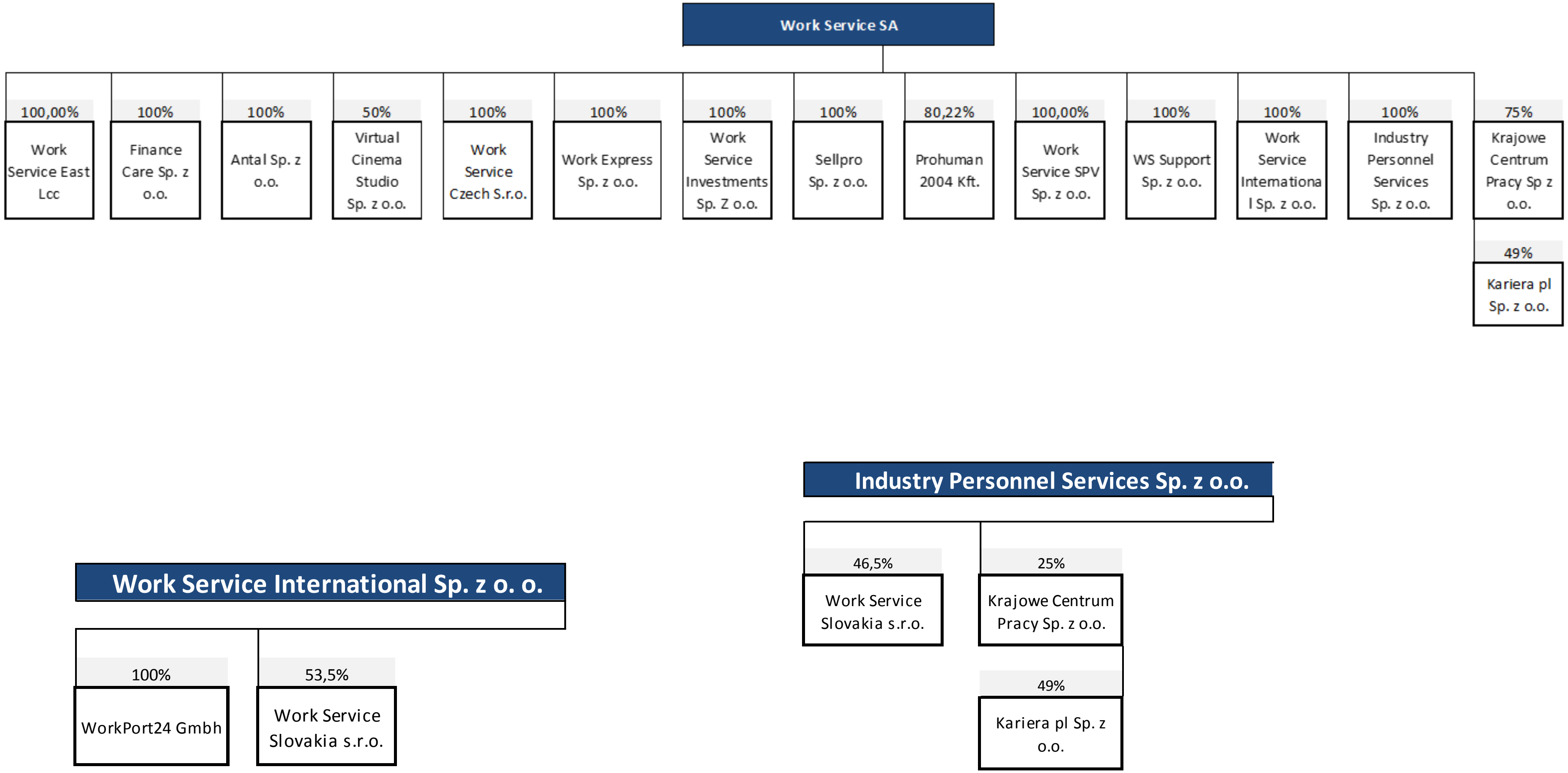
APT Finance Broker s.r.l. - the company provides financial intermediation services for the banking sector.

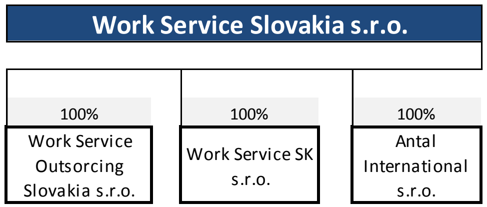
Work Service Investment - the company in 100% is a subsidiary of Work Service SA.

Work Service East Lcc – the company intermediates in hiring employees abroad.

WorkPort24 Gmbh – the core business of the company is conducting on-line job portal for international employers and employees as a means to provide job offers, sales of personal services, and as a place for advertising, sales and marketing of personnel services and the implementation of training and certification of workers in accordance with the requirements of the local labour markets.

2.2 The structure of Work Service Capital Group




Work Service Slovakia s.r.o.
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Work Service SK s.r.o.
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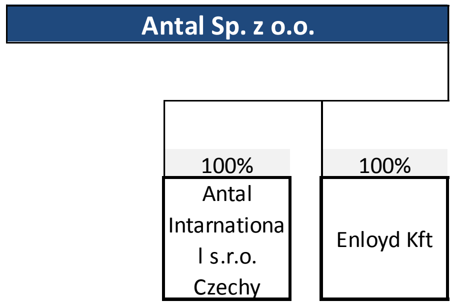
Antal International s.r.o.


Antal Sp. z o.o.
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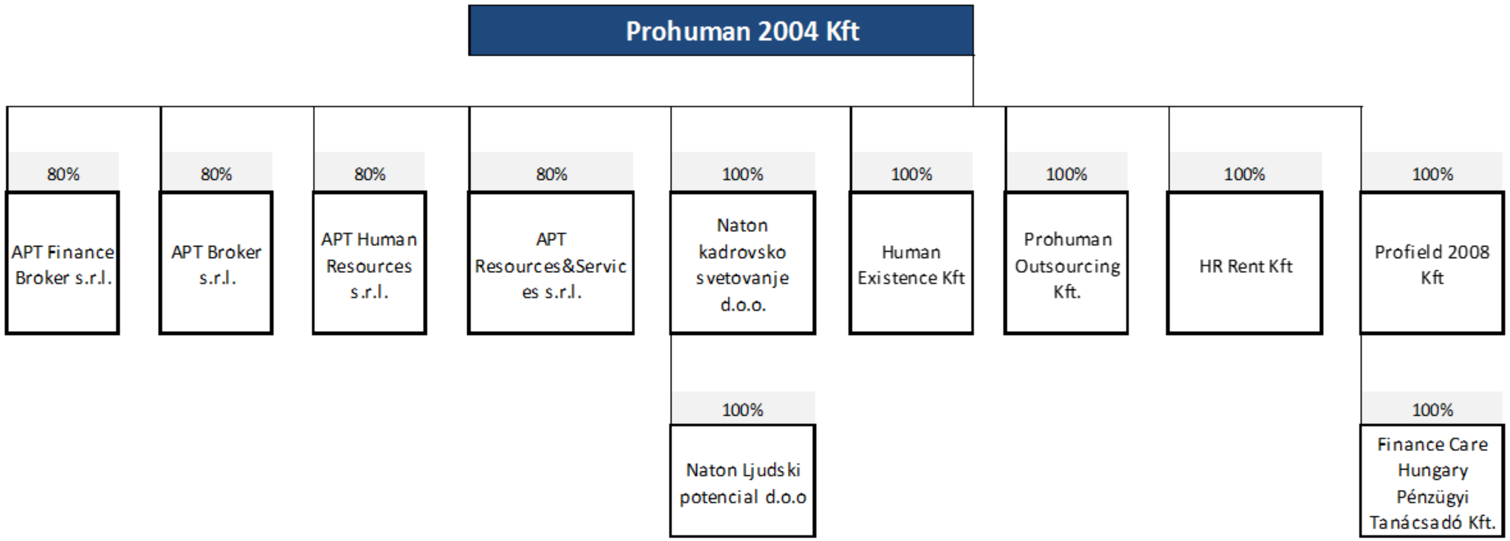
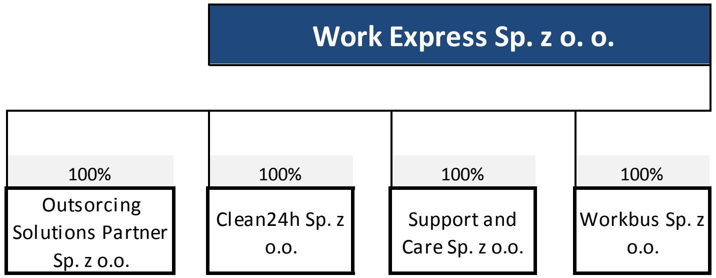
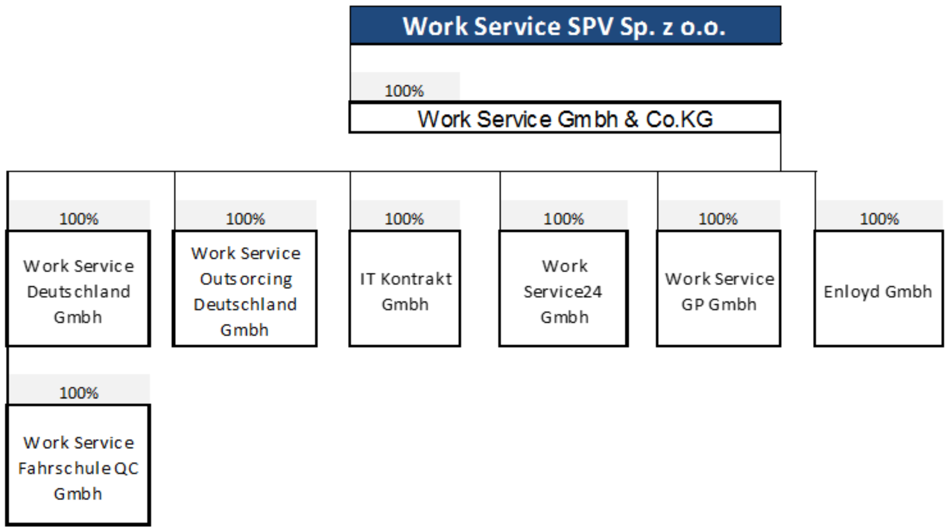
Enloyd Kft


Prohuman 2004 Kft
80%
APT Finance Broker s.r.l.
80%
APT Broker s.r.l.
80%
APT Human Resources s.r.l.
80%
APT Resources&Services s.r.l.
100%
Naton kadrovsko svetovanje d.o.o.
100%
Naton Ljudski potencial d.o.o
100%
Human Existence Kft
100%
Prohuman Outsourcing Kft.
100%
HR Rent Kft
100%
Profield 2008 Kft
100%
Finance Care Hungary Pénzügyi Tanácsadó Kft.


Work Express Sp. z o. o.
100%
Outsorcing Solutions Partner Sp. z o.o.
100%
Clean24h Sp. z o.o.
100%
Support and Care Sp. z o.o.
100%
Workbus Sp. z o.o.


Work Service SPV Sp. z o.o.
100%
Work Service Gmbh & Co.KG
100%
Work Service Deutschland Gmbh
100%
Work Service Outsorcing Deutschland Gmbh
100%
IT Kontrakt Gmbh
100%
Work Service24 Gmbh
100%
Work Service GP Gmbh
100%
Enloyd Gmbh
100%
Work Service Fahrschule QC Gmbh

2.3. Changes in the basic principles of management of the Company and its Capital Group

In the analysed period there were no changes in the basic principles of management of the Company and its Capital Group.

2.4. Changes in the structure of Work Service Capital Group, together with their reasons

In 2018 the following events resulting in changes in the Capital Group structure took place:

Merger of the companies Naton Ljudski potencial d.o.o and HR Global d.o.o.

The merger of the companies Naton Ljudski potencial d.o.o and HR Global d.o.o.took effect on 01.01.2018

Conclusion of the contract of sale of shares in Exact Systems S.A.

On 16 August 2018, the Issuer received confirmation about submission, by the special purpose vehicle – Remango Investments Sp. z o.o., whose shares are held by Mr. Paweł Gos, Mr. Lesław Walaszczyk and the fund co-managed by CVI Dom Maklerski Sp. z o.o. with the seat in Warsaw, to the Office for Protection of Competition and Consumers, of the notification of the intended concentration by the SPV purchasing all the Issuer's shares in Exact Systems S.A. with the seat in Częstochowa.

On 20 September 2018, the Issuer received decision no. DKK-167/2018 of President of the Office for Protection of Competition and Consumers of 17 September 2018. about consent to the concentration.

The sale of shares in Exact Systems S.A. was effected on 31st October.

The selling price for all the Issuer's shares in the Company amounted to PLN 139 760 000, of which a part of the price in the amount of PLN 13 000 000 was to be paid within 9 months after the date of closing the Transaction. After selling 100% of the shares in Exact Systems GmbH, the Issuer's cumulative remuneration will be PLN 155 260 000.

Moreover on 6 December 2018 the issuer concluded an annex with the purchaser of the Company pursuant to which, the Parties agreed that the deffered part of the purchase price for Issuer's shares in the Company, which was due within 9 months from the completion of the transaction will be paid in two tranches, first, in the amount of PLN 10 000 000 no later than by 7 December 2018, and second, in the amount of PLN 700 000 until 14 January 2019 provided that the Issuer sustains provision of certain services to the Company. Additionally, the Parties agreed that the deferred part of the purchase price for the Issuer's shares in the Company will be decreased from PLN 13,000,000 to PLN 10,700,000.

The proceeds from the Transaction, in the amount of PLN 104 000 000, were spent by the Issuer to repay part of the debt towards the consortium of banks financing the Issuer.

Selling of Exact Systems S.A. shares by the Issuer is a consequence of decided by the Management Board strategic options in the range of the future of subsidiary Exact Systems (Current report 79/2017 dated October 23rd 2017) and execution of adopted Development and Restructuring Strategy for the Work Service Group for years 2018-2020 (Current Report 82/2017 dated November 28th 2017). Based on adopted Strategy, the Issuer is planning to vote cash acquired on sales of Exact Systems S.A. for further adjusting Group financial structure by its progressive deleveraging and reduction of acquisitions earn-out liabilities toward minorities in Group subsidiaries.

Conclusion of an annex to the agreement for the purchase of 100% shares of QLS.

On 15 March 2018, Exact Systems S.A. with its seat in Częstochowa ("Exact Systems") concluded an Annex to the Agreement for the purchase of 100% of shares in the Portuguese limited liability company under the business name QLS AUTOMOTIVE - SERVIÇOS DE CONTROLO DE QUALIDADE, LDA dated 1 February 2017 ("Portuguese Company") ("Shares") ("Agreement"). The Agreement was concluded with two foreign companies ("Sellers"). The Annex concerns the change of the date of payment for the Shares and the date of their acquisition by Exact Systems, as well as the establishment of a collateral.

The total purchase price of shares will be EUR 9,650,000.00 and shall be paid as follows:

- an advance payment in the amount of EUR 500,000.00 is payable on 16 March 2018. After the payment of the advance payment plus amounts of previous advance payments, in the total amount EUR 2,120,000.00, Exact Systems will own 10% of shares in the Portuguese Company.

- the remaining 90% of shares in the Portuguese Company shall be acquired by Exact Systems after the payment of the remaining amount of EUR 7,030,000.00. The payment of the remaining price for the shares shall be made on 28 June 2018.

As the collateral to the Agreement, Exact Systems has committed to establish two pledges on 10% of shares in the Portuguese Company acquired on 16 March 2018 in favour of the Sellers: one up to the amount of EUR 1,834,000.00 and the other up to the amount of EUR 786,000.00.

If payment of the price for the remaining 90% of shares in the Portuguese Company is not made on 28 June 2018 due to the reasons attributable to Exact Systems, the Sellers may terminate the agreement and satisfy with established pledges.

If payment of the price for the remaining 90% of shares in the Portuguese Company is not made on 28 June 2018 due to the reasons attributable to the Sellers, Exact Systems may terminate the agreement. The termination of the Agreement in this manner shall result in the exercise of call options for 10% of shares acquired by Exact Systems in the Portuguese Company.

Shall the Agreement be infringed (as defined in the agreement for the sale of shares) until 28 June 2018 which will result in the loss of over 20% of the value of shares in the Portuguese Company, each Party may terminate the Agreement. The termination of the Agreement in this manner shall result in the exercise of call options for 10% of shares acquired by Exact Systems in the Portuguese Company.

The Sellers may also terminate the Agreement in case of failure of Exact Systems to deliver the original signed power of attorney for the establishment of shares referred to in above on behalf of the Exact Systems within 15 working days from the date of signing of the Agreement. In this case, the Sellers shall also have the right to hold the amount paid by the Exact Systems for 10% of Shares in the Portuguese Company and to re-transfer 10% of the Shares in the Portuguese Company.

If the payment of the price for the remaining 90% of shares in the Portuguese Company is made on 28 June 2018, the above-mentioned pledges shall expire.

The Agreement provides for the call option for 10% of Shares in the Portuguese Company which may be exercised by the Sellers within ten working days from termination of the Agreement upon payment of EUR 500,000.00 for Exact Systems. The ownership of 10% of Shares in the Portuguese Company shall be transferred to the Sellers upon crediting of the payment on the bank account of Exact Systems. In case the Sellers do not exercise the call options (each one individually) within ten working days from the termination of the Agreement, the above-mentioned pledges shall expire.

Purchase of the company Antal International s.r.o.

On 15 May 2018, the company Antal Sp. z o.o. (100% subsidiary of Work Service S.A.) purchased, from the company Work Service Czech. s.r.o. (100% subsidiary of Work Servcie S.A.) 100% of the shares in the share capital of the company Antal International s.r.o

Conclusion of an annex to the purchase agreement of shares in Prohuman 2004 Kft

On 29 June 2018, the Issuer, as the buyer, concluded, with Profólió Projekt Tanácsadó Kft. ("the Seller"), with the seat in Budapest, Hungary, an annex to the Purchase agreement of the remaining shares in the share capital of Prohuman 2004 Kft. ("Prohuman"), with the seat in Budapest, Hungary, of 23 October 2017 ("Shares") ("Agreement"). The Issuer informed about concluding the Agreement in current report 80/2017 of 23 October 2017.

The Annex is concerned with postponement of the payment deadline of the Second and Third Tranche under purchase of the remaining 19.78% of the shares in the share capital of Prohuman.

The Issuer, due to postponement of the payment deadline of the Second and Third Tranche, committed to pay to the Seller a compensation in the amount of PLN 5 000 000 in two installments: first installment will be payable on 29 June 2018, in the amount of PLN 2 000 000 and the second one on 16 August 2018 in the remaining amount.

In connection with the conclusion of the Annex, until 30 September 2018, the provisions of the Agreement concerning delay interest were not effective.

Sale of 2% of shares in the company Kariera.pl

On 23 April 2018 an agreement was signed, under which Krajowe Centrum Pracy Sp. z o.o. (100% subsidiary of Work Service S.A.) sold 40 shares in the share capital of the company Kariera.pl accounting for 2% of all the shares in this Company's share capital for the price of PLN 57 120.00,

Purchase of shares in the company Work Service SPV Sp. z o.o.

On 21 June 2018 Work Service S.A. purchased from the company Work Service International Sp. z o.o. (100% subsidiary of Work Service S.A.) 15.29% of the shares in the company Work Service SPV Sp. z o.o. for the price of PLN 5 360 000.00

Subsequently on 31 October 2018 Work Service S.A. purchased 5.179 shares in Work Service SPV sp. z o.o. from Exact Systems S.A.. As a result of this transaction Work Service S.A. had 100% shares in Work Service SPV sp. o.o. (74.072 shares in total) by the end of the year 2018.

Sale of Proservice Group

On July 31 2018 the issuer concluded with PROLOGICS (UK) LLP with its registered office in London, registered under no. OC314997 ("Buyer") an Annex to the Share Purchase Agreement for ProService WorldWide (Cyprus) Limited company - established under the laws of the Republic of Cyprus registered under no. HE 209802, with its registered office in Nicosia.

Pursuant to the Annex, the following amendments have been introduced:

- the sale of the Second Tranche of shares, i.e. 3,750 shares representing 51% of the ProService share capital shall take place on 1 August 2018,

- the date of payment of the share purchase price was postponed to 30 July 2019,

- the pledge for the Security Agreement will be established after expiry of the pledge on the Shares, established in favour of the consortium of banks BANK BGŻ BNP PARIBAS SA, BANK MILLENNIUM SA, BANK ZACHODNI WBK SA, RAIFFEISEN BANK POLSKA SA, POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI S.A. under a pledge agreement of 18 November 2015, annexed on 13 April 2017, securing a credit facility with the Issuer as its beneficiary.

The remaining provisions of the Contract shall remain unchanged.

On 1 August 2018, hereby informs that, in the performance of the Share Purchase Agreement for ProService WorldWide (Cyprus) Limited company ("ProService") of 30 July 2017 and the Addendum to the Contract of 31 July 2018, The Issuer transferred ownership of 51% of shares in ProService, to PROLOGICS (UK) LLP with its registered office in London, registered under no. OC314997.

Acquisition of own shares for purpose of their redemption

On 28 August 2018 concluded with its subsidiary, i.e. Exact Systems S.A. with its registered seat in Częstochowa (the "Company") and Mr. Tomasz Misiak, Mr. Tomasz Hanczarek, Mrs. Marta Pawłowicz, Mrs. Joanna Paprocka-Gajek, Mrs. Joanna Kotylak, a company Ala Moana Partners LLC, a company Profi Investments S.A., Mr. Wojciech Skrzydeł, Mr. Wojciech Mora, a company Tri Star Investments Sp. z o.o. S.K.A. and Mr. Paweł Gos and Mr. Lesław Walaszczyk (the "Shareholders" and together with the Company and the Issuer – the "Parties") agreement on the acquisition of shares for the purpose of their redemption (the "Agreement").

Pursuant to the Agreement, the Shareholders sold to the Company their series B, BA, BB, BC, BD, BE, BF, BG, BH, C, CA, CB, CC, CD, CE, CF, CG, CH shares in the Company (the "Shares") for the total price amounting to PLN 33,275,023.35. The Shares have been acquired for the purpose of their redemption.

Pursuant to the Agreement, payment for the Shares shall occur on the day of sale of all Issuer's shares in the Company to Remango Investments Sp. z o.o. with its registered office in Warsaw (the "SPV). The Agreement provides for a rescission right for the Parties which can be executed until 30 November 2018, if the definitive share purchase agreement regarding sale of the Issuer's shares in the Company is not concluded until 1 November 2018.

All these transactions took place on the dates as stipulated.

Below presented are results on continued and abandoned operations, including results of ITK Group for the period 01.01.2017-30.06.2017, Proservice Group for the period 01.01.2017-31.12.2017 and Exact Systems Group for the period 01.01.2017-31.12.2017 and for the period 01.01.2016-31.12.2016.

Profit on continued operations is presented in the following table:

	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Revenues	2 084 752 870,61	2 659 165 263,10
Net revenues from sales of products	2 088 262 801,10	2 665 150 269,05
Variation in stocks of products	-3 509 930,48	-5 985 005,95
Manufacturing cost of products for entity's own purposes	0,00	0,00
Net income on sale of goods and materials	0,00	0,00
Operating costs	2 092 105 245,37	**2 606 364 964,54**
Depreciation	11 089 887,78	17 484 371,77
Consumption of materials and energy	5 155 599,65	17 727 844,16
Outside services	258 648 905,27	393 129 336,91
Taxes and charges	3 590 212,28	4 330 373,42
Remuneration	1 466 740 880,19	1 727 150 025,08
Social insurance and other benefits	323 910 474,35	403 606 996,56
Other generic expenses	22 969 285,85	42 936 016,65
Value of goods and materials sold	0,00	0,00
Profit (loss) on sales	*- 7 352 374,76*	*52 800 298,56*
Other operating incomes	31 124 528,29	**27 113 247,41**
Other operating costs	89 235 071,79	**36 428 809,96**
Profit (loss) on operating activities	-65 462 918,26	*43 484 736,01*
Profit from sale of ITK Group Kontrakt	119 065 493,77	*78 588 879,85*
Net loss from revaluation of the Proservice Group to fair value	49 870 141,49	*-158 923 548,71*
Effect on sales of Exact Group	*3 732 434,01*	*0,00*
Effect on sales of Proservice	-6 623 328,91	*0,00*
Profit/loss on sale of other assets	*10 355 762,93*	*-1 867 165,08*

Profit from discontinued operations is shown in the table below

	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Net revenues from sales	360 965 715,70	526 367 615,83
Other operating income	3 547 093,31	2 759 805,88
Operating costs	327 266 205,25	479 679 617,19
Other operating costs	-2 812 561,43	10 240 401,87
Financial income	-13 427 441,43	305 797,47
Financial costs	18 314 734,52	5 530 317,21
Gross profit (loss)	8 316 989,25	33 982 882,91
Income tax	5 558 280,56	5 284 420,81
Profit from discontinued operations for the financial year	2 758 708,69	28 698 462,11

Profit from disposal of the ITK Group	0,00	78 588 879,85
Net loss from revaluation to fair value	0,00	158 923 548,71
Profit on disposal Grupy Exact	116 623 810,13	0,00
Loss on sales Proservice	-4 890 204,54	0,0
Loss on sale of other assets	0,00	1 867 165,08
Profit attributable to non-controlling shareholders	0,00	-550 976,84
Profit from discontinued operations for the financial year	**114 492 314,28**	**-52 952 395,00**

Sale of shares in Exact Systems S.A.

On 31 October 2018, the Issuer and Remango Investments Sp. z o.o. with its registered office in Warsaw, a special purpose vehicle whose shares are held by Mr Paweł Gos, Mr Lesław Walaszczyk and a fund co-managed by CVI Dom Maklerski Sp. z o.o. concluded the definitive share purchase agreement regarding the sale of all Issuer's shares in Exact Systems S.A. with its registered office in Częstochowa (the "Transaction") (the "Company").

As a part of the Transaction, the Issuer will sell to the Company all shares in Exact Systems GmbH with its registered seat in Görlitz (“Exact Systems GmbH”).

The purchase price for Issuer’s shares in the Company amounts to PLN 139,760,000 of which the amount of PLN 13,000,000, which will be paid within 9 months from the completion of the Transaction. After sale of all shares in Exact Systems GmbH total consideration received by the Issuer will amount to PLN 155,260,000.

Moreover on 6 December 2018 the issuer concluded an annex with the purchaser of the Company pursuant to which, the Parties agreed that the differed part of the purchase price for Issuer’s shares in the Company, which was due within 9 months from the completion of the transaction will be paid in two tranches, first, in the amount of PLN 10 000 000 no later than by 7 December 2018, and second, in the amount of PLN 700 000 until 14 January 2019 provided that the Issuer sustains provision of certain services to the Company. Additionally, the Parties agreed that the deferred part of the purchase price for the Issuer’s shares in the Company will be decreased from PLN 13,000,000 to PLN 10,700,000.

Part of the proceeds from the Transaction, in the amount of PLN 104,000,000, the Issuer will allocate for the repayment of part of the debt towards consortium of banks financing the Issuer.

The sale by the Issuer of shares in Exact Systems S.A. is a consequence of strategic options decided on by the Management Board concerning the future of the subsidiary Exact Systems and the execution of the Development and Restructuring Strategy adopted bythe Work Service Group for the years 2018-2020. Based on this Strategy, the Issuer is reducing its acquisition liabilities toward minority shareholders in subsidiary companies and is planning to earmark the funds obtained from the sale of shares in Exact Systems S.A. mainly for further adjustment of the Group’s financing structure through gradual debt deleveraging.

Sale of 100% of shares in Exact Systems GmbH

On 2 November 2018, the Issuer concluded with Exact Systems S.A. with its registered office in Częstochowa (the “Exact Systems”) a share purchase agreement relating to the sale of 100% of shares in Exact Systems GmbH with its registered office in Görlitz (the “Exact Systems GmbH”).

Sale of 100% of shares in Exact Systems GmbH is a part of transaction of sale of all Issuer’s shares in Exact Systems to Remango Investments Sp. z o.o. with its registered office in Warsaw, a special purpose vehicle whose shares are held by Mr Paweł Gos, Mr Lesław Walaszczyk and a fund co-managed by CVI Dom Maklerski Sp. z o.o. (the “Transaction”).

Purchase of Enloyd Kft by Antal Sp. z o.o. from the company Prohuman 2004 Kft

On 18 December 2018 the company Antal Sp. z o.o. (100% subsidiary of Work Service S.A.) purchased, from the company Prohuman 2004 Kft (in 80.22% subsidiary of Work Servcie S.A.) 100% of the shares in the share capital of the company Enloyd Kft.

Purchase of shares in Work Service Co.&KG

On the basis of the partnership interest purchase and transfer agreement dated 29 October 2018 Work Service SPV sp. z o.o. purchased from Fiege Logistik Stiftung & Co.KG a partnership interest of 26% in Work Service GmbH & Co.KG, whereby the partnership interest is held in trust by Work Service International sp. z o.o. The partnership interest was transferred to Work Service International sp. z o.o. on 1 November 2018. The price for the acquired partnership interest is equal to EUR 4,513,600 and is payable in the following four instalments: (i) EUR 2,100,000 until 9 November 2018 (paid), (ii) EUR 500,000 (together with accrued interest) until 31 March 2019 (paid), (iii) EUR 500,000 (together with accrued interest) until 30 June 2019 and (iv) EUR 1,413,600 (together with accrued interest) until 30 September 2019.

As a result of that transaction companies from the Work Service group hold 100% of interest in Work Service GmbH & Co.KG.

3. Information on shares and other securities of the Parent Company and major shareholders

3.1. Indicating the Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting on the date of publication of this report, together with the number shares held by such entities, their percentage share in the share capital, number of votes resulting from them and their percentage share in the total number of votes at the AGM and changes in ownership of large blocks of shares of the issuer in the period from submission of the last annual report

At the date of this report, the company Work Service SA has not issued any preference shares, neither as to voting, nor as to the dividend. All shares of the Company are ordinary bearer shares. The share capital of Work Service SA amounts to 6,509,482.30 and is divided into:

- 750,000 shares of series A of nominal value of 10 grosz each.
- 5,115,000 shares of series B of nominal value of 10 grosz each.
- 16,655,000 shares of series C of nominal value of 10 grosz each.
- 100,000 shares of series D of nominal value of 10 grosz each,
- 100,000 shares of series E of nominal value of 10 grosz each,
- 7,406,860 shares of series F of nominal value of 10 grosz each.
- 2,258,990 shares of series G of nominal value of 10 grosz each.
- 9,316,000 shares of series H of nominal value of 10 grosz each.
- 1,128,265 shares of series K of nominal value of 10 grosz each.
- 5,117,881 shares of series L of nominal value of 10 grosz each.
- 12,000,000 shares of series N of nominal value of 10 grosz each.
- 91,511 shares of series P of nominal value of 10 grosz each.
- 5,000,000 shares of series S of nominal value of 10 grosz each
- 55,316 shares of series T of nominal value of 10 grosz each.

The table below presents the shareholding structure, as of the date of this report, taking into account all notice that the company Work Service SA received pursuant to art. 69 section 1 item. 1 of the act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies.

Shareholder	Number of shares	Percentage of share capital	Number of votes	Share in the total number of votes
WorkSource Investments S.a.r.l.	13 714 286	21,07%	13 714 286	21,07%
ProLogics (UK) LLP London	10 466 200	16,08%	10 466 200	16,08%
Central Fund of Immovables Sp. z o.o.	9 641 500	14,81%	9 641 500	14,81%

Tomasz Misiak	9 553 961	14,68%	9 553 961	14,68%
Tomasz Hanczarek	3 336 420	5,12%	3 336 420	5,12%
MetLife PTE S.A.	3 254 743	5,00%	3 254 743	5,00%
Pozostali	12 743 205	23,24%	12 743 205	23,24%
Ogółem	65 094 823	100%	65 094 823	100%

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 2018. together with changes in ownership. in the period since the previous report separately for each person:

	As at the date of publication of the report for 2018	Changes in ownership: acquisition (disposal)	Balance at the date of this report	Nominal value of the held shares (PLN) as of the date of this statement
Tomasz Hanczarek – Member of the Supervisory Board	3 255 000	0	3 255 000	325 500.00
Tomasz Misiak - Vice-Chairman of the Supervisory Board	9 547 361	0	9 547 361	954 736.1
Iwona Szmitkowska – President of the Management Board	0	4 962	4 962	4,9
Everett Kamin – V-President of the Management Board	0	4 962	4 962	4,9
Jarosław Dymitruk – V-President of the Management Board	0	4 962	4 962	4,9

Figures concerning shares in related entities held by Work Service SA's managers and supervisors are presented in the following table.

	As at the date of publication of the report for the third 2018	Changes in ownership: acquisition (disposal)	Balance at the date of this report	Nominal value of the held shares (PLN) as of the date of this statement
Tomasz Hanczarek - Member of the Supervisory Board	149 966	-149 966	0	0
Tomasz Misiak - Vice-Chairman of the Supervisory Board	147 300	-147 300	0	0

3.2. 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 agreements in the Parent Company with a possible future effect on the current ownership structure of the current shareholders and bondholders.

3.3. Use of funds obtained from the issuance

On 10 December 2018 the Company performed in the entirety the conditional understanding concluded on 06 December 2018 with the institutional holders of T-series, W-series and Y-series bonds issued by the Company ('Bonds') relating to the terms & conditions of restructuring of the Bonds.
As a result of performance of the Understanding, on Monday, 10 December 2018, within the scheme of issue of bonds up to the total par value not exceeding PLN 150,000,000.00, on the basis of the resolutions of the Management Board of the Company No. 2/2018 on the issue of ICOseries, X-series, Z-series and SHB-series bonds as well as the resolutions of the Management Board of the Company on allocation of ICO-series, X-series, Z-series and SHB-series of 10 December 2018:

A. Issue of intra-group ICO-series bonds

The Company conducted - without physical flow of cash - a non-public issue and allocated the intra-group ordinary non-covered bearer ICO-series bonds of the unit par value of PLN 1,000.00 and of the total par value of PLN 7,750,000.00, which allowed for rolling of T-series bonds by the issue of X-series bonds and of Y-series bonds by the issue of Z-series bonds by the institutional bond holders.

B. Issue of Z-series bonds and SHB-series bonds, redemption of Y-series bonds

The Company conducted a non-public issue and allocated the ordinary covered bearer SHBseries bonds of the unit par value of PLN 1,000.00 and of the total par value of PLN 8,600,000.00, including:

(a) bonds of the total par value of PLN 7,000,000.00, which were acquired by the founders and by the minority stockholders of Work Service - Mr Tomasz Misiak and Mr Tomasz Hanczarek, which allowed the Issuer for acquisition of new means and redemption of all bonds of the individual holders of Y-series bonds issued by the Company of small par value and redemption of a part of the bonds of the individual holders of Y-series bonds issued by the Company of significant par value, and

(b) bonds of the total par value of PLN 1,600,000.00, which were acquired by the individual bond holders holding Y-series bonds issued by the Company of high par value, which consented to their partial rolling;

The Company conducted a non-public issue and allocated the ordinary covered bearer Zseries bonds of the unit par value of PLN 1,000.00 and of the total par value of PLN 2,400,000.00, which were acquired by the institutional holder of Y-series bonds issued by the Company, which allowed for their complete rolling;

The mutual due amounts of the Company and of one of the holders of Y-series bonds issued by the Company of the total par value of PLN 991,000.00 were set off, which allowed for fulfilment of the payment obligation relating to these bonds without a physical flow of cash.

The Company redeemed the remaining Y-series bonds issued by the Company and paid the default interest on all Y-series bonds issued by the Company, which allowed for complete satisfaction of the liabilities of the Company on account of these Y-series bonds and deletion of all Y-series bonds from the record.

C. Issue of X-series bonds, redemption of T-series bonds, change of the terms & conditions of the issue of W-series bonds:

The Company conducted a non-public issue and allocated the covered ordinary bearer Xseries bonds of the unit par value of PLN 1,000.00 and of the total par value of PLN 12,850,000, which were acquired by all holders of T-series bonds, which allowed for their complete rolling and deletion of all T-series bonds from the record.

The terms & conditions of the issue of the covered W-series bonds of the unit par value of PLN 1,000.00 and of the total par value of PLN 20,000,000.00 were changed in order to unify the majority of the terms & conditions of this issue with the terms & conditions of the issue of X-series bonds and of Z-series bonds.

D. Main terms & conditions of the issue of W-series, X-series, Z-series and SHB-series bonds

On the basis of the terms & conditions of the issue of SHB-series, W-series, X-series and Z-series bonds:

- the final redemption date of SHB-series, W-series, X-series and Z-series bonds was determined for 29 May 2020;
- in the period to the final redemption date, the Company is not obliged to any scheduled redemption of SHB-series, W-series, X-series and Z-series bonds;
- the interest on SHB-series bonds is fixed and amounts to 5%, payable on a quarterly basis;
- the interest on W-series, X-series and Z-series bonds is variable, based on WIBOR 3M rate, payable on a quarterly basis, and on the margin in the amount of 100 bps per annum, payable in the entirety on the redemption date; additionally, the holders of these bonds are entitled to an additional bonus in the amount of 287 bps per annum, payable on the later one from the following dates: bonds redemption date or date of repayment of the debt of the Company on account of the Credit Agreement, on which the Issuer informed by Current Report No. 86/2018;
- the financial ratios were eliminated from the terms & conditions of the issue of W-series bonds and no financial ratios were introduced in the terms & conditions of the issue of SHBseries, X-series and Z-series bonds;
- covers of SHB-series, W-series, X-series and Z-series bonds were established, which include inter alia pledges on shares and guarantees of Work Service Czech s.r.o., Work Service Slovakia, s.r.o., Work Service SK, s.r.o. and Work Service Outsourcing Slovakia s.r.o. as well as blank promissory notes issued by the Company together with promissory note declarations;

- the terms & conditions of the issue of SHB-series, W-series, X-series and Z-series bonds provide for higher priority of satisfaction of SHB-series bonds and lower priority of satisfaction of W-series, X-series and Z-series bonds;
- the bonds may be redeemed before the final redemption date inter alia in case of: (a) occurrence of the circumstances resulting in their early redemption by virtue of law, (b) submission of a request for early redemption of the Bonds by the bond holder in case of occurrence of an event constituting a case of violation determined in the terms & conditions of the issue, (c) disposal of specific assets and (d) change of control over the Company.

E. The other elements of the process of restructuring of bonds On the basis of the terms & conditions of the issue of SHB-series, W-series, X-series and Z-series bonds, the Company undertook inter alia to:

- maintain the factoring limits for the Issuer and for the Polish subsidiaries of the Issuer in the total amount of at least PLN 55,000,000.00;
- convert the liabilities of Work Service Czech s.r.o., Work Service Slovakia, s.r.o., Work Service SK, s.r.o. and Work Service Outsourcing Slovakia s.r.o. to other companies from the Group of the Issuer into capital;
- perform the process of sale of Work Service Czech s.r.o., Work Service Slovakia, s.r.o., Work Service SK, s.r.o. and Work Service Outsourcing Slovakia s.r.o. according to the specific schedule.

In connection with restructuring of the Bonds, on 10 December 2018 the Company paid the restructuring commission calculated on the par value of the Bonds held by the given bond holder.

4. Characteristics of Capital Group activity

4.1. Information on basic products. goods and services

The development strategy of the Work Service Capital Group involves the construction of the Capital Group. being a leader in providing advanced solutions in the field of personnel management. The business model of the Capital Group Work Service involves efficiently satisfying the widest possible range of needs related to human resources management. Work Service Capital Group has a comprehensive. effective and profitable model which includes the following products:

⇒ Temporary work - allows to adjust the level of employment to changing needs of the customer. leading to a reduction in labour costs by selecting the appropriate number of employees to the reported needs. secure resources in the case of the seasonality of production. support the implementation of planned and unplanned increase in production. as well as a guarantee of continuity of service processes through the elimination of sickness absence. minimizing rotation and control of discipline and working hours. The temporary work service:

- is a guarantor of the continuity of the business at an optimum cost structure of employment.
- leads to lower costs associated with the selection and recruitment.
- transfers to Work Service responsible for the administrative and legal support of employees.
- leads to optimisation of personnel structure and forms of employment.
- leads to the minimization of the cost of overtime. weekend work. sickness contributions. PFRON contributions.

This service is provided by all subsidiaries except subgroups: Exact Systems.

⇒ Outsourcing in the area of personnel outsourcing and outsourcing of functions – allows to focus own resources of the counterparty to its strategic tasks. This leads to a reduction in the cost of service of activity being outside the main area of his activity. facilitates access to the talented employees and know-how of provider of services. leads to a more flexible cost and increase flexibility of business model implemented at the customer's. This service is offered in all branches of production. logistics and storage. quality control. consumer service and call centre. sales and merchandising. promotion and direct sales. leasing. medical and childcare. cross-border exchange of employees. administration. HR and Payroll. and IT outsourcing. The result of using the offer of the Group in the field of outsourcing is an increase of flexibility of its business model. matching resources to fit the needs. optimization of sickness absence. working hours. weekends. overtime. etc.. lowering costs and risks of recruitment and rotation of employment. The following processes are the part of the offered service within outsourcing:

- **Process Outsourcing** - the service is to take over from the entrepreneur parts of auxiliary functions necessary for the operation of the company. but who are not its core business. Work Service Group offering service takes responsibility for the entire process and the final result of work. With these services the Group's customers can focus their own resources and financial resources to strategic tasks. yielding cost transparency and full control of outsourcing services. The Group offers outsourced management cover the following areas:

    - **Quality control** (service provided by Exact Systems SA and its subsidiaries) - the service includes quality control of components for production in terms of sound performance and correct functionality. The method used makes it possible to reduce the amount of control of defective components (finished products). which in turn leads to a reduction in the frequency of complaints. In addition. there are also carried out inspections of finished goods at the premises in Poland and Europe in terms of verifying parts of quantitative traits. quality. and visual. In justified cases. repairs shall be carried out. restoring the appropriate useful features of components directly on the production line.

    - **Financial Services** (services provided by Finance Care Sp. z o.o. and Finance Care Kft) - these services consist of intermediation in the sale of financial products. They are carried out by a team fit. in terms of skills and experience. to work in the insurance market. and include assistance in the liquidation of property. communication. personal damage and constant contact with experts. Implementation of financial services allows to optimise the costs of payroll. accounting of work on the basis of the number of performed tasks and activities of insurance. a full record of the personal data that allow performing detailed analyses concerning. inter alia: working time achieved results and absenteeism. formal and legal services.

    - **Sales and Promotions** (services provided by the company Sellpro Sp.z o.o) - the service includes the management of teams of sales representatives engaged in the sales process support activities such as: ensuring the proper presentation of the goods at the point of sale. optimal use of the exhibition space. efficient organisation. promotional campaigns. check for proper operation of the local units. to continuous monitoring of the employees. HR and payroll acquisition activities. the creation of regular reports and reports on the progress of promotional campaigns. Additionally. the company offers specialised services related to the category of products (services performed in the stores of large-area).

    - **Cross-border exchange of employees** (services provided mainly by the company Work Express Sp. z o.o.) - service of conducting recruitment processes and employment of people in Poland and Europe. conducting formal and legal issues and organizational issues related to departures abroad. quality control services provided by employees.

    - **HR and Payroll** (services provided by Work Service S.A.. Work Service Czech s.r.o.. Work Service Slovakia s.r.o.) - HR and payroll services means handling employment contracts and civil - legal contracts. payroll and their derivatives. preparation of transfer orders in respect of payments to employees and offices. preparation of documentation. settlement and time registration and absenteeism. keeping employee files. keeping a register of holidays. sick leave and other absences. preparation of certificates for use by employees. archiving documentation of personal files of former employees. preparing reports consistent with the needs of the customer.

    - **Services related to logistics processes** (services provided by Work Service Deutschland Gmbh) - service of searching. recruitment and management of staff providing work in the logistics industry. among others. for such positions as storekeepers. packers. warehouse managers. administrative staff. auditors and inspectors supervisors. forklift operators and drivers. The Company. in addition to recruiting is also responsible for the supervision and management of selected logistics processes. This involves taking over responsibility for the effectiveness of working people and the final result of the project. Under the responsibility company must also develop the skills and competencies of posted workers. which is realised by a system of appropriate training and practices to increase the effectiveness.
- Outsourcing of engineering and technical personnel.

⇒ **Personnel Selection** - This service is offered to businesses seeking appropriate professionals for key positions in the company. The Group companies carry out individual recruitment process using modern tools to assess the competence and selection of candidates. In the context of personal counselling review of existing employees for the desired skills necessary to achieve the aims of the employee are also carried out. On the basis on an independent analysis the customer can make the appropriate changes and plan further development of its staff. improve the system of remuneration and incentive schemes. As part of the HR consulting group also offers specialized services related to: recruitment of executives and professionals - Executive Search assessment and development centre" (evaluation of the strengths and weaknesses of employees and the possibility of their development). mass recruitment (employing simultaneously large teams of workers. such as commercial representatives) and outplacement (preparing employees to change jobs and active assistance in finding it) and cross-border exchange of staff. The benefits of selecting personnel are as follows: high quality of matching candidates. presenting always current market diagnosis. discreteness. high efficiency of mass recruitment.

⇒ **Strategic HR Consulting** - under which are offered: an audit of HR functions. optimising the PFRON contribution. competence assessment. employee assessment system. restructuring based on Art. 23 'incentive systems. Interim HR Manager +; Assessment Centre. Development Centre. audit of processes and Inhouse solutions.

Structure of the Work Service Capital Group sales in 2017 – 2018 is presented in the table below:

Specification:	2018	share [%]	2017	share [%]
Temporary work	1 922 965 126	92.2%	1 920 093 498	90.0%
Personal counselling	27 386 244	1.3%	25 984 551	1.2%
HR Strategic Consulting	643 325	0.0%	1 911 354	0.1%
Outsourcing of processes	133 758 176	6.4%	184 808 245	8.7%
TOTAL	2 084 752 871	100.0%	**2 132 797 647**	**100.0%**

Continued activities 01.01.2018-31.12.2018

	Temporary work	Other	Unallocated	Total	Exclusions	Activity total
Revenues from sales						
Sales to external customers	1 922 965 126	161 787 744		2 084 752 871		-
Internal sale	119 005 853	50 845 920		169 851 773	-169 851 773	-
Total segment revenues	2 041 970 979	212 633 665		2 254 604 643	-169 851 773	2 084 752 871
Costs						
Costs from external suppliers	1 765 215 186	113 943 255		1 879 158 441		
Costs from suppliers in the group	117 942 112	6 778 308		124 720 420	-124 720 420	-
Total segment costs	1 883 157 298	120 721 563		2 003 878 862	-124 720 420	1 879 158 441
Results						
Profit/loss segment	157 749 940	47 844 489		205 594 429		205 594 429
Unassigned costs			261 761 788	261 761 788	-48 814 984	212 946 804
Other Operating Income						
Sales to external customers			31 124 528	31 124 528	-	
Internal sale			4 844 305	4 844 305	-4 844 305	-
Total segment revenues			35 968 833	35 968 833	-4 844 305	31 124 528
Other operating cost						
Costs from external suppliers			89 235 072	89 235 072	-	

Continued activities 01.01.2018-31.12.2018				
Costs from suppliers in the group	9 525 611	9 525 611	-9 525 611	-
Costs of segment total	98 760 683	98 760 683	-9 525 611	89 235 072
Result				
Profit / (loss) on the operating activity of the segment				-65 462 918
Financial income				
Sales to external customers	119 065 494	119 065 494		-
Internal sale	19 606 756	19 606 756	-19 606 756	-
Total segment revenues	138 672 250	138 672 250	-19 606 756	119 065 494
Financial costs				
Costs from external suppliers	49 870 141	49 870 141		-
Costs from suppliers in the group	15 804 389	15 804 389	-15 804 389	-
Total segment costs	65 674 530	65 674 530	-15 804 389	49 870 141
Result				
Profit / (loss) on business				3 732 434
Result				
Profit (loss) Gross				3 732 434
Tax	-6 623 329	-6 623 329		-6 623 329
Result				
Net/loss profit of segment				10 355 763

TOP10		
Branch	2018	share [%]
Automotive	225 874 472	10.8%
Call center	108 746 964	5.2%
Other services	55 465 380	2.7%
Financial - Insurance Services	30 411 410	1.5%
Industry other	27 890 545	1.3%
Other services	27 225 180	1.3%
Electronics	24 891 431	1.2%
Automotive	19 696 904	0.9%
Electronics	19 483 169	0.9%
Automotive	16 445 933	0.8%

4.2. Information on sales markets and sources of supply for raw materials. goods and services

The structure of the revenue from the standpoint of industries (sales markets) in which recipients of Work Service Capital Group are pooled. is included in the table below:

Branches	2018 r.		2017 r.	
Administration other	**53 546 111**	**2.6%**	99 120 944	4.6%
Call center	**249 843 654**	**12.0%**	220 814 765	10.4%

Electronics	149 252 499	7.2%	156 016 458	7.3%
FMCG	63 406 033	3.0%	60 768 110	2.8%
Engineering	1 527 018	0.1%	1 791 910	0.1%
Automotive	676 004 171	32.4%	594 368 715	27.9%
Industry other	313 973 215	15.1%	355 461 801	16.7%
Sales and distribution	18 444 318	0.9%	30 124 354	1.4%
Financial - Insurance Services	90 522 603	4.3%	104 821 186	4.9%
Other services	468 029 535	22.5%	492 776 247	23.1%
Medical Services	203 713	0.0%	16 733 156	0.8%
TOTAL	**2 084 752 871**	**100.0%**	2 132 797 647	100.0%

Sales structure by countries :

Country	2018	share [%]	2017	share [%]
Poland	1 043 032 661	50.0%	1 108 757 670	52.0%
Czech Republic	77 954 281	3.7%	74 399 497	3.5%
Slovakia	41 874 387	2.0%	46 354 963	2.2%
Slovenia	76 461 789	3.7%	79 420 552	3.7%
Croatia	911 067	0.04%	830 610	0.04%
Hungary	580 462 160	27.8%	477 555 546	22.4%
Germany	185 809 388	8.9%	260 976 677	12.2%
Romania	78 247 137	3.8%	84 502 133	4.0%
TOTAL	**2 084 752 871**	**100.0%**	**2 132 797 647**	**100.0%**

	2018	share [%]	2017	share [%]
Poland	1 043 032 661	50.0%	1 108 757 670	52.0%
Other countries	1 041 720 209	50.0%	1 024 039 977	48.0%

Work Service Capital Group operates on the markets other than Poland through its subsidiaries. The geographical structure of the Group's revenue is given in note 29 to the consolidated financial statements for the year ended 31 December 2018.

Due to the nature of business of Work Service Capital Group. which provides services in the field of human resource management. specialising in seeking and recruitment of staff. HR consulting and HR strategic consulting. and outsourcing functions related to ancillary processes in enterprises. the main suppliers to the Group are suppliers of so called universal services and suppliers of materials related to the maintenance and operation of the office. etc. Both. the portfolio of suppliers and customers is diversified - part of a single entity does not exceed 10% of the revenue of Capital Group.

4.3. Major domestic and foreign investments of Capital Group

The main investments made in 2018 are presented in Section “2.4. Changes in the structure of Work Service Capital Group. together with their reasons” of this report.

4.4. Information on significant agreements. including agreements known to the Company concluded between the shareholders (partners). insurance contracts or cooperation agreements

All significant agreements are described in the relevant parts of the consolidated financial statement for 2018.

4.5. Significant transactions with related parties. including transactions with related parties concluded on terms other than market terms

Parent Company of the Capital Group did not conclude in 2018 any transactions with related parties which. individually or collectively would be significant and at the same time were included on other than market terms. All major contracts within the Capital Group are described in the item "Characteristics of activities of Capital Group of this financial statement. Information on significant agreements. including agreements known to the Company concluded between the shareholders (partners). insurance contracts. collaboration and co-operation" of this statements. Their conditions do not differ from those commonly used in this type of contract. In turn. information on transactions with related parties are disclosed in note 25 of the consolidated financial statements of Work Service Capital Group for the year ended 31 December 2018.

5. The current financial and economic standing of the Capital Group

5.1. Evaluation of factors and unusual events having a significant impact on the operations and financial results of Capital Group

In 2018. the transaction of selling companies Proservice and Exact Systems was finalized and also the result on the transaction of selling company IT Kontrakt Sp. z o.o. in 2017 was adjusted. All the transactions were single in nature and significantly affected the accomplished financial performance.

Due the transaction of selling ITK. according to provisions of the sale agreement. the Issuer committed to compensate for any losses incurred on the contracts concluded before selling the company. which were realized after the sale transaction. As a result. previous years' result was encumbered with the amount of PLN 2 008 145.14.

Effect on the sale transaction of 49% Proservice shares in 2018;

Selling price less sale-related costs	7 000 000.00
Sold net assets	-11 890 204.54
Non-deducted goodwill	0
Minority capitals	0
Loss on sale of Proservice	**(4 890 404.54)**

Effect on the sale transaction of Exact Systems;

Selling price less sale-related costs	151 251 139.66
Sold net assets	-20 059 740.98
Non-deducted goodwill	-12 990 261.41
Minority capitals	--51 699 935.69
Profit on sale of Exact	8 946 489.11
	75 447 690.69

In the result on operations. the Company identifies a number of unusual events in the total amount equal to PLN 74 660 363.74. including:
Established provisions (related e.g. related to running restructuring. agreements with subcontractors) in the amount of PLN 19 475 735
Penalty owed to the minority shareholder in connection with delay for the failure to purchase on time the minority shares in Prohuman 2004 kft: PLN 5 000 000
Revaluations of assets in the balance sheet resulting from the review of strategic options by the Management Board PLN 18 661 802.

Costs of financial and transaction consulting. legal consulting associated with disinvestment activities and restructuring. costs of members of the Management Board who did not work in the Company in 2018. other restructuring consulting costs: PLN **15 222 626**.
Revaluation of the receivables portfolio resulting from the implementation of IFRS **14 349 158**
Revaluation of revenue in 2018 PLN **975 561**
Other PLN **975 481**

5.2. Characteristics of the external and internal factors significant for the development of the Issuer's enterprise and description of the Issuer's business development outlook at least until the end of the financial year following the financial year reported in the financial statements accompanying this annual report. taking into consideration elements of the Issuer's market strategy.

Considering the Company's business. access to candidates will be a key element for the Company over the next 12 months. Its limitations may. on the one hand. cause temporary problems with respect to the ability to deliver services to customers. but on the other hand they are an important argument in price negotiations. To secure the access to candidates. the Company is increasing the level of employment of workforces incoming from Ukraine and plans to increase this level further in the next period. At the same time. limitations related to access to workers are largely mitigated by the geographical reach of the Group. as the Group can now attract candidates in most of the Central European markets and in some Western European markets.

Another factor important to the Group's operations will be the access to debt financing. Due to its dynamic growth. both organic and acquisition-based. the Company requires a higher level of external financing.
In accordance with the adopted strategy of adjusting the financing structure of the Group by its gradual debt reduction and acquisition liabilities reduction. the Issuer decided to sell the shares of a subordinate company. Exact Systems S.A.

5.3. Basic economic – financial values

The Work Service SA Capital Group is the largest entity operating on HR services market in Central Europe (CEE-5: Poland. the Czech Republic. Slovakia. Hungary. Russia). conducting its operations also in Germany. France. Belgium. Slovenia. Turkey. Romania. the Netherlands. Switzerland and — at the Customers' request — in the UK. Malaysia and China. As a provider of integrated solutions for personal services. such as flexible forms of employment. personnel outsourcing. IT outsourcing. quality control outsourcing. selection of personnel. cross-border exchange of personnel and strategic HR consulting. In 2014 the Group achieved the market leader position in Central Europe (CEE-5) in terms value of its share in the market. This position has been maintained to this day and the Group stays almost one percentage point ahead of its largest competitor in the region — one of the global brands. Personnel services market is a large market and its attractiveness is defined by the annual average growth rate projected at the level of 13% over the next three years. The value of the personal services market in the CEE-5 in 2016 was estimated at EUR 3.52 billion. while the forecast for 2017 reaches the amount of more than EUR 3.9 billion. representing an increase by almost 14% (yoy)[1].

The Capital Group is developing dynamically in terms of the full portfolio of its services in strategic markets in Poland. Germany. Czech Republic. Slovakia. Hungary. Slovenia and Romania while offering a solution to the cross-border exchange of staff among countries of the region. including workers from Ukraine. Owing to the innovative nature of our solutions and efficiency in replicating own business model in other countries. the Work Service Group has become a key partner for large companies in the Region of Central Europe. such as: Orange. VW. TRW. Adient. Santander Bank. Bosch. Mondelez and HP – in total the Capital Group is a partner for more than 1.000 companies in nearly 3.000 locations and thus provides each day an employment for 40 thousand employees in 11 European countries. In 2018. revenue earned outside Poland accounted for 50.0% of the Group's revenue. while in 2017 this share increased to 48.0%.

The revenues of the Work Service Capital Group are generated in the four main product lines:

1. **Temporary work** covering services relating to the recruitment of temporary workers directed to work for the contractor. supervising their work. reporting results. as well as calculation of the components of remuneration and personnel record keeping and payment of wages. Continued operations in this segment generated revenue of PLN

[1] According to IC Market Tracking, Temporary Staffing in CEE 2013, Vienna 2013

1.922.965 thousand. which constituted 92.2% of the total revenue of the Group from continued operations (PLN 1.920.093 thousand in 2017. which was 90% of the total revenue of the Group from continued operations).

2. **Outsourcing** includes services relating to the acquisition from contractors part of the supporting functions necessary for the operation of enterprises. but not being the main area of activity. The Capital Group by offering service assumes responsibility for the entire process. as well as the final result of work. Thanks to outsourcing services contractors can focus their own resources on strategic tasks. yielding cost transparency and full control of outsourcing services. Outsourcing services include: quality control services. financial services. services related to medical care. services relating to the management of sales processes and merchandising. payroll services and cleaning services. Continued operations in this segment generated revenue of PLN 133.758 thousand. which constituted 6.4% of the total revenue of the Group from continued

3. **Personnel Consulting** involves carrying out. on behalf of companies. individual and mass recruitment processes as well as the provision of professional services related to the assessment of the strengths and weaknesses of employees and their possible development and outplacement (preparing employees to change jobs and active assistance in finding it.) Revenue generated in this market segment in 2018 amounted to PLN 27.386 thousand. which represents 1.3% of the total revenue of the Capital Group (in 2017 PLN 25.984 thousand which accounted for 1.2% of total revenues.

4. **Strategic HR Consulting** - under which are offered: an audit of HR functions. optimising PFRON contribution. competence assessment. employees assessment system. restructuring on the basis of Art. 23 'Labour Code. incentive systems. Interim HR Manager (+) Assessment Centre. Development Centre. audit processes and Inhouse solutions. Revenue from this business in 2018 amounted to PLN 643.325 thousand

During the almost 17 year history of activity. Work Service Capital Group is consistently developing its own business model that allows it to compete effectively with domestic and foreign companies. helping to take the leading position in terms of the number of people supplied to work in Poland. as well as a leader in outsourcing solutions in the region of Central and Eastern Europe. The Capital Group builds its position both through organic growth and acquisitions effectively matching strategy of development to taking the trends in the personnel services market. Acquisitions of companies / groups of companies operating in related / complementary market segments. carried out by Work Service Capital Group. allowed for the extension of the product range and the geographic reach of the Group. Using the potential of higher margins on neighbouring markets. the Capital Group is showing increasing engagement in countries such as the Czech Republic. Slovakia and. following the acquisitions in the last years. also in other countries.

Work Service Group of Companies reached on continued and abandoned operations:

CONTINUED OPERATIONS	Note	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Revenue	30	**2 445 718 586.32**	2 132 797 647.27
Net revenue from sale of products and services		2 450 844 780.75	2 137 863 681.81
Change in products		-5 126 194.43	-5 066 034.54
Manufacturing costs of products for internal needs		0.00	0.00
Net revenue from sale of goods and materials		0.00	0.00
Operating expenses	31	**2 419 371 450.62**	2 126 685 347.36
Depreciation		15 869 887,21	10 822 505.68
Raw materials and consumables used		10 040 760,88	5 905 667.66
External services		339 380 794,53	238 487 691.28
Taxes and fees		4 531 888,78	2 908 913.34
Payroll		1 651 043 149,08	1 487 729 593.99
Social security and other benefits		359 890 843,98	356 352 945.71
Other costs		38 614 126,16	24 478 029.69
Cost of goods and materials sold		0.00	0.00
Profit (loss) on sales		26 347 135.70	*6 112 299.91*
Other operating revenue	32	**34 671 621.60**	24 353 441.53
Other operating costs	33	**86 422 510.36**	26 188 408.09
Profit (loss) on operations		**-25 403 753.06**	*4 277 333.35*
Financial revenue	34	**106 658 963.37**	3 734 372.76
Financial costs	35	**69 205 787.04**	34 813 363.50
Gross profit (loss)		*12 049 423.27*	*-26 801 657.39*

Income tax	36	-1 065 048.36	6 427 369.01
Net profit (loss) from continued business operations		13 114 471.62	*-33 229 026.40*

- Sales revenue on the level of PLN 2.445 718 thousand as compared to 2.659 165 thousand in the year 2017. meaning a reduction of 3% on continued operations.
- Reported profit for the year 2018 on continued operations of 13 114 thousand As compared to 2017 (loss in the amount of PLN 86 732) proves the effectiveness of actions taken in the area of the Group's restructuring.

STRATEGIC DESCRIPTION

The consolidated report of the dominant company has been drawn up assuming the going concern principle, business operations being continued by the dominant Company and companies from the Group of Companies for a minimum period of 12 months from the date of the financial statement.

I. Important factors having effect on the Company's operations in 2018.

In 2018, a number of factors had effect on the operations and evaluation of the Capital Group financial and capital situation, which include the following:

In terms of financial and investment operations:

1) *Finishing the transaction of selling Exact group and repayment of 49% of the bank debt;*
On 31 October 2018, the company sold all the shares owned in the Company Exact Systems S.A. and all the shares in the Company Exact Systems GmbH. The Company's total remuneration under this transaction amounted to PLN 155,260,000. The Company purchased a majority package in Exact Systems in 2007 for the amount of approx. PLN 9 000 000.
In addition, on 6 December 2018 the Company concluded with the buyer of Exact group an annex, based on which the parties agreed that the postponed part of the price for the shares in Exact Systems S.A. which was to be paid after 9 months from the date of closing the transaction, will be paid in two tranches, the first one in the amount of PLN 10 000 000 no later than until 7 December 2018, and the other one, in the amount of PLN 700 000 until 14 January 2019, subject to the Company's maintained provision of specific services for Exact Systems S.A. before 14 January 2019. Simultaneously, the parties agreed that the amount of the postponed part of the price for the shares in the Company would be reduced from the amount of PLN 13 000 000 to the amount of PLN 10 700 000.
The proceeds from the transaction in the amount of PLN 104 000 000 were spent by the Company to repay a significant part of the debt (49%) towards the consortium of banks financing the Company. The sale of Exact Systems was a continuation of the strategy adopted by the Company's Management Board to adjust the Group's financing structure and gradually reduce its debt by selling assets.

2) *Agreement being concluded with the Bondholders and annex no. 4 being signed with the banks;*
On 6 December 2018 the Company and its selected subsidiaries concluded a contingent agreement with all the institutional bondholders of T series, W series, and Y series bonds issued by the Company. On 10 December 2018 the Company fully performed the contingent agreement concluded on 6 December 2018 and ended the process of bond restructuring and refinancing.
Within the provisions regarding the terms of bond issuance, the Company committed to take restructuring actions, including among others:
   - maintenance, for the Company and the Company's Polish subsidiaries, of active factoring limits with the total amount of at least PLN 55 000 000;
   - conversion of the obligations of Work Service Czech s.r.o., Work Service Slovakia, s.r.o., Work Service SK, s.r.o., Work Service Outsourcing Slovakia s.r.o. towards other companies from the Group to capital;
   - beginning of the process of selling Work Service Czech s.r.o., Work Service Slovakia, s.r.o., Work Service SK, s.r.o., Work Service Outsourcing Slovakia s.r.o. within a specified schedule.

   The proceeds from sale of the aforementioned companies are to protect buyout of all bonds issued by the Company.
   On 10 December 2018 all the requirements of annex no. 4 concluded on 5 December 2018 were fulfilled, to the credit agreement of 18 November 2015, with bank BGŻ BNP Paribas S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.

Conclusion of an annex on 5 December 2018 put an end to the complex negotiations of changes of the most essential terms of the credit agreement.
The effective date of the annex was subject to fulfillment of a number of conditions, including, first of all:

- the Company's transfer to creditors of confirmations from factors, confirming or making it probable that the total amount of factoring limits provided to the Polish entities from the Group of Companies immediately after the effective date of the Annex would not be lower than PLN 55 000 000; and
- ending the process of restructuring or refinancing the bonds issued by the Company as described above.

As a result of annex no. 4 to the credit agreement entering into force, a series of significant changes in the Credit Agreement, favorable for the Company, took effect, including among others:

- the date of repayment was prolonged from 10 December 2018 until 3 March 2020;
- in the period until the date of loan repayment, the Company is not obliged to conduct any scheduled depreciation of the loans;
- in the whole period of financing, the Company can use the operating credit limits under the Credit Agreement up to the amount of PLN 110 350 000 (namely all the credit limits left after the completed repayment of PLN 104 000 000 in loans from the funds from selling Exact Systems S.A.);
- interest on the loan was reduced to WIBOR 1M increased by profit margin in the amount of 100 bps annually, payable on the current basis, and additional 100 bps profit margin, payable not earlier than on the date of final repayment;
- all obligations were removed, applying to maintenance of the financial indicators on specific levels and the previous financial indicators will be reported exclusively for information purposes;
- the lenders agreed that, until a possible statement about termination of the credit agreement is submitted towards the Borrower, any cases of violation will not allow the creditors to reduce, block or cancel the operating loans made available;
- the lenders unconditionally and irrevocably repealed the previous cases of violation of the credit agreement as specified in the annex, renounced their rights on the grounds of the Credit Agreement resulting from the occurrence of any such previous cases of violation, including concerning the financial indicators as defined in the Credit Agreement;

Simultaneously, the Company committed in annex no. 4 to the credit agreement to take a number of restructuring actions, including e.g. sale of Group Prohuman 2004 Kft within a specified schedule.
In the opinion of the Company's Management Board, the proceeds from selling this entity should fully protect repayment of the existing bank debt.

3) *Beginning of negotiations with Social Security (ZUS) in 2018;*

After annex no. 4 to the credit agreement as described above entered into force, the Company started negotiations related to repayment of overdue public-legal liabilities to ZUS (Social Security).

In the first quarter of 2019 Capital Group concluded the instalment agreement with ZUS (Social Security) for the total amount of PLN 78 151 054,87.

4) *Change of entities delivering factoring services in the fourth quarter of 2018;*

On 30 November, agreements were signed with Santander Factoring Sp. z o.o. about termination of Factoring Agreements and settlement of the Company's and the Company's subsidiaries' whole debt towards Santander Factoring Sp. z o.o. under Factoring agreements of 23 November 2015.

On 4 December 2018 the Company and the Company's subsidiaries signed factoring agreements with Bibby Financial Services Sp. with for indefinite time in the total limit amount of PLN 14 000 000.
As a consequence of this agreement, in December 2018 the Company was granted factoring limits exceeding the amount of PLN 55 000 000 required in annex no. 4 to the credit agreement.

<u>In terms of revenues and results on the Capital Group operations:</u>

1) *Drop in sales revenue;*

In 2018 the Capital Group continued business recorded c.a. 2.2% turnover drop as compared to the previous year, which resulted, to a significant extent, from debt restructuring and a higher concentration of actions of the Company and its key employees on financial and investment operations in the 4th quarter of 2018 than on developing operations.

2) Reporting a number of untypical events in the annual result on the Capital Group operations.

Simultaneously, the Company's Management Board draws attention that the Company's results on operations are charged with a number of single events and write-downs. In consequence, the results on operations after correction with these events can present a different financial image of the Capital Group.

Capital Group identified following untypical events on continued business at the amount of PLN 74 660 363,74, mainly as described below:

- Reserves related to restructuring, agreements with subcontractors, payoffs, dismiss costs, subsidies returns and litigations at the amount of PLN **19 475 735**
- Penalties for minority owner of Prohuman 2004 kft. for not executing call option on time at the amount of PLN 5 000 000
- Balance sheet assets value adjustments at the amount of PLN **18 661 802**
- Costs of financial, legal and M&A advisory as well as restructuring and disinvestment costs, other costs of non-active dismissed in 2018 Management Board members at the amount of PLN **15 222 626**
- Receivables adjustments at the amount of PLN **14 349 158**
- Revenues value 2018 adjustments at the amount of PLN **975 561**
- Other at the amount of PLN **975 481**

II. Assessment of the Capital Group financial and equity situation

The factors and events as described in this chapter have allowed to significantly reduce the Company's debt and continue its operations on the promising personnel services market.

In spite of the restructuring actions completed in the 4th quarter, in the opinion of the Management Board, the Capital Group is still in a difficult situation, until full repayment of all existing public-legal liabilities related to the agreement concluded with Social Security (ZUS), the existing credit and bond liabilities.

In connection with the above, in the nearest quarters the Capital Group continues implementation of the adopted restructuring strategy currently based on four basic elements:

1) ***Completion of the transaction of selling Group Prohuman 2004 kft and Czech and Slovak companies and, as a consequence, total elimination of the existing credit and bond debt;***

Simultaneously, the company prepares, together with minority shareholder Prohuman 2004 kft, the process of organized sale of Hungarian assets with the intended purpose of the funds earned as a result of the transaction to reduce the bank debt and liabilities towards Prohuman 2004 kft minority shareholder.

The Capital Group also started preparations to sell Czech and Slovak companies the proceeds from which are to satisfy liabilities under the issued bonds. By way of a competition of bids, Blackwood became the advisor in the process of selling Czech and Slovak assets.

2) Review of strategic options and acquisition of financing to improve the Capital Group working capital;

On 2 March 2019 the Capital Group made the decision to commence a review of the strategic options in order to select the most advantageous method of pursuing the long-term strategy of Work Service Group of Companies.

Within the strategy update, the Company plans analysis in the following areas:

- investment operations, in particular further disinvestments and potential new investments consolidating the strategy implementation,
- the Capital Group debt, including repayment or refinancing of bank loans and the Capital Group bond debt,
- alternative financing sources for Work Service Group of Companies, in particular issues of stocks, warrants, bonds, share convertible bonds, or other capital instruments.

In order to professionally handle the debt restructuring process and review the strategic options, and then acquire financing, the Capital Group Management Board continues cooperation, on the basis of the contract concluded in 2018, with the financial advisor, who supports the Management Board e.g. in conversations, negotiations with creditors as well as institutions and entities interested in granting different forms of financing to the Capital Group. The Capital Group also plans to establish cooperation with a brokerage house.

Acquisition of additional financing in 2019 would improve the working capital and, as a consequence, offer a further opportunity to increase sales revenue.

3) Use of the promising personnel services market, given the increasingly lower level of reduced fixed costs;

In connection with stabilized situation in the area of credit and bond debt, the Capital Group Management Board and its key employees are able, to a much larger extent, to concentrate their attention on the basic operations.

The intent of the Capital Group Management Board is to use the operational leverage effect in 2019 (turnover growth not causing any increase in fixed costs), also thanks to a reduced fixed costs base after the completed disinvestment and restructuring processes, effectively conducted in the fourth quarter of 2018 and operating process automation in the Capital Group basic operations profile.

In addition, the Capital Group Management Board pays attention to the following positive market factors, possibly significantly affecting the Capital Group operations in the future quarters:

- Continuously high demand for personnel services, in particular customers' demand for employees,
- Surplus of demand over supply in each operational segment of Work Service, being reflected in possible profitability improvement,
- Growing wages and in consequence full personnel costs, directly affecting the Capital Group revenue being a derivative of these costs,
- Growing demand for high-margin services of cross-border employee exchange in Central and Eastern Europe.

4) Factoring limits being supplemented with growing turnover;

Along with growing sales, the Capital Group Management Board will be forced to start negotiations with new financial institutions in order to acquire additional factoring limits. Due to the high level of cash involved in the working capital in the industry where the Capital Group is operating, factoring is one of the most important financial instruments that make it possible for entities operating on the personnel services market to increase turnover.

In the opinion of the Management Board, the described factors and the implemented strategy create a real opportunity to: i) fully eliminate the Capital Group debt over the next several quarters, ii) acquire new financing in 2019 with the intended purpose of improvement in the working capital, and iii) gradually improve the Capital Group financial results.

The Management Board makes any effort to ensure that the presented strategy could be fully implemented, and the Capital Group debt restructuring started in 2018 could be completed effectively. Simultaneously, the Management Board is aware that not all factors having effect on the success Capital Group debt restructuring process depend on the efforts and decisions of the Management Board.

5.4. Structure of assets and liabilities

The following table presents selected balance sheet items of the Work Service Capital Group.

	Note	as on 31.12.2018	as on 31.12.2017
FIXED ASSETS		**444 967 044,96**	**440 694 536,63**
Intangible assets	1	35 115 236,93	44 887 158,61
Goodwill	2	351 096 736,76	354 334 183,27
Tangible fixed assets	3	11 722 887,65	16 996 932,14
Investment real estates	4	2 690 484,05	2 690 484,05
Other financial assets	5	40 172,57	30 000,00

	Note	as on 31.12.2018	as on 31.12.2017
Other long-term assets	5	207 982,50	1 050 669,65
Other long-term financial assets		82 663,87	203 559,15
Deferred income tax assets	6	44 010 880,64	20 347 522,35
Accruals		-	154 027,41
CURRENT ASSETS		**433 361 475,87**	**493 203 560,63**
Inventory	7	7 871 700,12	16 702 253,41
Trade and other receivables	8	322 192 786,82	385 753 274,22
Other financial assets	9	40 789 190,37	30 812 269,09
Other short-term assets	5	-	1 238 104,80
Cash and cash equivalents	10	56 486 007,74	50 824 465,96
Prepayments	11	6 021 790,83	7 873 193,15
Assets classified as held for sale		-	**177 268 716,07**
TOTAL ASSETS		***878 328 520,83***	***1 111 166 813,33***
EQUITY		**115 652 186,10**	**144 973 695,34**
Share capital	12	6 509 482,30	6 509 482,30
Supplementary capital (Fund)	13	236 084 819,51	232 873 575,60
Capital from option valuation	13	-92 106 141,79	-53 773 718,65
Net profit (loss)		-52 622 554,11	-96 290 167,84
Foreign exchange differences		8 147 732,57	-15 785 334,10
Equity attributable to non-controlling shareholders	14	-15 119 961,09	71 439 858,03
LIABILITIES		24 718 569,71	**878 782 002,61**
Long-term liabilities		**762 676 334,73**	**49 821 367,12**
Long-term loans and credits	20	**160 398 045,53**	930 551,69
Deferred income tax liabilities	15	109 331 275,46	2 265 636,42
Liabilities for pension benefits	16	4 459 965,97	0,00
Provisions for other liabilities and charges	21	14 084 136,03	1 786 043,76
Other liabilities	17	29 910 811,40	44 839 135,25
Short-term liabilities	18	51 066 770,07	**828 960 635,49**
Trade and other liabilities	18	**534 019 888,81**	529 451 401,34
Short-term loans and credits	20	53 324 306,95	271 965 747,21
Provisions for other liabilities and charges	21	47 538 834,56	27 543 486,94
Liabilities from assets classified as held for sale	31	433 156 747,30	**87 411 115,38**
TOTAL LIABILITIES		***877 457 955,47***	***1 111 166 813,33***

The Group manages capital in order to maintain its capacity to continue business operations. taking account of the capital needs resulting from both planned and implemented investment projects in order to generate the expected rate of return for the shareholders. According to the market practice. the Group manages the equity structure adjusting it to changes in market conditions and business needs. The Group's equity structure is managed using such tools as: dividend payment policy. issuance of shares. bonds. change in the degree of using external financing sources. In addition. the Group monitors the capital level on the basis of such indicators as:

- debt ratio - counted as net debt to EBITDA ratio.
- debt coverage ratio – counted as free cash flows (calculated as corrected EBITDA less the amount of tax payments) to interest – credit installments.
- leverage ratio counted as net debt to net assets.

5.5. Selected financial ratios

Selected financial ratios of the Capital Group are presented in the following table

Selected financial ratios	Formula	2018	2017
	Profitability ratios		
Profitability of sales	Profit on sales / revenues from sales	1,08%	0.29%
Profitability of EBIT	Operation activities result / revenues from sales	-1,41%	0.20%
Profitability of EBITDA	(Operation activities result + amortisation)/ revenues from sales	-0,75%	0.70%
Net profitability	Net financial result/revenues from sales	0,78%	-1.56%
ROA	Net financial result/total assets	2,18%	-2.99%
ROE	Net financial result/share capital at the end of period	15,63%	-22.92%
	Liquidity ratios		
The cash conversion cycle (in days)	Inventories cycle + receivables cycle - liabilities cycle	35	35
Receivables turnover in (days)	Average balance of receivables from supplies and services / sales revenue) *360	42	40
Liabilities turnover in (days)	(Average balance of liabilities from supplies and services / costs of services sold) *360	10	8
Total debt ratio	Total liabilities / Total assets	0,86	0.94
Debt to equity ratio	Short term and long term liabilities / Equity	5,60	6.06

5.6. Explanation of differences between the financial results and forecasts for 2018

In 2018 the Group did not announce forecasts regarding the expected financial result.

6. Description of significant risks and threats with determination of the extent to which the Group is exposed

6.1. Risks related to the protection of personal data

Capital Group. due to the nature of the business. offers a wide database of personal data of employees. which exceed hundreds of thousands of records. According to the Act on personal data protection of 29 August 1997 (consolidated text Journal of Laws 2016. item 922) information concerning these data are confidential and cannot be accessed by unauthorised people. However. there is a risk that unauthorised persons obtain an access to the database as a result of theft. burglary. or other adverse actions. In this case the information kept by Work Service could be used to the detriment of the Company and its customers. which would adversely affect the image of the Work Service SA. and thus worsened its position in the market. In order to reduce the risk of availability of the database to unauthorised entities. Work Service has created a technical infrastructure based on a properly secured server. electronic security systems and top-class servers. which helps to minimise this risk.

6.2. Liquidity risk

The Capital Group offering services in the framework of the so-called. flexible forms of employment. conducts comprehensive training to prepare employees for a particular job. Then those workers are directed to companies that stated the need for such services. Until the receipt of payment for the service Work Service SA shall bear all costs arising from employment (salaries. insurance. etc.) of recruits. Companies renting employees pay for the service in certain contractual maturities. This business model requires effective management of net working capital and is susceptible to the risk of decreasing periodic of financial liquidity. the level of which is significant. In order to minimise risk. the Group has a contract for on-demand use of credit lines. as well as a possibility of their immediate conclusion with financial institutions. particularly banks. Moreover. the Group enters into agreements with counterparties in such a way as to optimise the cost of foreign capital.

Moreover, based on concluded installments arrangement with ZUS (Social Security) the companies from Capital Group are expected to repay tranches installments in 2019. Management Board of the Capital Group points out that in case of insufficient level of working capital, both The Company but also Capital Group may be exposed to the risk of liquidity loss.

6.3. Risks associated with the integration of acquired entities

Development Policy of the Capital Group assumes enlarging participation in Polish and international market by acquiring companies with a similar profile of activity. according to the implemented development strategy. Conducting acquisitions. changes made at the level of the management. the differences in the culture of the organisation can generate acquisition costs that accompany this type of transactions - the risk of occurring of these costs are significant due to the number and value of transactions of this type. There is also a risk that the acquired entities may incurred have obligations. be a party to litigation or proceedings or have other problems of organisational. legal or financial nature. which will generate additional costs.

In order to minimise risks associated with the process of acquisitions. the Capital Group takes over entities with which integration can bring the expected synergies The main factor of acquisitions made is to complement each existing and acquired companies leading to the achievement of their complementarities. for example. in the case of acquisition of Antal International Sp. z oo. which took place in the third quarter of 2013. allowed for the strong entry in the highly profitable segment of personal counselling. On the other hand. acquisitions performed in 2014 enabled the Group to quickly enter the Hungarian and German markets.

The group's most significant synergy effects can include a summary of the high potential of current and possible to obtain - by the acquired entities - contracts with customers in markets that are characterised by significant labour shortages with above-average potential for the Work Service Group in terms of access to human resources in the Polish market. as well as other markets in Central and Eastern Europe. Not without significance is the fact of the highest mobility in

Europe of Polish workforce and high quality of work according to the evaluation of foreign employers. Maximising the likelihood of such synergy is a key factor in the selection of object of acquisition. especially in Western Europe. where a significant increase in the demand for skilled labour from Central and Eastern Europe is noticeable.

Group's Management Board shall take any kind of action associated with a reduction of risk of integration. This applies. above all. to skilful identification of common areas as well as different areas. in order to. prior to the conclusion of the contract. have sufficient confidence that a difference will not cause problems in the future. Each transaction is preceded by a collection of information and in-depth due diligence process in the financial - legal maintained with the involvement of specialised consulting firms - legal. tax and financial.

6.4. The risk associated with socio-economic situation in Poland and Europe

The activity of companies offering services related to labour market depends on the socioeconomic situation in Poland and abroad. The financial results of companies. in particular. are affected by macroeconomic factors such as the level of business investment causing growth in employment. GDP growth. the growth rate of wages. interest rates and inflation. and - with the increasing globalisation of economies- foreign direct investment. The factor having significant impact on the development of the industry. in which the Group operates. is the degree of absorption of funds from the budget of the European Union. In case of breakdown or deterioration of market conditions. there is a risk of decreasing demand for the product offered by the Group. The Group’s Management Board performs current analysis of the market situation and adjusts strategic decisions accordingly.

6.5. Risks associated with business competition

Temporary work market in Central and Eastern Europe (Poland. Czech Republic. Slovakia and Hungary is attractive due to its size (EUR 3.52 billion in 2017 vs EUR 3.12 billion in 2016) and projected dynamic growth (the weighted average growth rate of the market value in the period between 2018 and 2020 is 113%). Recognized global brands such as Adecco. Manpower and Randstad treat the Central European market as a strategic market and have been competing strongly with the Work Service Group for years. Work Service S.A. as the market leader in this part of Europe. with market share of 13.1% in value terms. has the greatest experience and recognised brand. it can react early enough to actions of competition and flexibly respond to the needs of both the candidate/employee and the employer/customer. Through the consolidation of personal services. Work Service Group not only acquired new competences and diversified the source of income but also expanded its geographic reach and gained direct access to new sources of candidates. This allows the Group to compete effectively over international clients with the biggest global competitors without losing the local nature of activity which is essential for a player on the labour market. Additionally. Work Service Group provides services on the basis of long-term contracts for a stable group of clients. the biggest of whom constitutes less than 5% of the Group's revenue. Work Service. being the most prominent employment agency. has the largest recruitment resources and effectively manages the mobility and flexibility of employees on the basis of the cross-border employment exchange. The availability of employees and the ability to obtain job candidates are the strongest advantages of the Group which play an important role on the demanding labour market (a candidate's market).

6.6. The risk associated with market volatility

In recent years. one can observe dynamic development of temporary work. as well as the changing needs of the market. Entrepreneurs expect from Temporary Employment Agency prepared employees who are trained and do not require additional investments in the form of various types of trainings and courses. The Group. as the market leader in Poland and the CEE-5 region. has adequate technical background. knowledge and years of experience. it monitors. can anticipate and know the needs of the market. With the knowledge of the characteristics of local and regional markets Work Service Group increases its competitiveness. By branches throughout the country and Europe it can respond to changes in market trends. However. in case of activities in the markets of European countries. the attention should be paid to the possible presence of periodic changes caused by. for example. a brief presence in the markets or cultural differences.

6.7. The 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 security. or in the area of commercial activity. Any change can cause an increase in the cost of operations of the Group. which in turn translates into financial results and may cause difficulties in assessing consequences of future events or decisions. In addition. the risk in this area strengthens the fact of activity of Work Service Group companies in the territory of several countries. The Group’s Management Board monitors legislative changes in the markets in which it operates on going basis and it reacts in advance to ensure that operations are conducted in compliance with current provisions of the local law.

7. Indication of the proceedings pending before the court. competent authority for arbitration or a public authority with the value of dispute over 50 thousand zlotys

Claimant/ Creditor	Respondent/ Debtor	Subject Matter/ Value of the Subject Matter	Expected Costs of Proceedings	Current State of Proceedings
Work Service SA	Dominik U. Maciej C. Lechosław O.	PLN 366.029.98	Court fee and prepayment for the execution. there may be more prepayments for the execution.	Executive proceedings are conducted by Marek Przywecki. Bailiff with the District Court for Poznań - Grunwald and Jeżyce. against Maciej C.. Dominik U. and Lechosław O.. so far ineffective.
Work Service SA	Pielle Sp. z o. o.	PLN 122.465.49	Court fee.	Executive stage. two foreclosures. It is difficult to calculate the odds of satisfaction.
Outsourcing Solutions Partner Sp. z o.o.	Dawid Natkaniec running DAWID NATKANIEC GLOBAL BUSINESS GROUP	PLN 51.786.00	If execution proves ineffective. the company may consider addressing another bailiff. which may result in the need to pay PLN 200-300 of their fee in advance.	District Court for Kraków-Śródmieście in Kraków W.IV. suit for payment. IV GNc 1857/14/S. order for payment of 11.04.2014. enforced collection.
Elżbieta N.	Work Service SA	PLN 50.000.00	As of now. the proceedings have not generated any costs.	Case in progress. currently at the stage of preparation of the opinion by court experts.
STU Ergo Hestia SA	Sellpro Sp. z o.o.	PLN 52.641.22	As of now. the proceedings have not generated any costs.	Case in progress. currently at the stage of preparation of the opinion by court experts.
Marzena S.	Industry Personnel Services Sp. z o.o.	PLN 139.800.00	As of now. the proceedings have not generated any costs.	Case in progress. currently at the stage of preparation of the opinion by court experts.
Monika P.	Work Service SA (remaining respondent: Samsung Electronics Poland Manufacturing Sp. z o.o.)	PLN 65.335.33	As of now. the proceedings have not generated any costs.	Case in progress. currently at the stage of preparation of the opinion by court experts.
Ewa M.	Industry Personnel Services Sp. z o.o.	PLN 144.000.00	As of now. the proceedings have not generated any costs.	Case under an appeal from employment contract termination in progress. currently expects the first date of the hearing to be fixed.
Antal Sp. z o.o.	Olsa Poland Sp. z o.o.	PLN 113.652.00	The remaining filing fee – PLN 4.262. PLN 500 net. for the solicitor's fee + costs of travelling to the Regional court in Gorzów Wielkopolski (predicted number of hearings: 3-5). If the case is lost – reimbursement of the respondent's legal representation costs of PLN 7.200.	Case transferred to the Regional Court in Gorzów Wielkopolski on 15 March 2017 by the Lublin-Zachód Regional Court in Lublin (EPU).
Antal Sp. z o.o.	MS Strategy Capital s.r.o. (former name Universal Media Corporation)	PLN 52.032.86	At the present stage only the lawsuit submission cost.	The Parties expect the date of the hearing to be fixed
Antal Sp. z o.o.	Dariusz Graf (former President of Adviseon Capital Management)	PLN 53.143.08	At the present stage only the lawsuit submission cost.	The Parties expect the date of the hearing to be fixed

Antal Sp. z o.o.	QSG S.A.	PLN 79.952.16	Court fee – PLN 842. fee for power-of-attorney – PLN 85. expected costs of execution – PLN 750	District Court for the Capital City of of Warsaw in Warsaw. on 27 February 2018. issued a payment order. which. due to the defendant filing an objection. has not become enforceable. Currently. the Parties expect the planned date of the hearing to be fixed.
Antal Sp. z o.o.	QSG Sp. z o.o.	PLN 126.753.16	Court fee – PLN 1.432. fee for power-of-attorney – PLN 85. expected costs of execution – PLN 750	District Court for the Capital City of of Warsaw in Warsaw issued a payment order in the procedure by writ of payment for the benefit of the plaintiff company. The plaintiff party submitted an application for a declaration of enforceability.
Haitong Bank SA	Work Service SA	PLN 796.136.00	As of now. the proceedings have not generated any costs.	Suit brought in court on 28.06.2017 On 24.11.2017 Work Service SA filed a response to the suit. Next hearing date set at 23.05.2019.
Stadion Wrocław Sp. z o.o.	Industry Personnel Services Sp. z o.o. (remaining respondents: Stadion Catering Sp. z o.o. and Jozef Nawrot)	PLN 330.359.41	As of now. the proceedings have not generated any costs.	On 09.10.2017. an order for payment has been issued in writ-of-payment proceedings. On 24.11.2017. IPS Sp. z o.o. objected. The date of the first hearing has not yet been set.
Stadion Wrocław Sp. z o.o.	Industry Personnel Services Sp. z o.o. (pozostali pozwani Stadion Catering Sp. z o.o. oraz Pan Jozef Nawrot)	PLN 115.728.03	As of now. the proceedings have not generated any costs.	On 03.09.2018. an order for payment has been issued in writ-of-payment proceedings. On 17.09.2018. IPS Sp. z o.o. objected. The date of the first hearing has not yet been set.
Work Service SA	Neo Group Sp. z o.o.	PLN 342.727.81	As of now. the proceedings have not generated any costs.	The claim for payment is fully justified. The defendant has not paid the remuneration due to the claimant. in spite of not questioning the quality and the quantity of the services performed. The case was won. by a final and binding sentence. by Work Service SA and forwarded to the debt collector.
Sellpro Sp. z o.o.	Egips Sp. z o.o.	PLN 167.918.93	Court fee. As of now. the proceedings have not generated any costs.	A writ of payment was issued in the case. the defendant filed an objection. The court procedure is currently in progress. The claim for payment is fully justified. The defendant has not paid the remuneration due to the claimant. in spite of not questioning the quality and the quantity of the services performed.
Sellpro Sp. z o.o.	Fashion Marketing Investment Group Sp. z o.o.	PLN 586.693.07	As of now. the proceedings have not generated any costs.	The claim for payment is fully justified. The defendant has not paid the remuneration due to the claimant. in spite of not questioning the quality and the quantity of the services performed. The case was won. by a final and binding sentence. by Sellpro Sp. z o.o. and forwarded to the debt collector.

Outsourcing Solutions Partner Sp. z o.o.	SAS LEG NEWAL 14 rue de poitiers 57970 YOUTS	€ 97.904.83	-	Redressement juidicier - recovery procedure. the receivable reported to Mandataire Judiciaire SELARL Gangloff & Nardi 36 rue de Jardines 57050 le Ban St Martin.
BCT – Bałtycki Terminal Kontenerowy Sp. z o.o.	Work Service SA	PLN 122.000.00	A cassation complaint was submitted in the case - the amount payable to the plaintiff was paid in connection with the case being lost in both instances.	The case was defeated. On 31 January 2018 the Court of Appeal rejected the appeal of Work Service SA. The amount payable was paid to BCT – Bałtycki Terminal Kontenerowy Sp. z o.o. On 25 July 2018 the company Work Service SA submitted a cassation complaint to the Supreme Court.
Work Service SA	PAYPRO SA Intercash Polska Sp. z o.o.	PLN 97.821.73	As of now. the proceedings have not generated any costs.	The case at the stage of court procedure. The claim for payment is fully justified. The defendant has not paid the remuneration due to the claimant. in spite of not questioning the quality and the quantity of the services performed.
Work Service SA	Vision Group Sp. z o.o.	PLN 99.455.00	As of now. the proceedings have not generated any costs.	The case at the stage of court procedure. Subsequent date of the hearing 26.06.2019 The defendant Vision Group Sp. z o.o. in the course of the cooperation. did not report overtime hours. which resulted in the need to pay the related fees to the employees. The amounts due to the employees have been confirmed by legal sentences of labor courts. which the plaintiff - Work Service SA has paid in full.
Work Service SA	Matras SA	PLN 114.940.58	As of now. the proceedings have not generated any costs.	The case at the stage of the bankruptcy procedure
Work Service SA	Agencja Ochrony Mienia Inter-Pol Security Sp. z o.o.	PLN 130.099.87	As of now. the proceedings have not generated any costs.	The case at the stage of court procedure. The claim for payment is fully justified. The defendant has not paid the remuneration due to the claimant. in spite of not questioning the quality and the quantity of the services performed.
Work Service SA	Conbelts Bytom SA	PLN 153.822.37	As of now. the proceedings have not generated any costs.	The case at the stage of the self-cleaning procedure. The claim for payment is fully justified. The defendant has not paid the remuneration due to the claimant. in spite of not questioning the quality and the quantity of the services performed.
Work Service SA	Wioletta K. Karolina K.	PLN 81.079.32	As of now. the proceedings have not generated any costs.	The case at the stage of court procedure. The claim for payment is fully justified.
Konrad M.	Work Service SA	PLN 85.950.00	As of now. the proceedings have not generated any costs.	The case at the stage of the court procedure – the application for summoning the parties to attempt settlement of 08.11.2018 The Company questions the grounds for the claims of Mr. Konrad M.
Work Express Sp. z o.o.	PFRON	PLN 125.202.46	As of now. the proceedings have not generated any costs.	Decision of PFRON (State Fund for Rehabilitation of the Disabled) about the funding amount for 10/2017. Submitted application for re-examination of the case. PFRON fixed 25.05.2019 as the day of examining the application.

PFRON	Work Express Sp. z o.o.	PLN 3.452.933.88	As of now. the proceedings have not generated any costs.	Call for return of the funding in the amount of PLN 3 452 933.88 As a result of re-examination of the case. on 08.04.2019 PFRON issued a decision in which it reduced the aforementioned amount to PLN 1 273 599.50 We will submit an application to the President of PFRON (State Fund for Rehabilitation of the Disabled) for re-examination of the case.
Trybunał Administracyjny	Work Express Sp. z o.o.	€ 12.000.00	As of now. the proceedings have not generated any costs.	Administrative fine imposed on the Company. An appeal has been submitted. No resolution until now.
Work Express Sp. z o.o.	PFRON	PLN 60.331.96	As of now. the proceedings have not generated any costs.	Submitted application for determining the funding amount for 10/2018. On 01.04.2019 PFRON's notice on initiation of the procedure was received. 18/04 the documentation expected by PFRON was submitted.

8. Information on organisational or capital relation of the Company with other entities and determination of the major domestic and foreign investments (securities. financial instruments. intangible assets and property). including capital investments outside its associates and description of methods of their financing

Work Service Company is the parent company of the Capital Group of the same name (item "Principles of Capital Group Management. Composition of Work Service Capital Group" of this report). On the other hand the investments of Work Service SA are described in the item "Changes in the structure of the Work Service Capital Group” of this report.

9. Information on contracts incurred and terminated in a given year on credits and loans. providing at least the amount. type and value. interest rate. currency and maturity.

Information about the status of credits at the end of December 2018. are presented under "Assessment. together with its justification. concerning the management of financial resources. with particular emphasis on the ability to meet its obligations and to identify potential threats and actions that the Company has taken or intends to take in order to counter these threats "of this report.

10. Information on loans granted in the financial year. with particular emphasis on loans granted to related parties of the Company. providing at least the amount. type and value. interest rate. currency and maturity.

2017

Customer’s name	Borrowing amount (in PLN)	Interest rate	Maturity date of the borrowing
EXACT SYSTEMS S.A.	60 000 000.00	WIBOR 1M+2.6%	Settled/paid off 24.07.2018
EXACT SYSTEMS S.A.	3 794 000	WIBOR 1M+2.6%	Settled/paid off 24.07.2018
PROSERVICE WORLDWIDE CYPUS LIMITED	8 120 386.76	9%	Settled/paid off 31.12.2018
ZAO WORK SERVICE RUSSIA	21 640 384.27	variable	31.07.2019
WORK SERVICE SPV Sp. z o.o.	189 600 and 27 307 553.86	WIBOR 1 M+3% (PLN). EURIBOR 3M+3.4% (EUR)	2019-07-26
PERSONNEL SERVICE Sp. z o.o	20 317 465.36	WIBOR 1M+2.6%	31.12.2018 and negotiations are in progress

Customer’s name	Borrowing amount (in EUR)	Interest rate	Maturity date of the borrowing
WORKPORT 24 GMBH	34 919	fixed	2018-12-31
Work Port 24	18 250	variable	2018-12-31
Naton zapošljavanje	54 487	fixed	unspecified
Naton HR ltd.	35 464	fixed	unspecified
Naton HR ltd.	3 800	fixed	unspecified
Naton zapošljavanje	1 700	fixed	unspecified
Kadrovi Naton	4 845	fixed	unspecified

Customer’s name	Borrowing amount (in HUF)	Interest rate	Maturity date of the borrowing
ProAktív	1 001 026	variable	2018-06-30
Naton Bulgária	3 101 400	fixed	unspecified

11. Information on warranties and guarantees given and received in a given year. with particular emphasis on guarantees granted to related parties

Information on guarantees granted and received in the financial year 2018 are presented in Note 36 to the consolidated financial statements of Work Service Capital Group for the year ended 31 December 2018.

12. Assessment. together with its justification. concerning the management of financial resources. with particular emphasis on the ability to meet its obligations and to identify potential threats and actions that the Company has taken or intends to take in order to counter these threats

Work Service's financial resources management is subordinated to the Company's fundamental business goals comprising:

- Effective implementation of the presently adopted strategy.
- Optimization of operations costs.
- Ensuring the most appropriate terms of financing to make it possible for the Company to pursue development plans.
- Constant access to diverse financing sources.

The Company optimizes. on the current basis. the management strategy for financial resources. considering the conditions prevailing on the financial market and accessibility to capital. The adopted strategy is largely a result of the applied model of operations. Its most important element is management of current financial liquidity. in particular considering the fact that a significant share in the manufacturing costs accounts for the costs of payroll and the accompanying social security costs. The aforementioned cost items are naturally payable in a relatively short time and. in addition. their payment dates are rigid and cannot be prolonged. In addition. the Company actively uses diverse external financing sources to ensure cash in the periods when it is necessary. The use of bank products in the form of credits in the current account or factoring largely makes the Company independent from possible delays in payments on the part of contractors. Management of this area allows the company to effectively accelerate the funds flow process and reduce administrative and financial costs by:

- current control over payment proceeds.
- current control over the amount of liabilities.
- efficient information and liquidity management.

Within the strategy being implemented. the Company runs active operations aimed to monitor the collected receivables and forward them to collection. This strategy also includes negotiations of proper payment deadlines for commercial liabilities.

The company manages capital in order to maintain its capacity to continue business operations. taking account of the capital needs resulting from both planned and implemented investment projects. in order to generate the expected rate of return for the shareholders. Management of the Company's equity structure proceeds with such tools as: dividend payment policy. issuance of shares. bonds. change in the degree of using external financing sources

13. Assessment of the capability for realising investment objectives. including capital investments. in comparison to the volume of the possessed resources. recognising the possible changes in the financing structure of the activity

The major investments planned for the foreseeable future involve the purchase of the remaining shares in Prohuman 2004 Kft.
As. as the time of signature of this report. the Company has not secured the sources for financing the entire investment. the Company is currently selling its significant assets. namely shares in Exact Systems S.A. This transaction combined with the planned external sources of financing. should provide the necessary resources for the conclusion of the investment in Prohuman 2004 Kft.

14. Assessment of factors and unusual events affecting the result of the activities for the year. specifying the impact of these factors or unusual events on the achieved result

The factors and unusual events affecting the result of the activities were described in item "V.1. Evaluation of factors and unusual events having a significant impact on the operations and financial results of the Capital Group" of these statements.

15. Any agreement concluded between the company and its management stipulating compensation in case of resignation or dismissal from the position without valid reason or if their resignation or dismissal is due to merger of the Company through takeover

Ms. Iwona Szmitkowska concluded with the Company Industry Personnel Services Sp. z o.o. a non-competition agreement after termination of the cooperation agreement. on 01.03.2007. stating that she had a guaranteed payment of compensation for refraining from competitive activities in the amount of PLN 3 520 + VAT per each month of refraining from competitive activities . in the period of 6 months after termination of the cooperation agreement concluded on 01.09.2005.
Mrs. Iwona Szmitkowska concluded with the Company Work Service SA a non-competition agreement after termination of the employment contract. on 10.10.2014. stating that she has guaranteed payout of the compensation for refraining from competitive operations in the amount of PLN 15 000 gross per each month of refraining from competitive operations. in the period of 8 months after termination of the agreement.

Mr. Tomasz Ślęzak concluded with the Company Work Service International a non-competition agreement after termination of the cooperation agreement. on 17.04.2013 stating that he has guaranteed payout of the compensation for refraining from competitive operations in the amount of PLN 50% of the average monthly remuneration. in the period of 8 months counting from the day of termination/expiration of the cooperation agreement. Under the Agreement of the Parties concluded on 31.01.2019. the ban ceased to be in force.
Mr. Tomasz Ślęzak concluded with the Company Work Service SA a non-competition agreement during the term of the employment contract and after termination of the employment contract. on 31.12.2016 stating that he has guaranteed payout of the compensation for refraining from competitive operations in the amount of PLN 50% of the employee's average gross monthly remuneration calculated for 3 months before the month of termination of the contract of employment. in the period of 8 months counting from termination/expiration of the employment contract. Under the Agreement of the Parties concluded on 31.01.2019. the ban ceased to be in force.

On 4 January 2016. Mr. Maciej Witucki. serving as the President of the Management Board of Work Service SA. concluded a non-competition agreement. stating that he has guaranteed payout of the compensation for refraining from competitive operations in the amount of PLN 50 000 monthly during 12 months after termination of the employment contract. The contract with Mr. Maciej Witucki will be terminated as of 31.05.2019. but under the agreement. the amount of the compensation is payable not from June 2019. but from October 2019. Throughout the period of termination from March to May 2019 Mr. Maciej is entitled to increased remuneration in the amount of PLN 100 000.

On 15.09.2016. Mr. Piotr Gajek concluded with the Company Work Service SA. with the effective force as from 26.04.2016. a non-competition agreement. stating that he has guaranteed payout of the compensation for refraining from competitive operations in the amount of PLN 60 000 monthly for a period of 8 months after the date of the termination (expiration) of the employment contract. The contract with Mr. Piotr Gajek ended on 31.12.2018. From January to August 2019. the compensation under the non-competition clause will be paid in the amount of PLN 420 000 (in 8 installments PLN 60 000 monthly each.).

On 01.05.2017. Mr. Krzysztof Rewers concluded with the Company Work Service SA. with the effective force as from 01.05.2017. a non-competition agreement. stating that he has guaranteed payout of the compensation for refraining from competitive operations in the amount of PLN 252 000 (PLN 42 000 per month for 6 months). The agreement was terminated as of 31.08.2018. The non-competition compensation was paid in the months from September 2018 to February 2019. in the amount of PLN 42 000 monthly (together: PLN 252 000).

16. 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 2018.

Gross benefits for persons holding functions in the MAnagement Board (in PLN)		
Imię i nazwisko	2018	2017
Witucki Maciej	1.244.367.95	1.259.053.55
Rochman Dariusz	0.00	856.582.99
Christodoulou Paul	4.196.00	146.250.00
Knights Robert	0.00	282.956.60
Ślęzak Tomasz	517.499.75	869.687.91
Rozpędek Hubert	- 7.500.00	63.750.00
Szmitkowska Iwona	249.577.77	249.654.72
Pawłowicz Adam	0.00	435.210.00
Gajek Piotr	386.887.02	1.055.266.91
Krzysztof Rewers	536.091.91	708.623.97
Ambrozowicz Piotr	238.709.60	0.00

Gross benefits for persons holding functions in the Supervisory Board (in PLN)		
Imię i nazwisko	2018	2017
Sofianos Panagiotis	4.650.40	18.245.20
Misiak Tomasz	74.707.57	85.435.70
Ługowski Tomasz	10.683.90	10.683.90
Kamin Everett	0.00	9.000.00
Kamiński Piotr	31.977.07	57.924.80
Hanczarek Tomasz	147.673.80	652.703.55
Kaczmarczyk Krzysztof	16.528.69	10.122.60

In 2018. 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.

17. Description of significant off-balance sheet items in terms of the subject. scope and value

Description of significant off-balance sheet items in terms of subject. object and value is provided in note 37 to the consolidated financial statements for the financial year ended 31 December 2018.

18. 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 Capital Group 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 18 June 2018. Information on remuneration of the entity authorised to audit financial statements. paid or payable for the year 2017 are presented in Note 49 of the consolidated financial statements for the year ended on 31 December 2018

19. Statement on the application of Corporate Governance

In consideration with entry into force as on 1 January 2016 amended Good Practices of Companies listed of Warsaw Stock Exchange 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.. publicised a report on non-application by the Company some rules of corporate governance effecting from amended set of “Good Practices of Companies listed on Warsaw Stock Exchange 2016

a. Indication of principles of corporate governance applied in Parent Company and the place where principles are publicly available

The Parent Company. 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 Stock Exchange in Warsaw.

As an issuer of shares listed in the main market of the Warsaw Stock Exchange. the Company is subject to the principles of corporate governance included in the “Code of Best Practice for WSE Listed Companies 2016”. adopted by Resolution No 26/1413/2015 of the Council of the Warsaw Stock Exchange of 13 October 2015 which is an appendix to that resolution (“Code of Best Practice for WSE Listed Companies 2016”) and which is available on the Warsaw Stock Exchange website at the address: https://static.gpw.pl/pub/files/PDF/RG/DPSN2016__GPW.pdf

b. 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 Parent Company's intention is to follow good practices of corporate governance. as evidenced by the statement of the Parent Company. filed in the IPO Prospectus 2008 and Prospectus 2011.

Currently. the Parent 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 drawn up according to principle II.Z.1.

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 Board of Management 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 management board of the company. which will subsequently be published on the Company’s website.

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.1.6. 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 on the dates of corporate events leading to the acquisition or limitation of rights of a shareholder. information on the dates of publication of financial reports and other events relevant to investors. within a timeframe enabling investors to make investment decisions.

The Company does not apply the above mentioned rule only in scope of publication of the calendar of corporate events resulting in purchase or limitation of right on side of a shareholder. However. the Company intends to implement its application in the future. elaborating for this purpose necessary procedures specifying the rules for creation of calendar and description of events included therein.

I.Z.1.15. 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 company's diversity policy applicable to the company's governing bodies and key managers; the description should cover the following elements of the diversity policy: gender. education. age. professional experience. and specify the goals of the diversity policy and its implementation in the reporting period; where the company has not drafted and implemented a diversity policy. it should publish the explanation of its decision on its website.

The Company does not observe the above rule considering the fact that it did not formally implemented diversity policy until this day. however. it shows that in current activity the Company observes elements of this policy. including in particular sex criterion. profile of education. age and professional experience. It shows also that as at 01.06.2013 the Company was accepted to the circle of Polish Diversity Chart. In 2019. the Company is planning to elaborate relevant document that will be published on www site of the Company.

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 www site.

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 Board of Management 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 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 company.

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 does not apply the above rule. because it did not consider submission of abovementioned statements as necessary for correct functioning of member of the Supervisory Board. Nevertheless. the Company plans to implement this rule in 2019.

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. however the Company is planning to implement it in 2019. as a consequence of implementation of rule II.Z.5.

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 the following 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 dos 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-life 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. Moreover. the company does not currently have relevant technical (IT) infrastructure which would facilitate implementation of recommendation. However. it cannot be excluded that the recommendation could be applied in the future. after creation of relevant technical capacities and making of relevant assets.

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 does not have currently relevant technical (IT) infrastructure which could facilitate implementation of this rule. and there was a lack of any signals reported by the shareholders as that form was expected. However. it cannot be excluded that this rule could be applied in the future.

V.Z.6. In its internal regulations. the company should define the criteria and circumstances under which a conflict of interest may arise in the company. as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent. identify and resolve conflicts of interest. as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise.

The rule does not apply. because in the Company there is no detailed procedure specifying criteria and circumstances under which there can be conflict of interests in the company. neither the rule of conduct in face of the conflict of interest or possibility of occurrence. The company is planning elaboration and implementation of relevant procedure.

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. The current vacancy arising from the resignation of one of the members will be filled soon.

VI.Z.4. In this activity report. the company should report on the remuneration policy including at least the following:
1) general information about the company's remuneration system;
2) 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;
3) information about non-financial remuneration components due to each management board member and key manager;
4) significant amendments of the remuneration policy in the last financial year or information about their absence;
5) 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.

c. Description of the main characteristics used by the Issuer's Company of internal control systems and risk management in relation to the preparation of 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 being members of supervisory board of listed companies and the committees of the board (supervisory) 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 20 October 2017. 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 Parent Company are discussed in „"Assessment. together with the reasons therefor. concerning the management of financial resources. with particular emphasis on the ability to meet its obligations and to identify potential threats and actions that the Company has taken or intends to take to counteract these threats"of the Management Report on the activities of Work Service Capital Group.

Control over the implementation of market risk management is exercised by the Department of Finance and Controlling Department. while supervision of the risk management process performs Member of the Board supervising the area of finance.

Starting from stock exchange debut in April 2012. the Parent Company applies internal procedures governing the preparation. approval. publication and purpose of individual and consolidated financial statements of the Parent Company and the Group. The Parent Company also applies information policy uniform 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 concluded in current and periodic reports. The internal control system involves. among others:

- the 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 arrangements. 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 Capital Group.

The Management Board of Work Service Capital Group shall review and verify 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.

d. Shareholding

The following table presents the shareholding structure. along with information about shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders. including all notice that the company Work Service SA received pursuant to art. 69 section 1 point 1 of the Act on Public Offering. Conditions Governing the Introduction of Financial Instruments to Organised Trading. and Public Companies (Journal of Laws 2016. item 1639 as amended).

Shareholder	Number of shares	Percentage of share capital	Number of votes	Share in the total number of votes
WorkSource Investments S.a.r.l.	13 714 286	21,07%	13 714 286	21,07%
ProLogics (UK) LLP London	10 466 200	16,08%	10 466 200	16,08%
Central Fund of Immovables Sp. z o.o.	9 641 500	14,81%	9 641 500	14,81%
Tomasz Misiak	9 553 961	14,68%	9 553 961	14,68%
Tomasz Hanczarek	3 336 420	5,12%	3 336 420	5,12%
MetLife PTE S.A.	3 254 743	5,00%	3 254 743	5,00%
Pozostali	12 743 205	23,24%	12 743 205	23,24%
Ogółem	65 094 823	100%	65 094 823	100%

e. Identification of holders of securities that confer special control rights and a description of these rights

There are no holders of securities with special control rights.

f. Indication of any restrictions on voting rights

Company's Articles of Association does not provide for any restrictions on voting rights.

g. Identification of any restrictions regarding the transfer of ownership of securities

In accordance with the provisions of the Articles of Association of the Company there are no restrictions on the free transferability of the shares. in addition to the restrictions regarding disposal of shares resulting from obligations of lock-up type. in terms of temporary exclusion from disposal of shares deposited by the shareholders of the Issuer. referred to in Paragraph IV. item 19.1.1 and item 19.6.3 - 19.6.7 of Prospectus - "Registration Document".

As part of realisation of collateral provided for in the credit agreement dated 18 November 2015. annexed on March 30th 2017 Work Service SA concluded registered pledge agreements in favour of Bank BGŻ BNP Paribas S.A. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. "Bank Zachodni WBK S.A.". Raiffeisen Bank Polska S.A. on shares in IT Kontrakt sp. z o. o.. Work Service International sp. z o. o.. Industry Personnel Service sp. z o. o.. Work Express sp. z o. o.. Antal Sp. z o.o.. and in Exact Systems S.A.

In addition. shareholders of Worksource Investment s.a.r.l.. Prologics (UK). Tomasz Hanczarek and Tomasz Misiak concluded agreements for registered pledges and financial pledges on shares in Work Service SA with Bank BGŻ BNP Paribas S.A.

As part of realisation of collateral provided for in the above mentioned credit agreement.

1. Work Service SA concluded registered pledge agreements dated 30 January 2017 in favour of Bank BGŻ BNP Paribas S.A. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. "Bank Zachodni WBK S.A.". Raiffeisen Bank Polska S.A. on shares in Antal Sp. z o. o. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. "Bank Zachodni WBK S.A.". Raiffeisen Bank Polska S.A. on shares in Finance Care sp. z o. o.

2. Shareholders of Worksource Investment s.a.r.l.. Prologics (UK) LLP. Tomasz Hanczarek and Tomasz Misiak concluded registered pledge agreements and financial pledge agreements dated 30 January 2017 with BGŻ BNP Paribas S.A. on shares in Work Service SA.
3. Work Service S.A. concluded registered pledge agreements dated 21 March 2017 in favour of Bank BGŻ BNP Paribas S.A. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. „Bank Zachodni WBK S.A.". Raiffeisen Bank Polska S.A. on new shares in Exact Systems S.A.

Additionally: The credit agreement with PKO BP Bank Polski SA is secured by a pledgeon shares in Prohuman. covering 75% of WSSA's share in the share capital of Prohuman. The pledge agreement on shares in Prohuman represents a pledge agreement on shares in Prohuman governed by Hungarian law. securing the Bank's claims under the credit agreement concluded on 30 December 2016 between WSSA as the pledgor and the Bank as the pledgee.

h. Rules governing the appointment and dismissal of managers and their rights. in particular the right to decide on the issue or repurchase of shares

The rules governing the appointment and dismissal of managing persons

<u>Management Board</u>

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. subject to a case of occurrence of Significant. Serious Default. The number of management Board members is determined by the Supervisory Board. while: In case of occurrence of Significant. Serious Default. Investor (tj. WorkSource Investments S.a.r.l. with registered office in Luxemburg) has the right to change most. but not all (i.e.. one member if the Management Board consists of one or two members. two members if the Management Board consists of three members. three members if the Management Board consists of four or five members. and four members when the Management Board consists of six members) members of the Management Board. under the following procedures:

- Investor shall have the individual right to dismiss members of the Management Board indicated in its sole discretion.
- Investor shall have the individual right to propose to the Supervisory Board three independent candidates. with the qualifications. for each available position on the Management Board. of whose the Supervisory Board will be required to appoint a new member of the Management Board for each available position.

During the entire duration of the Significant. Serious Default . the Supervisory Board has no right to change the number of members of the Management Board. nor the composition of the Management Board otherwise than in accordance with the following scheme - where Significant. Serious Default will continue after the appointment the Management Board in the manner provided above for a period of more than 18 months after such appointment the Supervisory Board shall have the right to dismiss most. but not all (i.e.. one member if the Management Board consists of one or two members. two members if the Management Board consists of three members. three members if the Management Board consists of four or five members. and four members when the Management Board consists of six members) members of the Management Board by a simple majority of votes

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

As long as the Investor remains a shareholder of the Company. the Supervisory Board consists of 9 members. including the Chairman and Vice Chairman. 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. or if Investor did not appoint a member or members of Supervisory Board in manner provided by the provisions of § 12 section 4 of the Articles of Association of the Parent Company. 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.

If the Investor ceases to be a shareholder of the Company the Supervisory Board will consist of 5 - 10 members. The number of members of the Supervisory Board in a given term is determined by General Meeting of Shareholders. As long as the Investor remains a shareholder of the Company. he is entitled to the individual right of appointment and dismissal of two members of the Supervisory Board in the form of a written notice of the appointment or dismissal of a member of the Supervisory Board delivered to the Company. The remaining members of Supervisory Board shall be appointed by the General Meeting of Shareholders. If the Investor fails to appoint a member or members of Supervisory Board within 21 days from the date of expiry of the term of office of a member or members of Supervisory Board designated by the Investor. such members of the Supervisory Board shall be appointed and dismissed by the General Meeting of Shareholders until an Investor exercise of its rights under § 12 section 5 of the Articles. in which case the term of office members of Supervisory Board appointed by the General Meeting pursuant to the above order will automatically expire. provided. however. that it will not affect the entire term of office of the Supervisory Board.

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 in paragraph 1 above. Independent Member of the Supervisory Board should meet the independence criteria referred to in paragraph 1 above. 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.
Subject to the provisions of paragraphs 6 § 13 of the Articles of 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. In case and the time when the Investor is a shareholder of the Company. at least one member of the Supervisory Board appointed pursuant to § 12 section 4 Articles of Association must attend all meetings of the Supervisory Board. If in a given Supervisory Board meeting a member of the Supervisory Board appointed in accordance with the provisions of § 12 section 4 of the Articles is not participating. additional Meeting of the Supervisory Board shall be convened and shall be held not later than 14 (fourteen) days from the date of the meeting. in which member of the Supervisory Board appointed pursuant to § 12 section 4 of the Articles did not participate. and such a meeting is capable of adopting resolutions regardless of the presence of such a member 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 Supervisory Board may adopt resolutions outside a meeting in writing or by means of direct remote communication. provided that all members have been notified of the draft resolution. Voting in this mode may be ordered by Chairman of the Supervisory Board on its own initiative or at the request of a member of the Supervisory Board or the Management Board.
As long as the Investor remains a shareholder of the Company. the Supervisory Board resolutions cited in § 16. 2. point a). e). f). h). i). j). k). o). p). q). r). s). t). v). w). x). y). z). aa). bb). cc). dd) and ee) of the Articles of Company shall be adopted by qualified majority of 8/9 votes cast. and the other resolutions shall be adopted by a simple majority of votes cast. If the investor ceases to be a shareholder of the Company. the Supervisory Board resolutions shall be adopted by a simple majority of votes cast. In case of an equality of votes in a situation where a simple majority of votes is required. the chairperson has the casting vote. If the specified resolution in form and substance set forth in the invitation for the meeting of the Supervisory Board shall not be adopted. then such resolution may be re-submitted at the next meeting of the Supervisory Board. which shall be held not earlier than forty-two (42) and not later than the end of forty-five (45)

days from the date of the meeting of the Supervisory Board. which has not adopted such a resolution. Such a meeting is entitled to adopt such resolutions by a simple majority of vote. provided holding at least two additional meetings of the Supervisory Board to the point and provided that such resolution. still requiring its adoption by majority of 8/9 votes. has not been adopted.
In the agreement between the Company and a member of the management board. as well as in a dispute with such member. the Company is represented by the Supervisory Board or an attorney appointed by a resolution of the General Meeting. Detailed rules for the organisation and functioning of the Supervisory Board are determined in the Supervisory Board Regulations adopted by the General Meeting of Shareholders.
The Supervisory Board exercises permanent supervision over the activities of the Company. The special powers of the Supervisory Board include:

- assessment of the Company's financial statements and the Management Board report. as well as the conclusions of Management Board concerning the distribution of profit or covering of loss and submitting to a General Meeting an annual written report on the results of this evaluation. the evaluation of their work. as well as a brief evaluation of corporate standing. which includes the assessment of internal control system and significant risk management system;
- appointing and dismissing members of Management Board. subject to § 17 paragraph. 3 - 6 of the Articles of the Company;
- suspension. for important reasons. the individual members of the Management Board. delegation of members of the Supervisory Board to temporarily perform the duties of Management Board members who are unable to perform their duties;
- approving the regulations of Management Board; granting consent to any benefits provided by the Company or any of its affiliates in favour of members of Management Board;
- granting consent to enter into a transaction by the Company and: (i) its shareholders entitled to exercise more than 5% of votes at the General Meeting of the Company. (ii) any person related to such shareholders. including persons controlling such shareholder. (iii) members of the bodies of the Company. their relatives and other entities that are subsidiaries of members of the bodies of the Company; giving consent to the payment towards expected dividend;
- selection and change in the entity authorised to audit financial statements. including the consolidated financial statements of the Company or its capital group;
  selection of an independent external auditor of the Company;
  approval of annual and interim financial plans and substantial changes in the plans presented by the Management Board;
- employing and determining the terms of employment (including salary. bonuses and premiums) of Management Board members of the Company;
  granting consent to the issuance of ordinary bonds. m) approving the merger. transformation or liquidation of the Company or its subsidiaries;
- granting consent to the acquisition and disposal of real property. perpetual usufruct or share in real estate;
- granting consent to the lease. the establishment of the right of perpetual usufruct. lease. pledge. mortgage. the establishment of other burdens. rights of first refusal or grant other rights to any part of the undertaking or assets of the Company. but excluding the granting of the above-mentioned for the direct or indirect subsidiaries of the Company and excluding charges related to bank credits. or loans that do not require the consent of the Supervisory Board in accordance with § 16 paragraph 2 point r) of the Statute;
- granting consent to the conclusion of agreements on the establishment of strategic cooperation. e.g. in the form of partnerships or joint ventures unless they are approved in the Business Plan or the annual budget;
- granting consent for capital expenditure of the Company. with a total value exceeding EUR 1.000.000 (one million euros). unless such expenditure has been planned and approved in the Business Plan or the annual budget;
- granting consent to the Company's loans and credit. if the value of an individual credit or individual loan exceeds EUR 2.500.000 (two million five hundred euros). unless such credits or loans have been planned and approved in the Business Plan or the annual budget;
- granting consent to granting of one or more guarantees of performance by one or more third parties. with a total value exceeding EUR 100.000 (one hundred thousand euros). which is not related to normal business activities and daily operating activities. but excluding direct or indirect guarantees of subsidiaries of the Company;
- approving the purchase. acquisition or disposal by the Company of shares. units or other securities in other

capital companies. partnerships or entities. and on the accession of the Company to civil partnerships. private companies with the exception of the purchase and disposal of government or bank securities for a period not longer than 360 days as a means of managing the cash position of the Company;

- granting consent to creation and liquidation of new companies or branches;
- granting consent to the introduction of the Company's incentive programs. in particular. to grant by the Company the right to subscribe for or purchase shares under the management options and changes of such programs;
- approval of any unusual matters unrelated to the Company's business or otherwise outside the scope of normal business. with a value exceeding EUR 1.000.000 (one million euros). or transaction restricting the activities of the Company (geographically or otherwise. in particular. containing clauses restricting competition) unless approved in business Plan or the annual budget;
- initiation or amicable settlement of litigation or arbitration of the amount in dispute exceeding EUR 200.000 (two hundred thousand euros) or several similar proceedings with a total value of amount in dispute exceeding 500.000 (five hundred thousand euros);
- granting consent to conclude a single contract or more contracts with the same entity or natural person to perform work or services. if the remuneration or expenses arising from such work or services exceeds EUR 500.000 (five hundred thousand euros) in any period of three months;
- granting consent to donation. including charities. with a total value exceeding EUR 15.000 (fifteen thousand euros) in any year or for donations to political organisations;
- issuance of equity interests in the Company or any subsidiary of the Company other than the issuance of equity issued by a subsidiary of the Company. or on the basis of managerial incentive schemes;
- the Company's acquisition of assets with a total value exceeding EUR 500.000 (five hundred thousand euros). unless they have been approved in the Business Plan or the annual budget;
- granting consent to change in Business Plan;
- granting approval to conclusion any significant agreements that may cause the Company's obligations in excess of PLN 2 000 000 (two million euros). unless such agreements have been planned and approved in the Business Plan or in the annual budget;
- granting consent to granting loans to third parties with a value exceeding EUR 500.000 (five hundred thousand euros). excluding loans granted to the direct or indirect subsidiaries of the Company.

For the validity of a resolution of the Supervisory Board on granting consent in cases referred to in § 16 section 2 points e. f. h. of Articles of Association. it is required to vote in favour of such resolution by at least one Independent Member of the Supervisory Board. if a person with such status is part of the Supervisory Board.

The right to take a decision on the issuance or repurchase of shares

According to § 10.1 letters f and k Articles of Association competence of the General Meeting shall include:

- increase and decrease of the share capital of the Parent Company.
- issuance bonds convertible into shares. bonds with priority rights and subscription warrants.

i. Description of amendments to Articles of Association of the Parent Company

According to §10.1 letter g and §10.11 of Articles of Association of the Company amendment of the Articles and change of business of the Parent Company is the exclusive competence of the General Meeting.

j. General Meeting - mode of action

The powers of the General Meeting include matters reserved by the Commercial Companies Code. provisions of other laws and the Articles of Association. in particular:

a) consideration and approval of the Company's Management Report and financial statement for the previous financial year;
b) adopting resolutions on the distribution of profits to an amount equal to 20% of net profit in the financial year;
c) adopting resolutions on the distribution of profits in excess of 20% of net profit in the financial year;
d) granting discharge to the members of the Company's bodies for the performance of their duties;
e) appointment and dismissal of members of the Supervisory Board. subject to § 12 section 4 of the Articles;

f) increase or reduction of share capital;
g) amendments to Company's Articles of Association;
h) adoption of resolutions on the sale or lease of the Company or its organized part and the establishment of its use or other limited rights in rem;
i) dissolution of the Company;
j) adoption of the Rules of Procedure of the Supervisory Board and the General Meeting. and its amendments;
k) issuance of bonds. convertible bonds or bonds with priority rights and issuance of subscription warrants referred to in art. 453 § 2 of the Commercial Companies Code ("CCC"). and other financial instruments. with the exception of foreign currency transactions and derivatives;
l) merger of the Company with other companies. the division of the Company. the Company's spin-off or transformation of the Company;
m) settlement of all matters relating to compensation claims for damages caused during the formation of the Company or its management or supervision;
n) determining the method and amount of remuneration of Supervisory Board members;
o) specifying the date as of which the list of shareholders entitled to dividend for a given year is being determined – determining the dividend date and the dividend payment date;
p) creation of capital reserves not required under applicable law;
q) granting consent to the extension of the Company's business of all kinds of care services for the elderly.

The Annual General Meeting shall be held annually within six months after the end of each financial year. The Extraordinary General Meeting shall be convened if the bodies or persons authorised to convene General Meetings deem it appropriate. The General Meeting is convened by the Management Board and the Supervisory Board has the right to convene the Annual General Meeting. if the Management Board fails to convene the General Meeting within the prescribed time limit. The Supervisory Board and the shareholders or shareholder holding at least one-twentieth of the share capital may request the convening of an Extraordinary General Meeting of Shareholders.

The Supervisory Board and the shareholders or shareholder holding at least one-twentieth of the share capital may request the convening of an Extraordinary General Meeting of Shareholders. Requests referred to above. together with the reasons for allowing taking on the resolution. should be submitted to the Management Board by entitled shareholders in writing or in electronic form. If the request does not contain a statement of reasons. the Management Board will ask the applicant to justify the request. The General Meeting shall be valid regardless of the number of shares represented. if the provisions of the Commercial Companies Code or Articles of Association provide otherwise. Resolutions of the General Meeting shall be passed by an absolute majority of votes. unless the provisions of the Commercial Companies Code. the provisions of other laws or the Articles of Association provide other conditions for their adoption.

A matter introduced into the agenda of the General Meeting on the initiative of an authorised shareholder or shareholders who have submitted such a request. may be – on substantiated request. when there are compelling reasons- removed from the agenda by a resolution adopted by a majority of 80% of the votes cast and with the consent of all shareholders who submitted such a request. In case where the Management Board in a substantiated manner seeks to remove from the agenda the matter introduced on the agenda of Management Board's own initiative. the resolution requires an absolute majority of votes cast. Shareholders participate in the General Meeting in person or by proxy appointed in writing. Change of business of the Company may be made without repurchase of shares. The resolution in this case requires for its validity two thirds of the votes cast in the presence of persons representing at least half of the share capital of the Company. Acquisition and disposal of property. perpetual usufruct or shares in real estate does not require approval of the General Meeting.

k. Personal composition. changes and a description of the management and supervisory bodies

Composition of the Management Board and the Supervisory Board was presented in Section 2 of Basic Information on the Capital Group of this report.

According to *the Recommendations of the European Commission of 15 February 2005 on the role of non executive directors or being members of supervisory board of listed companies and the committees of the board (supervisory)* and pursuant to § 12 paragraph 9 of Articles of Association of the Company two permanent committees were appointed: The

Audit Committee and the Remuneration Committee. Composition of these committees has been established by resolutions of the Supervisory Board No. 1 and 2. dated 12 August 2011. The Appointment of the above mentioned Committees constituted adjustment of the Company's corporate structure to the requirements of the public market.

The current composition of Audit Committee was established by the resolution no. 1 of the Supervisory Board dated 20 October 2017 and is as follows:

1. Piotr Kamiński – The Chairman of the Audit Committee
2. John Leone - Member of the Audit Committee.
3. Krzysztof Kaczmarczyk – Member of the Audit Committee

The Audit Committee is particularly appropriate for the supervision of the Company's financial reporting and audit process of the financial statements of the Company. The tasks of the Committee include:

- monitoring the financial reporting process.
- monitoring the effectiveness of internal control systems. internal audit and risk management.
- monitoring performance of financial audit.
- Monitoring the independence of the authorized entity (the audit firm) to audit financial statements and operating within the expert auditor of the entity.
- advising the Supervisory Board on proper supervision of the Company's financial reporting and audit process of the financial statements of the Company. the implementation of financial reporting and internal controls in the Company and cooperation with entities authorised (audit firms) to audit the Company's financial statements and expert auditors acting within these entities.

In particular. the Committee should:

- recommend to Supervisory Board the company authorised (an audit firm) to audit the Company's financial statements. including the consolidated financial statements. as well as the terms of the contract with such an entity and the amount of its remuneration.
- assess the scope of the independence of the selected audit firm and expert auditor.
- prepare draft resolutions of the Supervisory Board on financial matters of the Company.
- examine the quarterly. half-yearly and annual financial statements.
- discuss any problems or objections that may arise from the audit of the financial statements of the Company.
- ensure the most efficient communication between the auditor and the Supervisory Board.
- cooperate with the internal auditor of the Company.
- analyse the comments addressed to the Management Board by the Company's expert auditors and Management Board responses.
- analyse the reports of internal auditors of the Company and Management Board responses on observations and postulates contained in these reports.
- analyse and evaluate relations and dependencies within the Company and in the same Supervisory Board and the Management Board of the Company in terms of the existence or possibility of conflicts of interest. and take measures to eliminate this kind of events.
- consider any other issues related to the audit of the Company. which drew the attention of the Committee or the Supervisory Board.

The Remuneration Committee

Present composition of Remuneration Committee is as follows.

1. Panagiotis Sofianos – Chairman of the Remuneration Committee
2. Pierre Mellinger – Member of the Remuneration Committee

The duties of the Remuneration Committee include. in particular:

- planning the policy of remuneration for the Members of the 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 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 only in 2012.

20. A declaration on the non-financial information

A declaration on the non-financial information was prepared according to the Accounting Act. in particular Article 49 and constitutes attachment number 1 to this report
In addition to this declaration. the company also publishes on a biennial basis a Corporate Social Responsibility Report. which comprehensively presents the impact on employment. social and environmental issues. The next report for the years 2019-2020 will be published in 2021.

SIGNATURES:

1.	Iwona Szmitkowska	President of the Management Board	…………………….………………………………..
2.	Paul Christodoulou	Vice President of the Management Board	…………………………………………….…………
3.	Jarosław Dymitruk	Vice President of the Management Board	…………………………………………….…………