

9th of September, 2020

**POSITION OF THE MANAGEMENT BOARD OF WORK SERVICE S.A. BASED IN  
WROCLAW, REGARDING THE TENDER OFFER TO SUBSCRIBE FOR THE SALE OF  
WORK SERVICE S.A. SHARES ANNOUNCED BY GI INTERNATIONAL S.R.L. ON 25  
AUGUST 2020**

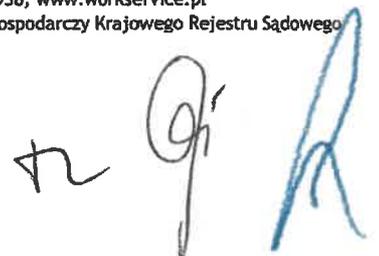
The Management Board of Work Service S.A., based in Wrocław, 66 Gwiaździsta street, 53-413 Wrocław, enlisted in the register of companies of the National Court Register (Krajowy Rejestr Sadowy) kept by the Regional Court for Wrocław Fabryczna in Wrocław, VI Commercial Division of the National Court Register under the KRS number 0000083941, with the NIP 8971655469 (“**Work Service**” or the “**Company**”), pursuant to Article 80 of the Act of 29 July 2005 on Public Offering and the Terms of Introduction of Financial Instruments into an Organized Trading System and on Listed Companies (the “**Act**”) hereby presents the Management Board’s position (the “**Position**”) with respect to the Tender Offer to the sale of shares (“**Shares**”) of the Company (the “**Tender Offer**”) announced on 25 August 2020 by GI International societa a responsabilita limitata (“**GI International s.r.l.**”) headquartered in Milan, Italy, Piazza IV Novembre 5, 20124 Milan, Italy, registered in Italy under the fiscal identification number 06609080962 (the “**Offerer**”).

**I. Tender Offer**

On the 25th of August, 2020, the Offerer announced the Tender Offer concerning 15,29% Shares of the Company, i.e. 10.029.311 (in words: ten million twenty nine thousand three hundred and eleven) common bearer Shares, dematerialized, with a nominal value of 0,10 zł (in words: ten grosz) each, providing one vote at the General Meeting of the Company (the “**General Meeting**”) each.

Shares are dematerialized with the ISIN PLWRKSR0019 code. They were admitted and introduced to trading on the regulated market (the main market) of the Warsaw Stock Exchange in Warsaw S.A. (“**WSE**”) and on the main market of the London Stock Exchange.

The entity acquiring the Shares, i.e. the Offerer, intends to achieve shareholding, after conducting the Tender Offer, together – both directly and indirectly through a subsidiary – up to 43.289.821 (in words: forty three million two hundred and eighty nine thousand eight hundred and twenty one) Shares of the Company, constituting 66,00% of the total Shares of the Company, entitling to 43.289.821 (in words: forty three million two hundred and eighty nine thousand eight hundred and twenty one) votes at the General Meeting, constituting 66% of the total votes at the General Meeting.



Under the content of the Tender Offer, on the day of the Tender Offer announcement, the Offerer, together with its subsidiaries, owns jointly 50,71% of the total number of the Company's Shares, i.e. 33.260.510 (in words: thirty three million two hundred and sixty thousand five hundred and ten) Shares of the Company, entitling to exercise 50,71% of the total votes number at the General Meeting, i.e. 33.260.510 (in words: thirty three million two hundred and sixty thousand five hundred and ten) votes at the General Meeting.

## **II. Grounds of the Management Board's Position**

The Management Board bases its Position on the analysis of the following documents and information:

- a) the content of the Tender Offer,
- b) the market prices of the shares of the Company, resulting from the regulated market stock exchange listings, in the period of six months prior to the announcement of the Tender Offer,
- c) publicly available information on the performance and the financial condition of the Company, including the financial statements of the Company,
- d) Company's internal information available to the Management Board, regarding the performance of operational activities of the Company and the market data,
- e) the expert opinion („Fairness Opinion”) of Blackwood Capital Group (UK) Limited (“Blackwood”), authorised and regulated by the Financial Conduct Authority, referred to in Article 80 (3) of the Act on the price of the Share in the Tender Offer, which is in the appendix to this Position of the Management Board.

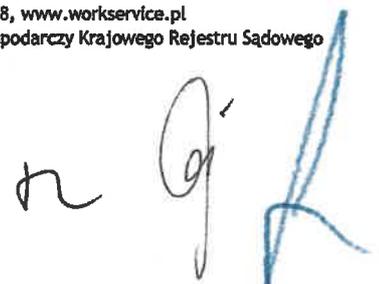
## **III. The Impact of the Tender Offer on the Company's interest, including employment in the Company, strategic plans of the Offerer towards the Company and their likely impact on employment in the Company and the location of its operations**

### **i. The impact of the Tender Offer on the Company's interest**

In line with point 29 of the Tender Offer, the Offerer treats the acquisition of the Company's Shares as a long-term strategic investment. The main focus of the Offerer's activity is the activity on the job placement market. The Offerer does not intend to change the main subject of the Company's activities.

In the Tender Offer content, the Offerer did not present specific information on the likely impact of the Tender Offer on the employment in the Company and the change of the location of its operations. In the opinion of the Management Board, based on the content of the Tender Offer and the forementioned statements, there is no basis for a statement, that the Tender Offer will have a negative impact on the employment in the Company and the change of the location of the Company's operations.

### **ii. The existing engagement of the Offerer in the Company's operations**



From the moment of the conclusion of the investment agreement (“**Investment Agreement**”) on the 13<sup>th</sup> of February, 2020, the Offerer played the key role in the restructuring process of the Company, stabilizing its financial situation, and allowing the continuation of its operations. As the key activities, the following can be listed:

- a) Provision of bridge financing to the Company (“**Bridge Loan**”) amounting to 20.000.000,00 zł (twenty million złotych). The Bridge Loan allowed the Company to repay its most urgent liabilities that were threatening continuation of operating activity and in the remaining part the Bridge Loan has been used for working capital financing, increasing Company’s liquidity, which has been especially needed in the period of the outburst of COVID-19 pandemic.
- b) Support in the negotiations regarding the conditions of the repayment of the crucial liabilities of the Company, in order to arrive at an achievable repayment schedule.
- c) As a result of the above-mentioned activities, Offerers involvement has indirectly strengthened the Company’s market position in the context of its financial situation, that significantly facilitated the perceptions of the Company on the market, which for a long time has been tackling financial problems.

### **iii. The Financing Agreement between the Offerer and the Company**

The Financing Agreement has been concluded is the result of the implementation of the provisions of the previously signed Investment Agreement concluded between the Offerer and the Company on the 13<sup>th</sup> of February, 2020. The Company published the information regarding the conclusion of the Investment Agreement in its current report no. 12/2020 (together with the correction: 12/2020/K) published on the 13<sup>th</sup> of February, 2020. The Company informed about the inclusion of the annex no. 1, annex no. 2 and annex no. 3 to the Investment Agreement, in the current reports (respectively) no. 40/2020, 47/2020 and 58/2020.

As of the date of the Tender Offer:

- a) The Gi Group S.P.A., the dominating entity of the Offerer, is the guarantor of the liabilities of the Company resulting from the restructuring agreement concluded between the Company and the creditor banks of the Company on the 9<sup>th</sup> of July, 2020 (annexed twice). On the conclusion of the restructuring agreement, the Company informed in its current report no. 42/2020. On the inclusion of annex no. 1 and annex no. 2 in the Restructuring Agreement, the Company informed, respectively, in the current report no. 46/2020 and 55/2020.
- b) The Offerer is the contracting party of the Financing Agreement concluded between the Company and the Offerer on the 10<sup>th</sup> of August, 2020, which states that the Company will be provided by the Offerer with financing in the total amount of 210.000.000,00 zł (the “**Financing Agreement**”). On the conclusion of the Financing Agreement with the Offerer, the Company informed in its current report no. 54/2020.



The provisions of the Financing Agreement assumes that the Company will be granted financing in the total amount (including Bridge Loan) of 210.000.000,00 zł (two hundred and ten million złotych) ("Loan Amount", "Financing"). Financing is granted to cover liabilities of the Company, including i.e. repayment of the existing reduced debt to the Company's creditor banks and bondholders in the amounts indicated in the repayment schedule, as well as repayment of the existing debt to the Social Insurance Institution (Zakład Ubezpieczeń Społecznych), Tax Office (Urząd Skarbowy) and State Fund for Rehabilitation of Disabled Persons (PFRON) and providing required working capital financing. All conditions precedent of the Financing Agreement have been already met.

The Loan Amount becomes due in the following terms:

- a) part of the Loan Amount of 30.000.000,00 zł (thirty million złoty) will become due on 31 December 2020;
- b) part of the Loan Amount (if it will be effectively disbursed before the end of 31 December 2020) in the amount of 50.000.000,00 zł (fifty million złoty) will become due on 31 July 2021;
- c) the remainder of the Loan Amount will become due on 31 July 2025.

In line with the Financing Agreement, the Company commits to increasing the share capital by, minimum of 30.000.000,00 zł (thirty million złoty), up to a maximum of 105.000.000,00 zł (one hundred and five million złoty) and to offering newly emitted shares at the emission price of 0,39 zł (thirty nine groszy) per share. The Offerer commits to subscribe for a number of shares as a part of the planned increase of the share capital, that the total subscription price will correspond to parts of the Loan Amount, which will mature on, respectively, the 31<sup>st</sup> of December, 2020, and the 31<sup>st</sup> of July, 2021, i.e. 80.000.000,00 zł (eighty million złoty). The Financing Agreement predicts a securement of the Loan Amount repayment by filing, by the Company in the period of one month since the conclusion date of the Financing Agreement, a statement of voluntary submission to the execution on the basis of article 777 § 1 point 5 of the code of civil procedure up to the amount of the Loan Amount, valid until the 31<sup>st</sup> of December, 2028; and the agreement for pledge on the shares in the dependent companies of the Company: Industry Personnel Services sp. z o.o., Sellpro sp. z o.o., Finance Care sp. z o.o., Krajowe Centrum Pracy sp. z o.o., Work Service Czech S.R.O., Work Service Slovakia S.R.O.

#### **IV. Position of the Management Board regarding the prices of the Shares of the Company offered in the Tender Offer**

- i. Acquisition price of the Shares of the Company in the Tender Offer, and the regulatory requirements**



The acquisition price of the Shares of the Company in the Tender Offer ("Tender Offer Price") has been set at 0,62 zł (in words: sixty two grosz) per one Share of the Company. All Shares included in the Tender Offer entitle to the same number of votes at the General Meeting.

In line with the Tender Offer content:

- a) the acquisition price is not lower than the minimal price determined in accordance with the rules of law and meets the criteria set out in article 79 of the Act;
- b) the arithmetic average of the averages, daily prices weighted with the trading volume in the period of six months prior to the announcement of the Tender Offer, during which the trade of the Company's shares occurred on the main market, amounts to (rounded to two decimal places) 0,62 zł (in words: sixty two grosz) per a Company's Share;
- c) the acquisition price is not lower than the highest price, that has been paid for a Share of the Company by the Offerer and its subsidiaries or its dominating entities, in the period of 12 months directly prior to the announcement date of the Tender Offer. The highest price, which per a share of the Company in the period of 12 months indirectly prior to the announcement date of the Tender Offer, the Offerer paid, the dependent entities or its dependent entities amounted to 0,21 zł (twenty one groszy) per a Share of the Company;
- d) the Offerer is not, and has not been in the period of twelve months prior to the announcement of the Tender Offer, a party of the concluded agreement, referred to in article 87 act 1 point 5 of the Act, concerning the Shares;
- e) the Offerer, and its subsidiaries or dominating entities have not traded, in exchange for the shares of the Company, things or rights in the period of 12 months directly prior to the announcement date of the Tender Offer.

**ii. Significant transactions on shares of the Company related to the Offerer having an impact on the Position of the Management Board**

It should be brought to attention that the proposed price in the Tender Offer is higher than the price of 0,21 zł (twenty one grosz) at which the Offerer directly and indirectly purchased shares from the Company's shareholders. In the context of these transactions, the Offerer together with its subsidiaries hold Shares of the Company, i.e. 50,71% of the total number of the Shares of the Company, i.e. 33.260.510 (in words thirty three million two hundred sixty thousand five hundred and ten) Shares of the Company. Additionally, in accordance with article 79, act 4 of the Act, the Offerer and Tomasz Misiak owning 3.316.440 (in words: three million three hundred and sixteen thousand four hundred and forty) Shares constituting 5,06% of the share capital of the Company and the corresponding share of the total number of votes ("Significant Shareholder") agreed that the acquisition price of the Shares from the Significant Shareholder is lower than the acquisition price offered in Tender Offer and amounts to 0,21 zł (twenty one grosz) per share.

The price in the Tender Offer is also higher than the 0,39 zł (thirty nine grosz) price per share at which the Company committed to call for the issue of new shares in order to increase the share capital of the Company,



by an amount of at least 30.000.000,00 zł (thirty million zloty) up to a maximum amount of 105.000.000,00 zł (one hundred five million zloty) as regulated in the Financing Agreement.

### iii. Other significant factors with impact on the Management Board Position

An additional significant factor that the Management Board of the Company takes into account in developing its Position is the analysis of the Company's financial condition. The Company has been struggling with financial problems for a long time, the direct cause of which were unsuccessful expansions to the Russian and German markets and the growing demand for working capital financing due to the increase in the scale of its operations. This led to the Company's overindebtedness and liquidity problems.

In order to stabilize the Company's situation, restructuring activities have been carried out since 2017. The most important restructuring activities include:

a) Divestments - sale of the Company's assets and allocation of funds from the sale to reduce the Company's debt, key divestments:

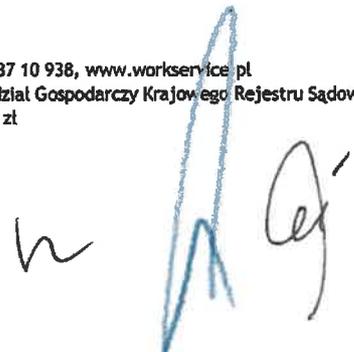
- IT Kontrakt – sale on March 31, 2017, proceeds from the sale in the amount of approx. 147 mn zł, which allowed the redemption of bonds in the amount of approx. 80 mn zł;
- Exact Systems – sale on October 31, 2018, the proceeds from the sale in the amount of approx. 155 mn zł, of which the bank debt was reduced by approx. 104 mn zł;
- Antal – sale of shares and trademark on December 23, 2019, proceeds from the sale in the amount of approx. 10,4 mn zł, the funds from the transaction were allocated to the repayment of the Company's non-banking liabilities and improvement of the working capital;
- Work Service GmbH & Co. KG (German business) – sale on July 27, 2020, the proceeds from the sale in the amount of approx. 4,5 mn zł, the proceeds from the transaction were allocated to the partial repayment of the bridge financing from the Offerer;

b) Debt restructuring:

- Bank debt - extension of loan maturity (in 2018 and 2020), which has been adjusted to the planned divestment schedule and the process of acquiring an investor, which were to be the source of debt repayment.

Finally, on July 9, 2020, the Company concluded a cooperation agreement with banks on debt restructuring (current report 42/2020). Bank debt restructuring assumes a 50% reduction of the outstanding debt and its repayment in accordance with the agreed schedule - quarterly installments payable by June 30, 2023 (3-year repayment schedule).

- Bonds - rolling a significant part of the bond debt (2018) and defining new debt repayment terms (2020, current report 3/2020), assuming a debt reduction of 70% for series W, X and Z bonds, repayment of the remaining part of the debt (30%) in the form of a one-off payment after finalizing the transaction with the investor;



- Regulatory liabilities - the Company maintains a high level of overdue tax and social security liabilities. As a result of talks with state institutions, installment agreements were concluded, assuming the delays in the repayment of liabilities in a schedule adapted to the Company's liquidity capabilities;
- c) Acquiring an investor / finance raising - the Company, in parallel with the processes of divestment and debt restructuring, conducted a process of acquiring an investor and new financing. As part of the process, the Company mandated several advisory companies to represent it in the process. Professional financial investors and companies from the HR industry, investing / operating in the region of Central and Eastern Europe were invited to the process, of which only a few entities from a wide list of institutions that were contacted began to perform a more advanced analysis of the Company and talks with the Management Board. However, all entities except the Offerer withdrew their further interest due to the difficult situation of the Company and the associated high investment risk and funding requirement.

Summarizing the above description of restructuring activities carried out in the Company, as a part of formulating its Position, the Management Board takes into account the described long term difficult financial situation of the Company. The presented actions of the Company's key creditors (being respected financial institutions and the largest government institutions) confirm the seriousness of the Company's situation and the level of risk. Company's creditors, in order to obtain the repayment of their liabilities, decided on (in detail described above) significant reduction of the outstanding debt (50 % of bank loans, 70% of liabilities due to W, X and Z bonds), significant changes in the debt repayment schedule (installments with Social Security Office). An additional confirmation of the Company's investment risk is the amount of time which the Company needed to obtain investor and concessions from creditors that enabled the investment.

An additional aspect affecting the financial condition of the Company is the current market situation - the global COVID pandemic that has been affecting Company's operations for several months. This unforeseen event additionally had a negative impact on the possibility of stabilizing the Company's results and the success of operational restructuring activities. Unfortunately, the Company's operations in some markets remain unprofitable, which has an additional negative impact on the fair value of the Company's shares.

#### **iv. Fairness Opinion**

In order to verify whether the proposed Tender Offer Price corresponds to the fair value of the Company's shares, the Company's Management Board, acting in accordance with Article 80 section 3 of the Act, commissioned a third party – Blackwood, to the preparation of an independent Fairness Opinion on the Price in the Tender Offer.

In accordance with the Fairness Opinion submitted by Blackwood on 9 September 2020, the proposed Tender Offer Price is within the range of fair value of the Company, calculated per one share of the Company.



Taking into consideration all the circumstances described above and the Fairness Opinion, the Management Board is of the opinion that the proposed Tender Offer Price is within the range of the fair value of the Company.

#### V. Disclaimer

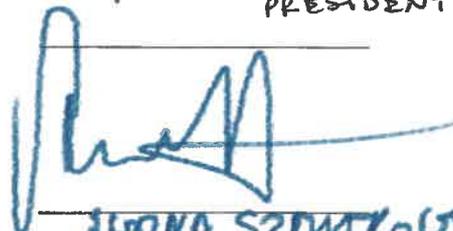
- a) Subject to the information coming from the Company and concerning its activities, the Company's Management Board shall not be responsible for the accuracy, reliability, completeness and adequacy of the information on the basis of which the Position was presented, in particular for the information presented by the Offerer in the Tender Offer.
- b) The Company's Management Board informs that there may exist opinions on the Company's value that are different from those presented in the Position.
- c) The Position does not constitute any recommendation to buy or sell shares within the meaning of generally applicable regulations, including the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, but constitutes only the execution of the Management Board's obligation under Article 80 of the Act.
- d) A shareholder of the Company making a decision on a possible response to the Tender Offer should make an independent and self-assessment of the investment risk, in particular related to the Tender Offer Price. This Position should not be the exclusive basis for investment decisions taken by the Company's shareholders. In case of doubts concerning such a decision, a shareholder of the Company should consult a professional advisor.
- e) The Company's Management Board would like to note that the market price of the Company's Shares as of 8th September, 2020 was significantly higher than the Tender Offer Price and was at 0,90 zł (ninety grosz) at the closing of WSE session. Thus, as long as such market price remains higher than the Tender Offer Price, investors willing to sell their shares shall make sure if it is more favourable to sell their shares through the market or through the Tender Offer. At the same time and in accordance with Article 80 of the Act of 29 July 2005 on Public Offering the historical market price shall not be the only base for assessing fair value of the shares by the management. Thus, based on the performed analyses, the management concluded as stated above. The management expects, that the wide range of the fair value of the Company as well as high market volatility may be related to the challenging financial situation of the Company and complex restructuring process through which the Company has been going through the recent years.



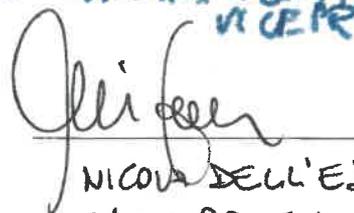
Management Board of Work Service S.A.:



THIBALT LEFEBVRE  
PRESIDENT



JOLANA SZMITKOWSKA  
VICE PRESIDENT



NICOLA DELL'EDERA  
VICE PRESIDENT

