



**WORK
SERVICE**



WORK SERVICE Capital Group

SUMMARY INTERIM QUARTERLY REPORT

for the first quarter of 2021

compiled in line with the International Financial Reporting Standards
as endorsed by the European Union

Wrocław, May 31, 2021

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Consolidated selected financial data

The presented financial data for the period 01.01.2021-31.03.2021 applies to the entire Capital Group: continued and discontinued operations.

SPECIFICATION	01.01.- 31.03.2021	01.01.- 31.03.2020	01.01.- 31.03.2021	01.01.- 31.03.2020
Work Service Capital Group	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	110 511	358 803	24 170,73	80 193,78
EBITDA (operating profit + depreciation and amortisation)	454	4 403	99,30	984,09
Profit on sales	-3 718	4 691	-813,19	1 048,46
Operating profit (EBIT)	-1 089	1 079	-238,18	241,16
Gross profit (loss)	8 258	16	1 806,17	3,58
Net profit (loss)	7 302	-4 691	1 597,08	-1 048,46
Net cash flows from operating activities	-24 251	-3 535	-5 304,13	-790,09
Net cash flows from investing activities	12 222	-3 155	2 673,17	-705,15
Net cash flows from financing activities	3 796	9 314	830,25	2 081,71
Total net cash flows	-8 233	2 624	-1 800,70	586,47
Number of ordinary shares of the Company for the calculation of earnings per share	65 753 888	65 590 638	65 753 888	65 590 638
Earnings per share	0,11	-0,07	0,02	-0,02
Number of diluted shares for the calculation of diluted earnings per share	66 495 894	66 332 644	66 495 894	66 332 644
Diluted profit per share	0,11	-0,07	0,02	-0,02
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Assets	403 437	723 514	86 568,89	156 781,23
Liabilities and provisions for liabilities	395 588	586 415	84 884,66	127 072,67
Long-term liabilities	124 124	17 768	26 634,34	3 850,12
Short-term liabilities	264 473	516 545	56 750,21	111 932,32
Equity	7 849	65 987	1 684,23	14 298,99
Share capital	6 575	6 559	1 410,85	1 421,31
Supplementary capital	343 137	353 711	73 629,81	76 647,09

Selected separate financial data

SPECIFICATION	01.01.- 31.03.2021	01.01.- 31.03.2020	01.01.- 31.03.2021	01.01.- 31.03.2020
Work Service SA	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	45 269	75 214	9 901	16 811
EBITDA (operating profit + depreciation and amortisation)	-2 493	-1 326	-545	-296
Profit on sales	-5 170	-3 828	-1 131	-856
Operating profit (EBIT)	-3 972	-3 437	-869	-768
Gross profit (loss)	-8 028	-4 564	-1 756	-1 020
Net profit (loss)	-7 140	-4 564	-1 562	-1 020
Net cash flows from operating activities	-20 927	-1 251	-4 577	-280
Net cash flows from investing activities	18 961	2 860	4 147	639
Net cash flows from financing activities	-308	1 609	-67	360
Total net cash flows	-2 274	3 218	-497	719
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Assets	398 491	503 136	85 508	109 027
Liabilities and provisions for liabilities	411 452	479 138	88 289	103 826
Long-term liabilities	112 905	60 563	24 227	13 124
Short-term liabilities	295 586	403 868	63 426	87 516
Equity	-12 961	23 998	-2 781	5 200
Share capital	6 575	6 559	1 411	1 421
Supplementary capital	283 392	283 164	60 810	61 360

Consolidated financial statements of the Capital Group

Consolidated report from the financial standing of the Capital Group

as at March 31, 2021

The balance sheet presents assets, equity, and liabilities of the Capital Group as at 31.03.2021, as at 31.12.2020, and as at 31.03.2020.

	as at 31.03.2021	as at 31.12.2020	as at 31.03.2020 after adjustment
NON-CURRENT ASSETS	292 622 329,13	294 461 262,84	373 601 965,13
Intangible assets	8 361 954,53	8 989 878,24	26 115 346,41
Goodwill	19 315 989,21	19 315 989,20	281 848 281,08
Property, plant and equipment	10 085 076,35	10 519 712,90	16 680 637,71
Investment properties	2 335 555,80	2 346 490,95	2 379 296,40
Long-term receivables			111 025,87
Investment in related entities	221 354 521,62	221 354 521,62	364 958,82
Other long-term financial assets			
Deferred tax assets	23 764 217,20	25 038 041,41	45 044 811,99
Prepayments	7 405 014,42	6 896 628,52	1 057 606,86
CURRENT ASSETS	110 814 807,45	99 549 854,98	349 911 654,14
Inventories	406 447,99	958 990,35	6 558 893,40
Trade and other receivables	92 210 798,75	76 657 524,88	293 507 286,41
Loans	382 825,58	372 015,20	3 082 230,31
Other short-term assets			3 960,18
Cash and cash equivalents	14 650 151,59	18 449 557,36	39 762 182,25
Prepayments	3 164 583,54	3 111 767,19	6 997 101,59
Assets classified as available for sale		25 808 794,82	
TOTAL ASSETS	403 437 136,58	419 819 912,64	723 513 619,28
EQUITY	7 848 768,74	1 505 640,62	65 986 866,93
Share capital	6 575 388,80	6 559 063,80	6 559 063,80
Supplementary capital	343 137 616,23	342 909 066,23	353 711 142,06
The other reserve capital (funds)	-92 782 733,33	-92 672 703,31	-92 776 850,89
Profit (loss) brought forward	-255 544 860,60	-209 254 840,65	-202 211 982,64
Net profit (loss)	7 307 267,96	-16 040 511,58	-6 020 473,09
Foreign exchange differences	-386,78	-29 155 815,10	-24 944 216,65
Capital held by non-controlling shareholders	-843 523,55	-838 618,77	31 670 184,33
LIABILITIES AND PROVISIONS	395 588 367,85	408 863 236,37	657 526 752,36
Provisions for liabilities	6 540 882,76	10 570 806,81	43 411 406,78
Deferred tax liabilities	1 477 724,89	3 586 374,78	3 780 684,07
Provision for pensions and similar benefits	1 774 982,11	1 842 075,46	9 874 963,59
Other current provisions	3 288 175,76	5 142 356,57	29 755 759,11
Long-term liabilities	124 124 018,29	171 748 962,11	17 704 278,40
Loans and borrowings	24 772 535,97	55 243 053,00	627 792,40
Issue of debt securities			
Other financial liabilities	4 179 127,78	5 882 155,89	7 493 884,82
Other liabilities	95 172 354,54	110 623 753,22	9 582 601,18
Short-term liabilities	264 472 620,43	222 772 380,98	585 008 949,29
Issue of debt securities			45 679 119,21

Other financial liabilities	12 608 908,30	11 859 689,00	11 263 050,29
Loans and borrowings	154 982 766,01	122 897 911,39	145 677 524,81
Trade liabilities	3 820 674,97	5 275 462,63	25 712 272,13
Advances for supplies received	127 960,81	969 369,19	752 314,41
Liabilities in respect of taxes, customs duties, insurance and other benefits	72 757 608,61	61 261 357,11	247 573 271,65
Payroll liabilities	15 877 359,85	15 894 636,02	59 842 042,08
Other liabilities	3 945 657,45	4 481 872,03	48 371 054,29
3. Special funds	351 684,42	132 083,61	138 300,41
Accruals	450 846,37	3 771 086,47	11 402 117,89
Liabilities classified as available for sale		9 451 035,65	
TOTAL EQUITY AND LIABILITIES	403 437 136,58	419 819 912,64	723 513 619,29

Consolidated total income statement of the Capital Group

for 3 months ended on March 31, 2021

The financials presented refer to the 3-month period ended on March 31, 2021, and the 3-month period ended on March 31, 2020.

The presented financial data in the field of continuing operations for 3 months of 2021 include results of Polish companies and the Ukrainian company for the period 01.01.2021-31.03.2021.

Financial data from continuing operations for 3 months of 2020 refer to the financial data of Polish companies, the Ukrainian company and the company Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft.

Data for continuing operations are not comparable due to i) consolidation in the data for 3 months of 2020 of both revenues, costs and results of Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft. And ii) no data for the net profit for the first quarter of 2021. Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft, which should be taken into account due to the new method of consolidating this group described in this report.

The presented data in discontinued operations include:

* operations intended for sale for the period from 01.01.2021 to 31.03.2021, i.e. the financial results of Work Service Slovakia s.r.o and entities controlled by Work Service Slovakia s.r.o, as well as Work Service Czech s.r.o, including the result on the sale of these entities.

* operations intended for sale for the period from 01.01.2020 to 31.03.2020, i.e. the financial results of Work Service Slovakia s.r.o and entities controlled by Work Service Slovakia s.r.o, as well as Work Service Czech s.r.o and the German Group, i.e. Work Service GMBH & Co. KG and entities controlled by Work Service GMBH & Co.KG.

The sale of Work Service GMBH & Co.KG took place at the beginning of the third quarter of 2020, as described in the Group's Report for H1 2020 and in the Group's Consolidated Quarterly Report for Q3 2020.

CONTINUED OPERATIONS	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020
Revenue	96 231 262,54	317 852 964,90
Net trade revenue	96 729 035,80	318 998 326,84
Change in receivables	-497 773,26	-1 145 361,94
Manufacturing cost of products for entity's own needs		
Net revenues from sales of goods and materials		
Costs of operations	100 094 707,40	309 345 267,04
Amortisation and depreciation	1 499 848,39	3 166 420,10
Consumption of materials and energy	302 622,39	977 239,30
External services	8 408 317,61	24 342 439,92
Taxes and charges	347 222,80	321 988,94
Remuneration	74 622 239,22	235 354 666,13
Social security and other benefits	14 524 886,97	43 503 894,93
Other costs by type	389 570,03	1 678 617,71
Value of goods and materials sold		
Sales profit (loss)	-3 863 444,87	8 507 697,86
Other operating revenue	8 762 792,28	7 917 061,55
Other operating costs	6 250 314,29	11 812 653,86
Profit (loss) from operations	-1 350 966,88	4 612 105,55
Finance income	2 348 271,21	11 798 871,10
Finance costs	5 102 108,32	2 631 086,39
Gross profit (loss)	-4 104 803,99	13 779 890,26
Income tax	955 722,32	4 682 590,77
Net profit (loss) from continuing operations including:	-5 060 526,31	9 097 299,49
Net profit (loss) in the Q1 of 2021 Prohuman group	No data	
Correction of liabilities to Prohuman Group (equity method of consolidation)	-3 422 834,15	
DISCONTINUED OPERATIONS		
Net profit (loss) on activities held for sale	12 362 889,50	-13 788 553,52

Net profit (loss)	7 302 363,18	-4 691 254,02
Net profit falling to:		
- Shareholders of the dominating entity	7 307 267,96	-6 020 473,09
- Non-controlling shares	-4 904,78	1 322 219,07
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
- none		
Items that may be reclassified to profit or be reclassified to profit or loss in subsequent periods:		
- Foreign entity foreign exchange differences	-1 289 892,29	-2 207 883,06
- Share in other comprehensive income of entities accounted for using the equity method	-1 289 892,29	-2 207 883,06
Total other comprehensive income	-1 289 892,29	-2 207 883,06
Comprehensive income for the period	6 012 470,89	-6 899 137,09
- Including income attributable to minority capitals	-4 038,40	1 943 578,63
- Including income attributable shareholders of the dominating entity	6 016 509,29	-8 849 715,72
Earnings per share from continuing and discontinued operations attributable to shareholders of the dominating entity during the year (in PLN)		
From continuing operations:	-5 060 526,31	9 097 299,49
- basic	-0,08	0,14
- diluted	-0,08	0,14
From discontinued operations:	12 362 889,50	-13 788 553,52
- basic	0,19	-0,21
- diluted	0,19	-0,21

Consolidated cash flow statement of the Capital Group

for 3 months ended on March 31, 2021

	01.01.2021-31.03.2021	01.01.2020-31.03.2020
Net profit (loss)	7 307 267,96	-4 691 254,02
Total adjustments	-31 558 726,77	1 156 520,96
Amortisation and depreciation	1 543 528,25	3 324 019,69
Foreign exchange (profit) losses	366 632,66	2 207 883,06
Interest and shares in profits (dividends)	938 230,65	2 241 844,36
(Profit) loss on investment operations	-12 245 894,62	-70 277,68
Change in provisions	-4 040 035,50	3 279 746,38
Change in inventories	903 234,39	903 873,96
Change in receivables without income tax receivables	4 638 071,93	-72 063 749,40
Change in short-term liabilities, except for loans, borrowings and corporate income tax	-15 421 550,00	65 741 398,42
Change in prepayments, accruals and deferred income	-2 537 502,55	-3 546 643,71
Other adjustments	-5 703 441,98	-861 574,12
Net cash flows from operating activities	-24 251 458,80	-3 534 733,05
Cash flows from investing activities		
Inflows	12 666 121,21	1 064 779,70
Disposal of intangible assets and property, plant and equipment	420 226,59	70 277,68
Disposal of investments in real property and intangible assets		
From financial assets, including:	12 245 894,62	994 502,02
a) in related entities	12 245 894,62	
Interest		
b) in other entities	0,00	994 502,02
Interest		994 502,02
Purchase of financial assets		
Other inflows		
Other investment inflows		
Outflows	444 408,35	4 219 680,60
Purchase of intangible assets and property, plant and equipment	433 597,99	2 199 345,08
Investments in real property and intangible assets		
For financial assets, including:	10 810,36	2 020 335,52
a) in related entities	2,58	
purchase of financial assets		
b) in other entities	10 807,78	2 020 335,52
purchase of financial assets	10 807,78	13 806,28
Other investment outflows		2 006 529,24
Cash flows from investing activities	12 221 712,86	-3 154 900,90
Cash flows from financing activities		
Inflows	45 010 498,87	10 226 196,36
Loans and borrowings	44 765 623,87	10 226 196,36
Issue of debt securities		
Net inflows from stock issue	244 875,00	
Other financial inflows		
Outflows	41 214 184,11	912 384,78
Dividends and other payments to shareholders		
Profit distribution other than payments to shareholders	9 809,57	
Repayment of loans and borrowings	40 179 934,29	

Redemption of debt securities		
Due to other financial liabilities	953 808,81	
Payments of liabilities under finance lease agreements		537 698,53
Interest	70 631,44	282 236,30
Other financial outflows		92 449,95
Net cash flows from financing activities	3 796 314,76	9 313 811,58
Total net cash flows	-8 233 431,18	2 624 177,63
Balance sheet change in cash, including:	-8 233 431,18	2 624 177,63
change in cash due to exchange differences		
Cash as at the beginning of the period	22 883 582,77	37 138 004,62
Cash at the end of the period	14 650 151,59	39 762 182,25
Other adjustments include:		
Change in exchange differences	-1 289 892,29	-2 207 883,06
Minority profit	4 904,78	1 322 219,07
Adjustment of the financial result for 2018 in the group		24 089,87
Structural changes	-110 030,03	
FR adjustment carried forward	195 812,24	
Correction of financial activities	-4 515 058,14	
Other	10 821,45	
Total	-5 703 441,98	-861 574,12

Consolidated statement of changes in equity of the Capital Group

01.01.2021-31.03.2021	Share capital	Supplementary capital	Reserve capital	Previous years' result	Exchange differences	Net result	Equity attributable shareholders of the dominating entity	Capital held by non-controlling shareholders
As at 31 December 2020	6 559 063,80	342 909 066,23	-92 672 703,31	-209 254 840,05	-29 155 815,12	-16 040 511,58	2 344 259,98	-838 618,77
Capital increase from agio	16 325,00	228 550,00					244 875,00	
Net profit (loss) for the financial year						7 307 267,96	7 307 267,96	
Exchange differences due to the translation of financial statements of foreign entities					-1 289 892,29		-1 289 892,29	
Distribution of the previous years result			-110 030,02				-110 030,02	
Transfer of capital from conversions				-30 445 320,61	30 445 320,61		0,00	
Adjustment of 2020 result				195 812,24			195 812,24	
Minority profit							0,00	-4 904,78
Carry over from the previous year				-16 040 511,58		16 040 511,58	0,00	
Other								
As at 31 March 2021	6 575 388,80	343 137 616,23	-92 782 733,33	-255 544 860,60	-386,80	7 307 267,96	8 692 292,28	-843 523,55

Consolidated statement of changes in equity (comparatives)

01.01.2020-31.12.2020	Share capital	Supplementary capital	Reserve capital	Previous years' result	Exchange differences	Net result	Equity attributable shareholders of the dominating entity	Capital held by non-controlling shareholders
As at 31 December 2019	6 509 482,30	353 211 033,43	-92 276 850,89	-67 801 051,69	-22 736 333,61	-117 279 375,35	59 676 485,70	30 359 873,58
Adjustment of basic error				-10 879 365,99		-6 728 099,63	-17 607 465,62	
As at 31 December 2019 after adjustment	6 559 063,80	353 211 033,43	-92 276 850,89	-78 680 417,68	-22 736 333,61	-124 007 474,98	42 069 020,08	30 359 873,58
Net profit (loss) for the financial year						-16 040 511,58	-16 040 511,58	4 717 768,12
Exchange differences due to the translation of financial statements of foreign entities					-6 419 481,51		-6 419 481,51	
Distribution of the previous years result		69 932,80	-395 852,42				-325 919,62	
Adjustment of the previous years result				-1 878 208,53			-1 878 208,53	
Profit carried forward				-124 007 474,98		124 007 474,98		
Structural changes		-10 371 900,00		-479 164,86			-10 851 064,86	-11 908,32
deconsolidation of the Prohuman Group				-4 209 574,00			-4 209 574,00	-35 904 352,15
As at 31 December 2020	6 559 063,80	342 909 066,23	-92 672 703,31	-209 254 840,05	-29 155 815,12	-16 040 511,58	2 344 259,98	-838 618,77

Additional information about the Summary Report of the Capital Group for the first quarter of 2021

1. General information about the Work Service Capital Group

1.1. Dominating Entity

Work Service SA is the dominating entity in the Work Service Capital Group. The registered office of the Dominating Company is in Wrocław, ul. Gwiaździsta 66. The company was established by notarial deed dated 12 December 2000 prepared in a Notary Office in Oleśnica (Repertory A No. 7712/2000). The company is registered in the National Court Register, in Register of Entrepreneurs kept by the District Court for Wrocław–Fabryczna in Wrocław, the 6th Commercial Division of the National Court Register under the number KRS 0000083941. The Company was entered into the register of Entrepreneurs of the National Court Register on 28 January 2002.

Work Service SA is the successor of Work Service Spółka z o.o.

The core business of the Company according to the Polish Business Classification (PKD 7820Z) consists of the activity related to the recruitment and provision of personnel.

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

Company name, address of the registered office and telecommunication numbers:

Company name	Work Service SA
Legal form	Joint-stock company
Address	53-413 Wrocław ul. Gwiaździsta 66
Telephone	+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 the Polish law. The legal basis for the Company's activity: the Code of Commercial Companies and regulations of the General Meeting, Supervisory Board and Management Board.

1.2. Basic information about the Work Service Capital Group

Business profiles of companies being a part of the Capital Group:

- temporary work — offering work for temporary employees;
- staff recruitment, personnel counselling;
- personnel and payroll services;
- outsourcing.

The consolidated statements are based on the report of the Dominating Company compiled in line with the International Financial Reporting Standards approved by the European Union and restated financial statements of subordinated companies. The consolidated financial statements were adjusted by amounts of mutual revenues, costs, unrealised margin and settlements resulting from transactions between Group entities.

STRATEGIC DESCRIPTION

The consolidated financial statements of the Capital Group and of the Company were prepared on a going concern basis by the dominant Company and the companies from the Capital Group in the unchanged form and scope, for a period of at least 12 months since the date on which the financial statement was prepared.

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

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

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

As the review of strategic options was completed:

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

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

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

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

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

- A change in the shareholding structure of Work Service S.A.;
- Obtaining financing in subsequent months of 2020 to pay off the most urgent public law liabilities and bonds, and replenish the current working capital;
- Entering into the Restructuring Agreement with the Banks, providing for an option for the Company to redeem half of its bank debt;
- Conclusion of an agreement with Gi group SpA on potential operational cooperation;
- Information on new instalment arrangements concluded with the Social Insurance Institution (ZUS) and the arrangements made with the Tax Office and the State Fund for Rehabilitation of Persons with Disabilities
- Information on the loss of control over the subsidiary Prohuman 2004 kft in accordance with IFRS 10
- Information on shareholder disputes of Work Service S.A.
- Information related to the impact of the COVID-19 pandemic on the Group's situation in 2020; and significant unusual events affecting the presented financial results.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. EUR 95,000 on February 19, 2020
2. EUR 120,000 on March 20, 2020
3. EUR 170,000 on April 9, 2020
4. EUR 180,000 on June 17, 2020

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

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

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

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

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

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

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

1. PLN 19,175,000.00 on August 24, 2020, to Work Service SA
2. PLN 10,825,000.00 on August 27, 2020, to Work Service SA
3. PLN 8,451,000.00 on September 24, 2020 to Work Service SA
4. PLN 4,340,000.00 on November 3, 2020 to Work Service SA.
5. PLN 4,000,000.00 on 1 December 2020 to Work Service S.A.
6. PLN 5,516,000.00 on 18 December 2020 to Work Service S.A.
7. PLN 5,516,000.00 on 23 December 2020 to Work Service S.A.
8. PLN 3,000,000.00 on 23 December 2020 to Work Service S.A.
9. PLN 4,061,000.00 on 24 February 2021 to Work Service S.A.
10. PLN 3,257,000.00 on 7 April 2021 to Work Service S.A.
11. PLN 1,600,000,00 on 5 May 2021 to Work Service S.A.

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

D. Repayment and partial relief of bond debt.

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

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

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

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

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

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

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

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

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

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

- 1) As of the date of final and legally effective approval of the Arrangement, the Receivables under Arrangement Procedure in respect of repayment of the principal under the Loan Agreement are subject to redemption in 49.9998445% as at the Arrangement Date, that is 29 September 2020.
- 2) The Issuer shall repay the principal of the loans constituting the Receivables under Arrangement Procedure in the portion not subject to redemption pursuant to paragraph 1 above, that is 50.0001555% as at the Arrangement Date. The principal sum of the loans constituting the Receivables under Arrangement Procedure shall be repaid, in the portion not subject to redemption, in instalments of a specific percentage.

3) The Company will repay the Receivables under Arrangement Procedure from the Banks in quarterly instalments according to a fixed repayment schedule, with the first payment taking place on 30 September 2020 and the last by 30 June 2023. Interest on the repayment amount will be charged at WIBOR 3M + 200 bps per annum.

4) As of the date of final and legally effective approval of the Arrangement, Receivables under Arrangement Procedure for payment of interest whose payment date has been deferred prior to the date of the Arrangement until the date of full repayment of the principal of the loan (under the Loan Agreement) shall be subject to redemption in full.

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

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

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

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

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

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

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

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

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

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

G. Obtaining the approval of the Issuer's Supervisory Board for the intended transaction of acquiring GI Group sp. z o.o. with registered office in Katowice

On 18 May 2021 the Issuer's Supervisory Board agreed to the Issuer to carry out a transaction consisting in the purchase of all shares in Gi Group sp. z o.o. with registered office in Katowice from GI International s.r.l. (wholly owned by Gi Group SpA based in Milan) and Mr. Stefano Colli-Lanzi as Sellers. Gi Group sp. z o.o. is at the same time the total owner of the company Generale Industrielle Polska sp. z o.o. with registered office in Katowice. The Supervisory Board of Work Service S.A. accepted the key terms of the Transaction set out in the draft of the relevant share purchase agreement, which includes in particular the determination of

the sale price of Gi Group sp. z o.o. shares. for the amount of PLN 23,700,000.00. Payment of the Price is to be made, depending on the choice of the Issuer: (i) in cash or (ii) by setting off the Issuer's claims against GI International s.r.l. or; (iii) by converting the Prices into the Company's shares of a new issue (the "Conversion"); or (iii) by converting the Price into a long-term loan or bonds, the repayment of which will take place within 3 years from the date of signing by the Issuer and the Sellers of a separate agreement regulating the repayment terms, but they will not differ from market conditions; or (iv) jointly in the manner specified in point (i), (ii), (iii) above, whereby all or part of the Price will be repaid in the manner set out in point (i) and / or (ii) and / or (iii).

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

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

Following a decrease in the loan-related debt in 2018 (in connection with the sale transaction of the Exact Group described in the Report of the Capital Group for 2018), in 2019 the Capital Group continued its restructuring operations, concluding instalment arrangements with the Social Insurance Institution (ZUS), which in 2019 encumbered the Group's current liquidity. The Work Service Group has prepared new assumptions for instalment arrangements based on the schedule of obtaining financing as part of the ongoing process of strategic options review. What is more, the Management Board of Work Service has started negotiations with the Social Insurance Institution (ZUS) aimed at concluding such new, longer-term instalment arrangements in order to reduce the monthly arrangement instalment, whereas earlier arrangements have been terminated.

As a result, on April 23, 2020, the Issuer entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 67,348,606,83. In addition, one of the Issuer's subsidiaries – industry Personnel Services Sp. z o.o. with its registered office in Wrocław (further: "IPS") also entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 10,065,383.60. Pursuant to the instalment arrangements, the outstanding social security contributions will be repaid in 48 instalments, from June 2020 to May 2024 (in the case of the Issuer) and in 48 instalments from March 2020 to February 2024 (in the case of IPS). The repayment plan included periods with lower instalments, financed from the current cash flows, and periods with relatively higher instalments.

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

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

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

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

the validity of the instalment arrangements is the settlement of current payments to the Social Insurance Institution (ZUS) without any delay.

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

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

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

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

Re. 1.)

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

Re. 2.)

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

Re. 3.)

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

- a) for February, March and May 2020 in the total amount of PLN 2,777,215.02 (including the prolongation fees and interest).
- b) for April 2020 in the total amount of PLN 863,228.00 (including the prolongation fees and interest).

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

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

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

On 4 February 2021, Work Service S.A. was informed that the State Fund for the Rehabilitation of Persons with Disabilities seated in Warsaw, (hereinafter: "PFRON") signed an agreement on spreading into installments cash payments for reimbursement of subsidies to the remuneration of disabled employees (hereinafter: the "Agreement"). The agreement covers Work Service S.A.'s obligation to reimburse remuneration to disabled employees resulting from the decision of the President of the Management Board of PFRON of November 21, 2019, upheld by the decision of the President of the Management Board of PFRON of October

29, 2020, in the part related to reimbursement of PFRON funds transferred to the Issuer as remuneration to disabled employees for the reporting periods March-April, June-September, November 2016, February-March, August-December 2017, January-February 2018 and reversing the appealed decision in the part related to reimbursement of remuneration to disabled employees for the reporting periods June-July 2014. The obligation covered by the Agreement consists of:

- 1) the amount of principal of PLN 6,226,032.13 (say: six million two hundred twenty six thousand thirty two zloty and thirteen grosz);
- 2) interest in the amount of PLN 1,821,894.25 (one million eight hundred and twenty-one thousand eight hundred and ninety-four zlotys and twenty-five grosz).

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

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

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

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

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

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

Signing of call option and co-operation agreement

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

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

Prohumán's share capital ("Principal Shares") and (ii) all or part of the remaining Prohumán shares held by Profólió, which constitute 19.78% of Prohumán's share capital ("Profólió Shares").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Termination of the Call Option on 6 April 2020

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

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

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

The absence of an extension of the Call Option period was one of the suspensive conditions of the investment agreement concluded on 13 February 2020 between Work Service S.A. and Gi International S.r.l.

B. Conclusion of an agreement with an advisor on the execution of a transaction for the sale of shares in Prohuman 2004 kft.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2) The amount of PLN 10,000,000.00 due from the Buyer shall be paid in cash by April 30, 2021.

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

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

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

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

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

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

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

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

Under IFRS 10, this loss of control will cause Work Service S.A. to change its situation, i.e. regain control, starting from the consolidated financial statements of the Work Service group for the fiscal year 2020:

- 1) Exclude from the consolidated balance sheet the assets (including goodwill relating to the Prohuman group) and liabilities of the Prohumán group (as a former subsidiary) that were consolidated until September 30, 2020, together with minority capital and the foreign exchange result relating to the translation of the Prohuman group's statements;
- 2) Recognize the value of the Prohuman group in the consolidated balance sheet at an amount equal to the fair value of the group;
- 3) Recognize accounts receivable and accounts payable to the Prohuman group;
- 4) Include in the 2020 annual consolidated income statement the revenue and expenses of the Prohuman group for the nine months ended September 30, 2020;
- 5) Measure the shares in the Prohuman group using the equity method, i.e. include in the annual consolidated profit and loss account the consolidated financial result of the Prohuman group for the 4th quarter of 2020 provided that such data is received in a form that makes it possible to include these data in the annual consolidated profit and loss account of the Work Service S.A. Group.
- 6) Present all of the data and adjustments described in items 1-5 above in the financial statements in the continuing operations section, together with the financial data of other entities that do not constitute discontinued operations.

Work Service S.A. will continue to take all possible measures to restore Prohumán's operations in accordance with the law and its Articles of Association.

Work Service S.A. also notes that the situation described above has no impact on the Issuer's financial position, including liquidity, or on Work Service S.A. separate data. Work Service S.A. discloses in its books the value of shares in Prohuman equal to PLN 144 million and as at the date of publication of this current report there are no grounds to make a write-down of this value.

The impact of losing control under IFRS 10 (and the resulting change in the data consolidation method described above) on the consolidated financial results is presented in item 2.3 "Business Continuity" (subitem 6.C) of the Work Service S.A. Capital Group Annual Report. Work Service S.A. also cautions that the data described in item 5 above (net profit of Q4 2020 for the Prohuman group) were not included in the consolidated financial results due to the fact that they were not received from Prohuman 2004 kft. or its subsidiaries.

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

In connection with the information presented in points 1 B and 1 C of this chapter, by the date of publication of this report, in the performance of the investment agreement and the Financing Agreement, financing was made available to companies belonging to the continued part of the capital group in the total amount of PLN 89,334,913.00 PLN, of which, by the date of publication, 30,000,000.00 PLN had already been repaid, partly through compensation with receivables for the sale of Czech and Slovak entities. The current amount of the liability is PLN 70,134,913.00 PLN.

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

- PLN 7,093,913.00 until July 31, 2021
- PLN 3,500,000.00 until May 31, 2021
- PLN 9,000,000.00 until July 24, 2021
- PLN 41,341,000.00 until July 31, 2021

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

6) Adjustments of financial data for 2020 regarding: scale of activity, business operating costs, goodwill and recognition of a number of atypical events as a result of financial performance

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

The presented financial data relate to the operations for the 3-month period ended 31 March 2021 and for the 3-month period ended 31 March 2020.

The presented financial data in the field of continuing operations for 3 months of 2021 include results of Polish companies and the Ukrainian company for the period 01.01.2021-31.03.2021.

Financial data from continuing operations for 3 months of 2020 refer to the financial data of Polish companies, the Ukrainian company and the company Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft.

Data for continuing operations are not comparable due to i) consolidation in the data for 3 months of 2020 of both revenues, costs and results of Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft. And ii) no data for the net profit for the first quarter of 2021. Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft, which should be taken into account due to the new method of consolidating this group described in this report.

The presented data in discontinued operations include:

* operations intended for sale for the period from 01.01.2021 to 31.03.2021, i.e. the financial results of Work Service Slovakia s.r.o and entities controlled by Work Service Slovakia s.r.o, as well as Work Service Czech s.r.o, including the result on the sale of these entities.

* operations intended for sale for the period from 01.01.2020 to 31.03.2020, i.e. the financial results of Work Service Slovakia s.r.o and entities controlled by Work Service Slovakia s.r.o, as well as Work Service Czech s.r.o and the German Group, i.e. Work Service GMBH & Co. KG and entities controlled by Work Service GMBH & Co.KG.

The sale of Work Service GMBH & Co.KG took place at the beginning of the third quarter of 2020, as described in the Group's Report for H1 2020 and in the Group's Consolidated Quarterly Report for Q3 2020.

CONTINUED OPERATIONS	01.01.2021-31.03.2021	01.01.2020-31.03.2020
Revenues	96 231 262,54	317 852 964,90
Net revenues from sales of products	96 729 035,80	318 998 326,84
Variation in stocks of products	-497 773,26	-1 145 361,94
Manufacturing cost of products for entity's own purposes		
Net income on sale of goods and materials		
Operating costs	100 094 707,40	309 345 267,04
Depreciation	1 499 848,39	3 166 420,10

Consumption of materials and energy	302 622,39	977 239,30
Outside services	8 408 317,61	24 342 439,92
Taxes and charges	347 222,80	321 988,94
Remuneration	74 622 239,22	235 354 666,13
Social insurance and other benefits	14 524 886,97	43 503 894,93
Other generic expenses	389 570,03	1 678 617,71
Value of goods and materials sold		0,00
Profit (loss) on sales	-3 863 444,87	8 507 697,86
Other operating incomes	8 762 792,28	7 917 061,55
Other operating costs	6 250 314,29	11 812 653,86
Profit (loss) on operating activities	-1 350 966,88	4 612 105,55
Financial incomes	2 348 271,21	11 798 871,10
Financial costs	5 102 108,32	2 631 086,39
Gross profit (loss)	-4 104 803,99	13 779 890,26
Income tax	955 722,32	4 682 590,77
Net profit (loss) from continued operations including:	-5 060 526,31	9 097 299,49
Net profit (loss) in the Q1 of 2021 Prohuman group	No data	
Correction of liabilities to Prohuman Group (equity method of consolidation)	-3 422 834,15	

* Net profit (loss) from continuing operations does not include the net profit (loss) in the 1st quarter of 2021 of the Prohuman Group, due to the lack of data from the Prohuman Group for the 1st quarter of 2021. In accordance with the changed method of consolidation described in the Consolidated Financial Statements for the year ended December 31, 2020, point 2.3. Going concern, point 4, the financial result for the first quarter of 2021 of the Prohuman group should be taken into account.

DISCONTINUED OPERATIONS	01.01.2021-31.03.2021	01.01.2020-31.03.2020
Net revenues from sales of products	14 280 197,04	40 949 554,17
Operating costs	14 134 342,42	44 766 521,93
Other operating incomes	120 426,19	365 108,27
Other operating costs	4 783,41	80 947,83
Financial incomes	12 245 894,62	0,00
Financial costs	144 502,52	10 231 424,56
Gross profit (loss), including:	12 362 889,50	-13 764 231,87
result on the sale of Slovak and Czech entities	12 245 894,62	
Income tax		24 321,64
Net profit for the financial year from activities classified as intended, including:	12 362 889,50	-13 788 553,52
result on the sale of Slovak and Czech entities	12 245 894,62	

Comment on financial data of the continued operations

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

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

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

- 1) Scaling down of operations (a decrease in revenues), also caused by the prevailing COVID-19 pandemic;**

2) A gradual reduction in operating costs, in parallel to the scale-down of operations.

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

Currently, the Management Board of Work Service S.A. is focused on the gradual rebuilding of sales, improving operational efficiency and, consequently, improving the profitability of operations. Another challenge for the Management Board is the analysis of the synergy analysis in the management board with the planned Gi Group purchase transaction. Sp z o.o.

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

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

B. Recognition of atypical events as a result of operating activity (for continued operations);

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

I. Unusual events and factors improving the operating result in the total amount of PLN 2.6 million, including:

1. Recognition of unusual other operating income in the total amount of PLN 2.6 million, including:
 - Recognition of other operating income related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 0.8 million;
 - Recognition of other operating income related to the adjustment to the value of equity and liabilities in the balance sheet in the total amount of approx. PLN 0.2 million;
 - Recognition of other operating income in connection with the release of court cases costs provisions in the total amount of approx. PLN 0.6 million;
 - Recognition of other operating income in connection with the release of provision for estimated liabilities to PFRON in the amount of approx. PLN 1 million.

II. Unusual events and factors worsening the operating result in the total amount of PLN 2.9 million, including:

1. Costs of third-party services related, among others, to i) advisory services (covered and not covered by restructuring provisions), ii) settlement of cooperation with a subcontractor, and (iii) other costs in the total amount of approx. PLN 0.8 million;
2. Costs related to fees and taxes pertaining to prior years in the amount of approx. 0.1 million
3. Recognition of unusual other operating costs in the amount of PLN 0.9 million, including:
 - Other operating costs related to the adjustment of or delay in payment of public law liabilities and other legal costs in the total amount of approx. PLN 0.2 million.
 - Other operating costs related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 0.7 million;
4. Recognition of unusual revenues adjustments related to correction of PFRON subsidies for previous years in the total amount of approx. PLN 1.1 million

In connection with the above (the balance of item I and item II in total), the impact of the identified unusual events included in the operating result in item 6 is negative and amounts to approx. PLN - 0.3 million.

The comparative amounts for 2019 for continuing operations presented in item 6 also include unusual events deteriorating the operating profit in the total amount of approx. PLN - 1 million. These events were also presented in the published Consolidated Financial Statement of the Work Service Capital Group for the first quarter of 2021.

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

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

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

(i) possible late payments from certain clients, which may result in an increase in receivables and a temporary reduction in proceeds from the sale of invoices to factoring businesses; and

(ii) a further, temporary decrease in the level of sales revenues due to the decline in orders.

Taking into account all the described circumstances, we do not identify any significant uncertainty related to the Company's going concern as a result of the COVID-19 pandemic.

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

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

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

Directors of Work Service SA as at March 31, 2021:

- Iwona Szmitkowska – President
- Paolo Caramello – Vice-President
- Nicola Dell'Edera – Vice-President

There were no changes in the composition of the Management Board of Work Service SA in Q1 2021.

Composition of the Supervisory Board of Work Service SA as at March 31, 2021:

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

The following business entities were a part of the Work Service Capital Group as at March 31, 2021:

Companies in which Work Service SA holds direct capital share

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Finance Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.12.2005	100.00%	100.00%	Full
Industry Personnel Services sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.11.2003	100.00%	100.00%	Full
Work Service International Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	06.07.2006	100.00%	100.00%	Full
WS Support Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	19.02.2010	100.00%	100.00%	Full
Sellpro Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.03.2009	100.00%	100.00%	Full
Virtual Cinema Studio Sp. z o.o.	01-793 Warszawa, ul. Rydygiera Ludwika 7	20.12.2002	50.00%	50.00%	Non-consolidated
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	16.05.2011	75.00%	75.00%	Full

Prohuman 2004 Kft.	H-1146 Budapest, Hungaria korut 140-144.	21.12.2013	80.22.%	80.22%	Equity method
Work Express Sp. z o.o. (in liquidation)	40-265 Katowice, ul. Korfanteo 2/100,101	02.01.2014	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	100.00%	100.00%	Full
Work Service East Lcc	Kharkov, ul. Malomyasnitska 6, Kharkov area, Kharkov voivodship, Ukraine	03.02.2017	100.00%	100.00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
WorkPort24 GMBH	An den Treptowers 1 D-12435 Berlin	19.08.2011	100.00%	100.00%	Non-consolidated

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

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, Gwiaździsta 66	28.03.2013	25.00%	25.00%	Full

Companies related through Prohuman 2004 Kft

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

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

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

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

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

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

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

Companies related through Finance Sales Hungary Kft (Profield 2008)

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

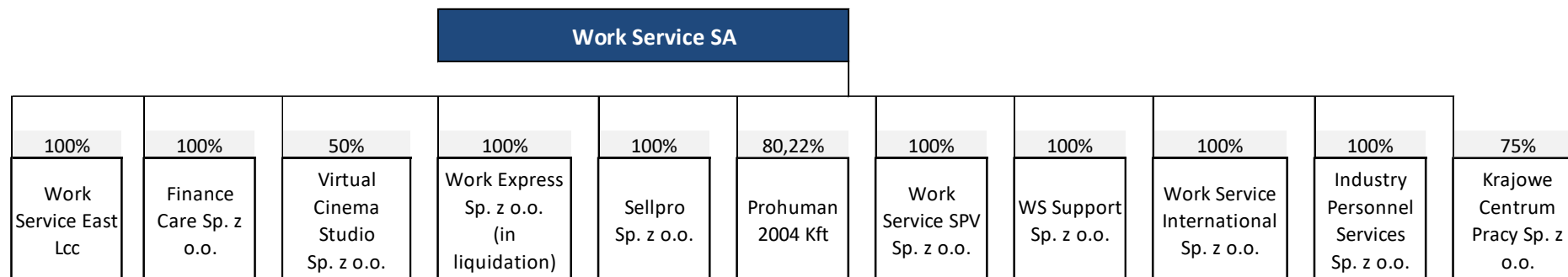
Disclosures concerning material subjective appraisals and assumptions (and changes of such appraisals and assumptions), adopted during assessment:

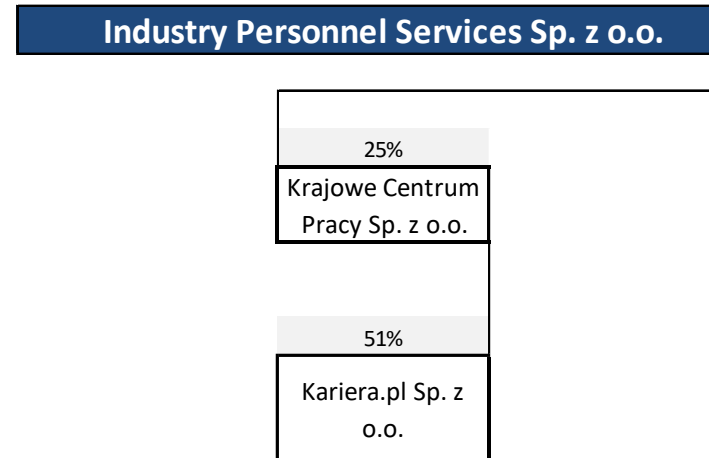
Related entities of the Parent Company are the entities included in the consolidated financial statements, i.e. all Capital Group companies except for Virtual Cinema Studio sp. z o.o and WorkPort24 GmbH.

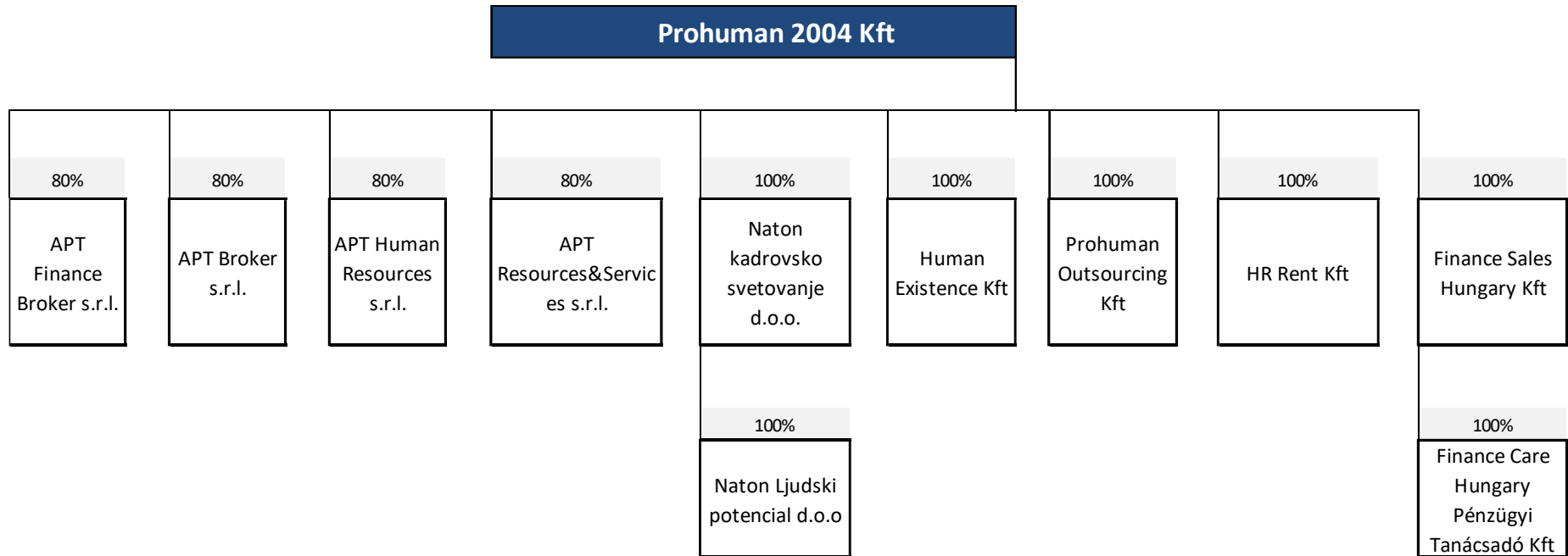
Due to the fact that Work Service SA does not have control over Virtual Cinema Studio sp. z o.o., (since it holds only 50% of the voting rights according to art. 5 and 6 IFRS 10), does not consolidate it.

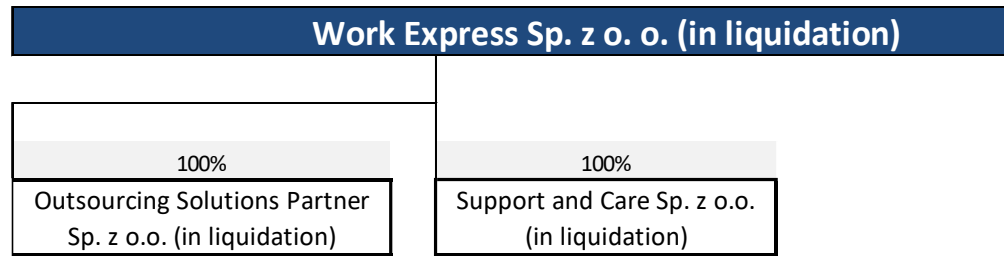
As for WorkPort24 GmbH, the application of the materiality principle referred to § 31 of IAS 1 excludes this company from consolidation under the equity method as a related entity.

Structure of the Work Service Capital Group as at 31.03.2021









1.3. Subject matter of the activity of companies being a part of the Work Service Capital Group

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

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

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

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

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

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

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

Krajowe Centrum Pracy Sp. z o.o. - the purpose of the company is activating people who are long-term unemployed and away from the labor market.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Kariera.pl Sp. z o.o. – a 50% subsidiary of Krajowe Centrum Pracy Sp. z o.o. The Company is the administrator of the “kariera.pl” service dedicated to premium segment candidates (employees and job offers for middle and senior managers and professionals).

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

2. Directors’ statement of compliance with accounting rules

Directors of Work Service SA represent that, according to their best knowledge, these interim condensed consolidated financial statements and individual statements of Work Service SA as well as the comparative data were compiled in line with accounting rules in force and that these statements truly, reliably and clearly reflect the economic and financial position of the Work Service Capital Group.

3. Applied accounting principles

The basis for the compilation of these interim summary financial statements consists of the Order of the Minister of Finance of 29 March 2018 on the current and periodical information submitted by issuers of securities and the conditions of regarding as equivalent of the information required under the laws of a non-member state (Dz. U. of 2018, item 757) these statements were compiled in line with the International Accounting Standard 34 Interim financial reporting announced in the form of regulations of the European Commission.

Certain entities belonging to the Group maintain their accounting ledgers in line with the accounting policy (rules) defined in the Act of 29 September 1994 on accounting (“the Act”) as subsequently amended and with regulations issued on its basis (“Polish accounting standards”). The consolidated financial statements contain adjustments not contained in the accounting ledgers of entities belonging to the Group, introduced to make the financial statements of these entities IFRS compliant.

The interim condensed consolidated financial statements as at 31 March 2021 were compiled on the basis of financial statements of entities being a part of the Capital Group in line with the historical cost principle.

Both the summary consolidated financial statements and the individual financial statements contain data as at 31 March 2021 and for the period from January 1, 2021 to March 31, 2021. Comparative data are presented as at 31 December 2020 for the consolidated statement of the financial standing, individual statement of the financial standing, consolidated statement of changes in equity and the individual statement of changes in equity and for the period from January 1, 2020 to March 31, 2020 for the consolidated total income statement, consolidated cash flow statement, consolidated statement of changes in equity and the individual total income statement, individual cash flow statement and individual statement of changes in equity.

The interim condensed consolidated financial statement does not contain all information that is disclosed in the annual consolidated financial statement drawn up in accordance with IFRS. This interim condensed consolidated financial statement shall be read together with the consolidated financial statements of the Capital Group for 2020.

The interim condensed consolidated financial statement was drawn up on the assumption that the Group would continue its business operations in the foreseeable future. As at the date of approval of this condensed consolidated financial statement for publication, there are no significant uncertainties regarding events or circumstances which may raise serious doubts as to the Group’s ability to continue its operations.

Selected financial data in the initial part of the report were presented in EUR according to § 64 of the Decree of the Minister of Finance of 29 March 2018 (Dz. U. 2018, item 757). The exchange rate as of the last day was used for the calculation of balance sheet items and, for items of the income statement and cash flow statement, the average exchange rate for the period was used.

	Average EUR exchange rate in the period	EUR exchange rate as at the last day of the period
01.01-31.03.2021	4,5721	4,6603
01.01-31.12.2020	4,4742	4,6148
01.01-31.03.2020	4,3963	4,5523

Accounting rules (policy) adopted in these consolidated financial statements were applied in a continuous manner and comply with accounting rules applied in the last audited annual consolidated financial statements compiled according to the International Financial Reporting Standards (IFRS) approved by the European Union for the year ended on December 31, 2020 except for changes resulting from the entry into force of new standards, interpretations and modifications of standards.

4. Significant events and transactions

On 24 February 2021, the parent company and subsidiaries sold 100% of their shares in Work Service Czech based in Prague and Work Service Slovakia based in Bratislava together with its subsidiaries. Sales revenue from the subsidiary amounted to PLN 29,200. The financial data of Work Service Czech and Work Service Slovakia together with the companies controlled by the company Work Service Slovakia at the time of sale are presented in note 1.

5. Summary and explanation of differences between data disclosed in these summary consolidated financial statements and the data published in previous financial statements

In these financial statements, the Group made adjustments to the presentation of the 31.03.2020 data previously published

As at 31-03-2020

Correction title	Report item	Correction amount	Published	After correction
Deferred tax assets	Deferred tax assets	-9 370 381,62	54 415 193,61	45 044 811,99
	TOTAL ASSETS	-9 370 381,62	732 884 000,90	723 513 619,28
Adjustment for deferred tax	Profit (loss) from previous years	-9 370 381,62	-185 104 517,02	-202 211 982,64
Adjustment for tax liability	Profit (loss) from previous years	-7 737 084,00		
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	7 737 084,00	239 836 187,65	247 573 271,65
	TOTAL EQUITY AND LIABILITIES	-9 370 381,62	732 884 000,90	723 513 619,28

As at 31-12-2019

Correction title	Report item	Correction amount	Published	After correction
Adjustment for deferred tax	Deferred tax assets	-9 370 381,62	47 227 731,17	37 857 349,55
	TOTAL ASSETS	-9 370 381,62	668 214 220,52	658 843 838,90
Adjustment for deferred tax	Profit (loss) from previous years	-3 142 281,99	-67 801 051,69	
Adjustment for tax liability	Profit (loss) from previous years	-7 737 084,00		-78 680 417,68
Tax interest adjustment for 2019	The current result	- 500 000,00		
Adjustment for deferred tax	The current result	-6 228 099,63	-117 279 375,35	-124 007 474,98
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	7 737 084,00		
Tax interest	Liabilities in respect of taxes, customs duties, insurance and other benefits	500 000,00	170 487 077,76	178 724 161,76
	TOTAL EQUITY AND LIABILITIES	-9 370 381,62	668 214 220,52	658 843 838,90

In the separate financial statement, the adjustment relates to the result of corporate income tax control for 2018 in WSSA and an adjustment for settlements with the Social Insurance Institution in the amount of PLN 1,508,984.37. The error correction includes tax arrears (PLN 7,737,084.00) + interest (PLN 500,000.00) + correction of the asset for deferred tax on tax losses (PLN 9,370,381.62).

As at 31-03-2020

Correction title	Report item	Correction amount	Published	After correction
Deferred tax assets	Deferred tax assets	-9 370 381,62	38 584 039,20	29 213 657,58
	TOTAL ASSETS	-9 370 381,62	512 506 560,21	503 136 178,59
Adjustment for deferred tax	Profit (loss) from previous years	-9 370 381,62		
Adjustment for tax liability	Profit (loss) from previous years	-9 246 068,37	-248 208 684,60	-266 825 134,59
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	9 246 068,37	90 250 310,30	99 496 378,67
	TOTAL EQUITY AND LIABILITIES	-9 370 381,62	512 506 560,21	503 136 178,59

As at 31-12-2019

Correction title	Report item	Correction amount	Published	After correction
Deferred tax assets	Deferred tax assets	-9 370 381,62	47 954 420,82	38 584 039,20
	TOTAL ASSETS	-9 370 381,62	502 978 419,67	493 608 038,05
Adjustment for deferred tax	Profit (loss) from previous years	-3 142 281,99		
Adjustment for tax liability	Profit (loss) from previous years	-9 246 068,37	-68 184 743,76	-80 573 094,12
Tax interest adjustment for 2019	Current results	-500 000,00	-180 023 940,84	-186 752 040,47
Adjustment for deferred tax	Current results	-6 228 099,63		
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	9 246 068,37	87 079 950,82	96 826 019,19
Tax interest	Liabilities	500 000,00		
	TOTAL LIABILITIES	-9 370 381,62	502 978 419,67	493 608 038,05

6. Revenue and results attributable to individual segments of continued operations as of the beginning of the year

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which the separate financial information is available.

According to IFRS requirements, operating segments should be identified based on internal reports on those elements that are regularly reviewed by persons allocating funds to the individual segments and evaluating their financial results.

It was assumed in the Capital Group that the basic division into operating segments is by types of business activities. The business of the Capital Group is conducted in separate subordinated companies. The significant majority of the Group's activity is related to temporary work. In this report, the Capital Group disclosed the information about the revenue broken into individual operating segments because the Directors of the Dominating Company analyse them in this arrangement.

Directors of the Dominating Entity separately monitor operational results of segments to make appropriate business decisions. The basis of the evaluation consists of the result of operations measured in the same manner as the result of operations in the consolidated financial statements after the elimination of transactions between segments (presented in tables enclosed below). Transactional prices applied for transactions between operating segments are determined at arm's length, just like for transactions with unrelated parties.

Accounting rules applied in the compilation of financial data for reporting segments comply with the Group accounting policy described in section 1.1.5 of the additional information about the consolidated financial statements for 2020 "Basic accounting rules".

The financing of the Group (including financial costs and revenue), income tax and the share in profits or losses of entities valued with the use of the equity method.

The Group does not apply an asymmetrical allocation of costs and revenue to reporting segments.

The Group presents the profit or loss values for each reporting segment; it does not present the sum of assets and liabilities for each reporting segment because these amounts are not regularly submitted to the main agency responsible for the making of operational decisions. The Group does not disclose the division of the revenue obtained from external clients into individual products and services because such information is unavailable and its acquisition cost would be excessive.

The Group does not disclose the distribution of amortisation costs among segments because such data are immaterial from the perspective of the conducted business and are not submitted for review by agencies responsible for the making of decisions.

Tables below present the revenue and costs of individual industry segments of the Group for the first ended on March 31, 2021 and comparative data for the first quarter of the year ended on March 31, 2020.

The presented financial data relate to the continuing operations for the 3-month period ended 31 March 2021 and for the 3-month period ended 31 March 2020.

The presented financial data in the field of continuing operations for 3 months of 2021 include:

* results of Polish companies and the Ukrainian company for the period 01.01.2021-31.03.2021

Financial data from continuing operations for 3 months of 2020 refer to the financial data of Polish companies, the Ukrainian company and the company Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft.

Data for continued operations are not comparable due to the lack of data for the first quarter of 2021 for Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft.

	31.03.2021		31.03.2020	
	Temporary work	Other	Temporary work	Other
Sales to external clients	85 540 199	10 691 064	279 616 662	38 236 303
Internal sales	19 408 592	2 911 859	23 403 372	4 399 921
Costs from external suppliers	87 953 906	12 140 801	271 961 891	37 383 376
Results	-2 413 707	-1 449 737	7 654 770	852 928
Other operating revenue	8 762 792		7 917 062	

Other operating costs	6 250 314	11 812 654
Results	-1 350 967	4 612 106

The revenue from external clients allocated to the country in which the entity has its headquarters (Poland) and the revenue allocated to all other countries in total where the entity generates its revenue is presented in the table below:

Net revenue	2021	[%]	2020	[%]
	Q1	share	Q1	share
Poland	96 231 263	100,0%	130 891 317	41,2%
Foreign	0	0,0%	186 961 647	58,8%
Total	96 231 263	100,0%	317 852 965	100,0%

The Group does not distinguish fixed assets located in the country where the entity has its headquarters and those located in all other countries where the entity maintains its assets. From the perspective of the Group, such a division is immaterial for the conducted business.

The sales structure of services rendered by the Work Service Capital Group with comparative data in a geographic arrangement on foreign markets.

COUNTRY	2021	[%]	2020	[%]
Poland	96 231 263	100,0%	130 891 317	41,2%
Slovenia	0	0,0%	13 554 780	4,3%
Croatia	0	0,0%	53 603	0,02%
Hungary	0	0,0%	135 901 814	42,8%
Romania	0	0,0%	37 451 451	11,8%
TOTAL	96 231 263	100,0%	317 852 965	100,0%

Due to the fact that the business of the Dominating Company is homogeneous in terms of types of services provided, key customers and legal environment, the Company has defined all of its operations as the temporary work segment. Because of that, the Company does not distinguish reporting segments.

The share of top 10 clients in the total revenue of the Work Service Capital Group

Sector	Q1 2021	Share %
Automotive	19 037 004	19,8%
Financial and Insurance Services	7 347 982	7,6%
Other services	5 375 064	5,6%
Electronics	4 185 423	4,3%
Electronics	3 714 690	3,9%
Electronics	2 983 922	3,1%
Industry other	2 384 279	2,5%
Other services	2 333 540	2,4%
Industry other	2 298 920	2,4%
Automotive	2 063 895	2,1%

Individual financial statements of Work Service SA

Statement of financial position of Work Service S.A.

as at March 31, 2021

	as at 31.03.2021	as at 31.12.2020	as at 31.03.2020 after adjustment
FIXED ASSETS	342 200 720,83	343 989 575,38	375 649 234,90
Intangible assets	12 409 473,08	13 021 109,36	15 169 872,19
Property, plant and equipment	9 773 049,50	10 200 060,10	12 671 060,06
Investment properties	2 335 555,80	2 346 490,95	2 379 296,40
Other long-term assets	290 085 784,38	290 085 784,38	306 844 967,05
Other non-current assets	20 784 716,11	21 999 563,59	38 584 039,20
Deferred tax assets	6 812 141,96	6 336 567,00	
CURRENT ASSETS	56 290 311,52	56 649 832,26	127 486 943,69
Inventories	92 166,03	658 598,58	449 947,56
Trade and other receivables	42 134 334,88	35 890 211,31	67 432 681,32
Other financial assets	6 258 566,14	10 246 963,25	54 187 190,81
Cash and cash equivalents	6 440 268,84	8 712 970,61	4 555 622,23
Prepayments	1 364 975,63	1 141 088,51	861 501,77
Assets held for sale		16 759 182,67	
TOTAL ASSETS	398 491 032,35	417 398 590,31	503 136 178,59
EQUITY	-12 961 215,45	-6 066 424,27	23 998 236,18
Share capital	6 575 388,80	6 559 063,80	6 559 063,80
Supplementary capital	283 392 383,96	283 163 833,96	283 163 833,96
Reserve capital	5 664 115,29	5 664 115,29	5 664 115,29
Net profit (loss)	-7 139 666,18	-35 637 287,10	-4 563 642,28
Profit (loss) brought forward	-301 453 437,32	-265 816 150,22	-266 825 134,59
LIABILITIES AND PROVISIONS	411 452 247,80	423 465 014,58	479 137 942,41
Provisions for liabilities	2 961 221,65	6 081 223,20	14 707 058,54
Deferred tax liabilities	1 135 418,11	3 238 194,72	2 568 813,63
Provision for pensions and similar benefits	821 852,96	821 852,96	651 462,99
Other current provisions (short-term)	1 003 950,58	2 021 175,52	11 486 781,92
Long-term liabilities	112 905 477,01	141 747 943,04	60 563 361,32
1. To related entities	4 084 000,00	30 416 913,00	53 204 725,25
2. To other entities	108 821 477,01	111 331 030,04	7 358 636,07
Long-term loans and borrowings	20 688 535,97	24 826 140,00	
Issue of debt securities	4 179 127,78	4 485 384,72	
Other financial liabilities	83 953 813,26	82 019 505,32	7 358 636,07
Short-term liabilities	295 585 549,14	275 635 848,34	403 867 522,55
1. To related entities	221 492 274,45	193 107 069,63	111 052 159,43
2. To other entities	74 093 274,69	82 528 778,71	292 815 363,12
Issue of debt securities			45 679 119,21
Other financial liabilities	9 844 484,46	8 821 999,63	8 401 306,12
Loans and borrowings	20 121 490,27	22 300 320,89	111 608 884,01
Trade liabilities	2 387 631,08	2 938 695,65	12 173 487,65
Liabilities in respect of taxes, customs duties, insurance and other benefits	32 644 078,15	38 169 804,26	99 496 378,67
Payroll liabilities	7 676 860,13	7 579 643,46	13 139 527,63
Other liabilities	1 418 730,60	2 718 314,82	2 316 659,83
Accruals			
Liabilities directly related to assets classified for sale			
TOTAL EQUITY AND LIABILITIES	398 491 032,35	417 398 590,31	503 136 178,59

Total income statement of Work Service SA for 3 months ended on March 31, 2021

	01.01.2021-31.03.2021	01.01.2020-31.03.2020
Revenue	45 268 970,92	75 213 742,20
Net trade revenue	45 745 224,40	75 589 689,04
Change in receivables	-476 253,48	-375 946,84
Manufacturing cost of products for entity's own needs		
Net revenues from sales of goods and materials		
Costs of operations	50 438 995,69	79 041 612,23
Amortisation and depreciation	1 479 603,22	2 111 156,59
Consumption of materials and energy	270 080,93	291 618,04
External services	4 423 557,56	8 930 713,17
Taxes and charges	183 452,15	82 368,09
Remuneration	36 261 466,64	55 873 752,10
Social security and other benefits	7 553 475,99	11 441 288,18
Other costs by type	267 359,20	310 716,06
Value of goods and materials sold		
Sales profit (loss)	-5 170 024,77	-3 827 870,03
Other operating revenue	1 957 362,96	2 097 689,65
Other operating expenses	759 553,45	1 707 044,26
Profit (loss) from operations	-3 972 215,26	-3 437 224,64
Finance income	4 487 568,97	3 186 299,04
Finance costs	8 542 949,02	4 312 716,68
Gross profit	-8 027 595,31	-4 563 642,28
Income tax	-887 929,13	
Net profit (loss)	-7 139 666,18	-4 563 642,28

Work Service SA cash flow statements for 3 months ended on March 31, 2021

	01.01.2021-31.03.2021	01.01.2020-31.03.2020
A. Cash flows from operating activities		
I. Net profit / (loss)	-7 139 666,18	-4 563 642,28
II. Total adjustments	-13 786 982,79	3 312 604,78
1. Amortisation and depreciation	1 479 603,22	2 111 156,59
2. Foreign exchange gains (losses)	-199 783,15	-2 277 191,16
3. Interest and shares in profits (dividends)	1 061 355,06	2 410 551,37
4. Profit (loss) on investing activities	-3 540 817,33	
5. Change in provisions	-3 120 001,55	-947 047,60
6. Change in inventories	566 432,55	375 946,84
7. Change in receivables, except for income tax receivables	-6 244 123,57	-9 771 993,41
8. Change in short-term liabilities, except for loans and borrowings and corporate tax	-10 860 284,64	13 024 661,64
9. Change in prepayments, accruals and deferred income	515 385,40	-122 286,34
10. Other adjustments	6 555 251,22	-1 491 193,15
III. Net cash flows from operating activities (I+II)	-20 926 648,97	-1 251 037,50
B. Cash flows from investing activities		
I. Inflows	21 715 840,32	11 105 094,69
1. Disposal of intangible assets and property, plant and equipment		
2. Disposal of investments in real property and intangible assets		
3. From financial assets, including:	21 715 840,32	11 105 094,69
a) in related entities	21 715 640,32	11 067 299,96
b) in other entities	200,00	37 794,73
- disposal of financial assets	200,00	37 794,73
4. Other investment inflows		
II. Outflows	2 754 347,54	8 245 017,12
1. Purchase of intangible assets and property, plant and equipment	430 021,19	436 418,04
2. Investments in real property and intangible assets		
3. For financial assets, including:	2 324 326,35	7 808 599,08
a) in related entities	2 323 926,35	7 804 059,58
b) in other entities	400,00	4 539,50
- purchase of financial assets	400,00	
- long-term borrowings granted		4 539,50
4. Other investment outflows		
III. Net cash flows from investing activities(I-II)	18 961 492,78	2 860 077,57
C. Cash flows from financing activities		
I. Inflows	43 817 072,03	3 771 261,74
1. Net inflows from issue of shares and other equity instruments and additional contributions to equity	244 875,00	
2. Loans and borrowings	42 202 009,95	2 589 605,24
3. Issue of debt securities		
4. Other financial inflows	1 370 187,08	1 181 656,50
II. Outflows	44 124 617,61	2 162 535,23
1. Dividends and other payments to shareholders		
2. Outflows in respect of appropriation of profit other than payments to shareholders		
3. Repayment of loans and borrowings	43 470 658,42	
4. Redemption of debt securities		

5. Due to other financial liabilities		1 353 080,36
6. Payments of liabilities under finance lease agreements	653 959,19	
7. Interest		809 454,87
8. Other financial outflows		
III. Net cash flows from financing activities (I-II)	-307 545,58	1 608 726,51
D. Total net cash flows (A.III.+B.III+C.III)	-2 272 701,77	3 217 766,58
E. Balance sheet change in cash, including:		
- change in cash due to exchange differences		
F. Cash as at the beginning of the period	8 712 970,61	1 337 855,65
G. Cash at the end of the period (F+D)	6 440 268,84	4 555 622,23

Other adjustments include:	01.01.2021-31.03.2021	01.01.2020-31.03.2020
Other		-1 491 193,15
Interest owed	2 059,60	
Write-down on loans	6 553 191,62	
Total	6 555 251,22	-1 491 193,15

Work Service S.A. statement of changes in equity

01.01.2021-31.03.2021	Share capital	Supplementary capital	Reserved capital	Retained earnings	Net result	Equity
As at 1 January 2021	6 559 063,80	283 163 833,96	5 664 115,29	-265 816 150,22	-35 637 287,10	-6 066 424,27
Share capital increase with agio	16 325,00	228 550,00				244 875,00
Net profit (loss) for the financial year					-7 139 666,18	-7 139 666,18
Distribution of result for 2020				-35 637 287,10	35 637 287,10	0,00
As at 31 March 2021	6 575 388,80	283 392 383,96	5 664 115,29	-301 453 437,32	-7 139 666,18	-12 961 215,45

01.01.2020-31.12.2020	Share capital	Supplementary capital	Reserved capital	Retained earnings	Net result	Equity
As at 31 December 2019	6 559 063,80	283 163 833,96	5 664 115,29	-68 184 743,76	-180 023 940,84	47 178 328,45
Adjustment of basic error				-10 879 365,99	-6 728 099,63	-17 607 465,62
As at 31 December 2019 after adjustment	6 559 063,80	283 163 833,96	5 664 115,29	-79 064 109,75	-186 752 040,47	29 570 862,83
Net profit (loss) for the financial year					-35 637 287,10	-35 637 287,10
Profit carried forward from previous years result				-186 752 040,47	186 752 040,47	0,00
As at 31 grudnia 2020	6 559 063,80	283 163 833,96	5 664 115,29	-265 816 150,22	-35 637 287,10	-6 066 424,27

01.01.2020-31.03.2020	Share capital	Supplementary capital	Reserved capital	Retained earnings	Financial result	Equity
As at 1 January 2020	6 559 063,80	283 163 833,96	5 664 115,29	-68 184 743,76	-180 023 940,84	47 178 328,45
Adjustment				-10 879 365,99	-6 728 099,63	-17 607 465,62
As at 1 January 2020 after adjustment	6 559 063,80	283 163 833,96	5 664 115,29	-79 064 109,75	-186 752 040,47	29 570 862,83
Net profit (loss) for the financial year					-35 637 287,10	-35 637 287,10
Distribution of result for 2019				-186 752 040,47	186 752 040,47	0,00
As at 31 March 2020	6 559 063,80	283 163 833,96	5 664 115,29	-265 816 150,22	-35 637 287,10	-6 066 424,27

Explanation of the Interim Report of the Capital Group for the first quarter of 2021

1. Material achievements of failures of the company in Q1 2021 with the list of major related events

The presented financial data for the period of 01.01.2021-31.03.2021 applies to the entire Capital Group: continued and discontinued operations.

Selected items of the income statement (PLN)	2021 – 1Q	2020 – 1Q	Dynamics 2021/2020
Sales revenue	110 511 460	358 802 519	0,31
Costs of operations	114 229 050	354 111 789	0,32
Sales profit (loss)	-3 717 590	4 690 730	-0,79
Profit (loss) from operations	-1 089 469	1 079 298	-1,01
EBITDA	454 059	4 403 318	0,10
Gross profit (loss)	8 258 086	15 658	527,39
Net profit (loss)	7 302 363	-4 691 254	-

The table below presents selected items of the income statement relating to continued activities for the Work Service Capital Group for the following periods: 01.01.2021-31.03.2021 and comparable data for the period from 01.01.2020 to 31.03.2020.

Selected items of the income statement (PLN)	2021 – 1Q	2020 – 1Q	Dynamics 2021/2020
Sales revenue	96 231 263	317 852 965	0,30
Costs of operations	100 094 707	309 345 267	0,32
Sales profit (loss)	-3 863 445	8 507 698	-0,45
Profit (loss) from operations	-1 350 967	4 612 106	-0,29
EBITDA	148 882	7 778 526	0,02
Gross profit (loss)	-4 104 804	13 779 890	-0,30
Net profit (loss)	-5 060 526	9 097 299	-

The comments to the income statement relating to continued activities and one-off events are described in the "Additional information about the Summary Report of the Capital Group for the first quarter of 2021" in the item 1.2.

2. Description of factors and events, especially untypical ones, that significantly influenced the generated financial results

Unusual events and factors are described in the "Additional information to the Condensed Group Report for the first quarter of 2021" in the item "Basic information about the Work Service Capital Group".

3. Explanations regarding the seasonality of cyclicity of activities of the Capital Group in the presented period

The current activity of the Work Service Capital Group is not seasonal.

4. Information about the issue, repurchase and repayment of non-equity and equity securities

4.1 Issue, repurchase and repayment of debt securities

Work Service SA did not issue any non-equity securities in Q1 2021.

4.2 Issue of equity securities.

Work Service SA did not issue any equity securities in Q1 2021.

5. Information about the dividend disbursed (or declared) in total and per share, broken into ordinary and preferred shares

After approving the financial statements for 2020, the General Meeting of Shareholders did not decide to pay dividends and left the financial result in the Company.

6. Events that occurred after the date of the summary consolidated financial statements and were not disclosed in these statements that can significantly influence future financial results of the Capital Group

Position of the Management Board of Work Service S.A., with its registered office in Wrocław, on the call for subscription for shares in Work Service S.A. announced by GI International societa a responsabilita limitata on 15 March 2021

On 1 April 2021 the Management Board of Work Service S.A. present its position on the Call for Subscription for shares of the Company, announced on 15 March 2021 by GI International societa a responsabilita limitata with its registered office in Milan, Italy, Piazza IV 20124 Milan, Italy, registered in Italy under fiscal code 06609080962, presenting its own assessment regarding the Caller's planned increase in its capital commitment to the Company.

I. Information on the Call for Subscription

On 15 March 2021, the Caller announced a Call for Subscription, the object of which is 49.41% of the Company's Shares, i.e., 32,492,878 (in words: thirty-two million four hundred and ninety-two thousand eight hundred and seventy eight) ordinary bearer shares, dematerialised, with a nominal value of PLN 0.10 (in words: ten grosz) each.

The shares are dematerialised and bear the ISIN code PLWRKSR00019. They have been admitted and introduced to trading on the regulated market (main market) of the Warsaw Stock Exchange ("WSE") and on the main market of the London Stock Exchange.

As a result of the Call for Subscription, the Caller intends to purchase up to 32,492,878 (in words: thirty-two million, four hundred and ninety-two thousand, eight hundred and seventy-eight) Shares, constituting 49.41% of the total number of the Company's shares, carrying up to 32,492,878 (in words: thirty-two million, four hundred and ninety-two thousand, eight hundred and seventy-eight) votes at the General Shareholders Meeting, constituting 49.42% of the total number of votes at the General Shareholders Meeting. All the Shares which are the subject of the Call for Subscription are dematerialised and carry one vote each at the General Shareholders Meeting.

The party purchasing the Shares, i.e. the Caller, intends to achieve, following the Call for Subscription, up to 65,753,888 (in words: sixty-five million, seven hundred and fifty-three thousand, eight hundred and eighty-eight) votes at the General Shareholders Meeting, representing up to 100% of the total number of votes at the General Shareholders Meeting, which corresponds to up to 65,753,888 (in words: sixty-five million, seven hundred and fifty-three thousand, eight hundred and eighty-eight) shares in the Company, representing up to 100% of the total number of the Company's shares.

II. Grounds for the Management Board's position

The Management Board of the Company presents the following grounds on the basis of the analysis of these documents and information:

- a) content of the Call for Subscription,
- b) market prices of the Company's shares, resulting from the quotations of the shares on the regulated market, in the period of six months preceding the announcement of the Call for Subscription,
- c) publicly available information on the operation and financial condition of the Company, including the financial statements of the Company,

d) internal information on the Company's operations and market data available to the Company's Management Board,

III. The effect of the Call for Subscription on the Company's interest, including employment in the Company, the Callers plans for the Company and their likely effect on employment in the Company and the location of its operations

i. The effect of the Call for Subscription on the Company's interest

Pursuant to paragraph 29 of the Call for Subscription, the Caller treats the acquisition of the Company's Shares as a long-term strategic investment. The Caller's core business is activity on the employment agency market. The Caller does not intend to change the Company's core business.

In the contents of the Call for Subscription, the Caller did not present detailed information on the probable effect of the Call for Subscription on the Company's employment and a change of the location of its business. In the opinion of the Management Board, based on the contents of the Call for Subscription and the above statements, there are no grounds to conclude that the Call for Subscription will have a negative impact on the Company's employment and a change of location of the Company's activity. On the contrary, in the opinion of the Management Board, a successful Call for Subscription could result in the Caller's increased involvement in the Company's activity, which could have a positive effect on the Company's financial standing and further prospect's of its development considering its growing leadership in the market.

As indicated below, the Caller's involvement to date has resulted in an improvement of the Company's financial standing and strengthening of its market position. The Company's management board hopes that these trends will continue and that the Caller will continue to support the Company in the process of improving its financial standing and market positioning, which may make the Call for Subscription a success. Due to success of the Call for Subscription, the Caller will increase its position in the Company's shareholder structure, which will translate into its stronger involvement in the Company's operations, the restructuring of its debt and an improvement of its financial standing. In this respect, in the opinion of the management board, the successful completion of the Call for Subscription should be intended as the Company's best interest.

ii. Existing involvement of the Caller in the Company's activity

Since the conclusion of the Investment Agreement between the Caller and the Company on 13 February 2020 (the "Investment Agreement"), the conclusion of which the Company made available information in its current report No. 12/2020 (with correction: 12/2020/K) published on 13 February 2020, and subsequently informed of the conclusion of Annex 1, Annex 2 and Annex 3 to the Investment Agreement in current reports No. 40/2020, 47/2020 and 58/2020, respectively. The Caller played a key role in the process of restructuring the Company, stabilizing its financial position and enabling it to continue its operations. As key actions, it can be mentioned:

a) Granting bridge financing to the Company ("Bridge Loan") in the total amount of PLN 20,000,000.00 (in words: twenty million zloty). These funds enabled the Company to meet the most urgent liabilities threatening its operations and, for the remainder, to provide working capital financing to increase the Company's liquidity, particularly needed during the COVID-19 pandemic.

b) Support in the negotiation of repayment terms for the Company's key liabilities, with the aim of achieving a repayment schedule that is realistic to meet.

As a result of the above actions, the Caller's involvement has led to a strengthening of the Company's market position in terms of its financial standing, which has significantly improved the perception of the Company on the market, which has been facing financial problems for a long time

iii. Financing Agreement between the Caller and the Company

As at the date of the Call for Subscription:

a) Gi Group S.P.A., the parent company of the Caller, is the guarantor of the Company's obligations under the restructuring agreement entered into between the Company and the Company's creditor banks on 9 July 2020. (annexed twice). The Company informed about the conclusion of the Restructuring Agreement in current report No. 42/2020. The Company informed about the conclusion of Annex 1 and Annex 2 to the Restructuring Agreement in current report No. 46/2020 and 55/2020, respectively.

b) The Caller is a party to a financing agreement entered into between the Company and the Caller on 10 August 2020 ("Financing Agreement"), which provides that the Company will be granted financing by the Caller in the total amount of PLN 210,000,000.00 (in words: two hundred and ten million zloty) (including the Bridge Loan) (the "Loan Amount") ("Financing"). The Company informed about the conclusion of the Financing Agreement with the Caller in current report No. 54/2020.

Under the Financing Agreement, the Financing will be transferred to cover the Company's payment obligations, including inter alia the repayment of the existing reduced debt towards creditor banks and bondholders of the Company in amounts as indicated in the repayment schedule, as well as the repayment of the existing debt towards the Social Insurance Institution (ZUS), the Tax Office, PRON and ensuring the required working capital funding.

The Loan Amount shall become due and payable as follows:

a) part of the Financing Amount in the amount of PLN 19,200,000.00 (nineteen million two hundred thousand zloty) became due on 31 December 2020 and has already been repaid by the Company;

b) part of the Financing Amount in the amount of 10,800,000.00 (ten million eight hundred thousand zloty) will become due on 31 July 2021;

c) on 31 July 2021 a part of the Financing Amount in the amount of PLN 50,000,000.00 (in words: fifty million zloty) shall also become due and payable;

d) the remainder of the Loan Amount will become due on 31 July 2025.

Pursuant to the Financing Agreement, the Company undertakes to increase its share capital by at least PLN 30,000,000.00 (in words: thirty million zloty) to the maximum amount of PLN 105,000,000.00 (in words: one hundred and five million zloty) and to offer the newly issued shares to the Caller at the issue price of PLN 0.39 (in words: thirty nine grosz) per share. The Caller undertakes to subscribe for such number of shares under the planned share capital increase whose total subscription price will correspond to the portions of the Loan Amount that will become due on 31 July 2021.

The funds received by the Company from the Caller under the Financing Agreement made it possible to restructure the Company's debt (described in point IV ii below), which improved the Company's financial situation.

IV. Management Board's Position Concerning the Price of the Company's Shares Offered in the Call for Subscription

i. Purchase price of the Company's Shares in the Call for Subscription and the statutory requirements

The purchase price of the Company Shares in the Call for Subscription ("Call for Subscription Price") has been set at PLN 1.45 (in words: one zloty and forty-five grosz) per one Company Share. All the Shares covered by the Call for Subscription carry the same number of votes at the Company's General Shareholders Meeting.

As stated in the Invitation:

a) The Purchase Price is not lower than the minimum price determined in accordance with legal regulations and meets the criteria indicated in Article 79 of the Act of 29 July on Public Offering and the Introduction of Financial Instruments to Organised Trading and on Public Companies ("Act").

b) The arithmetic mean of the volume-weighted average daily prices from the six-month period preceding the Call for Subscription announcement, during which the Company shares were traded on the main market, amounts (rounded up to two decimal places) to PLN 1.08 (one zloty eight grosz) per Company share.

c) The arithmetic mean of the volume-weighted average daily prices for the three months preceding the Call for Subscription announcement, during which the Company shares were traded on the main market, amounts (rounded up to two decimal places) to PLN 1.17 (in words: one zloty and seventeen grosz) per Company share.

d) The Purchase Price is not lower than the highest price the Caller, its subsidiaries or its parent company have paid for shares of the Company in the period of 12 months immediately preceding the Call for Subscription announcement date. The highest price the Acquirer, its subsidiaries or parent company paid for the Company's shares in the 12-month period directly preceding the Call for Subscription announcement date was PLN 0.62 (sixty-two grosz) per one share of the Company.

The Caller is not and has not been in the period of twelve months preceding the announcement of the Call for Subscription a party to the agreement referred to in Article 87 section 1 item 5 of the Act in relation to the Shares.

Neither the Caller nor its subsidiaries or parent companies have issued any property or rights in exchange for shares in the Company in the 12 months immediately preceding the date of the Call for Subscription.

In summary, the Call for Subscription Price is higher by:

a) more than 34% from the arithmetic mean of the daily volume weighted prices of the preceding three months;

b) more than 23% from the arithmetic mean of the daily volume weighted prices of the preceding six months;

c) more than 133% of the price the Caller has paid for the Shares in the last 12 months.

ii Other significant factors influencing the Management Board's position

An additional important factor that the Company's Management Board considers in developing its Position is an analysis of the Company's long-term financial condition. The Company has been struggling with financial problems for a long time, the direct cause of which was the unsuccessful expansion into the Russian and German markets and the increasing demand for working capital financing due to the increase in the scale of operations. This has led to the Company's over-indebtedness and liquidity problems.

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

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

IT Kontrakt - sale on 31 March 2017, proceeds from the sale of approximately PLN 147,000,000.00 (in words: one hundred and forty-seven million zloty), which allowed the redemption of bonds in the amount of approximately PLN 80,000,000.00 (in words: eighty million zloty);

Exact Systems - sale on 31 October 2018, proceeds from the sale of approximately PLN 155,000,000.00 (in words: one hundred and fifty-five million zloty), from the proceeds of the transaction bank debt was reduced by approximately PLN 104,000,000.00 (in words: one hundred and four million zloty);

Antal - sale of shares and trademark on 23 December 2019, proceeds from the sale of approximately PLN 10,400,000.00 (in words: ten million four hundred thousand zloty), funds from the transaction were used to repay the Company's non-banking liabilities and improve working capital;

Work Service GmbH & Co. KG (German business) - sale on 27 July 2020, proceeds from the sale in the amount of PLN 4,500,000.00 (in words: four million five hundred thousand zlotys), proceeds from the transaction were used to partially repay the bridge financing from the Caller;

b) Debt restructuring:

Bank debt - extension of loan maturities (2018, 2020), aligned with the planned divestment schedule and the process of attracting an investor, which were intended to provide a source of debt repayment.

Finally, on 9 July 2020, the Company entered into a cooperation agreement with banks for the restructuring of debt (current report 42/2020). The bank debt restructuring assumes a 50% reduction of the outstanding debt and repayment according to an agreed schedule - quarterly instalments payable by 30 June 2023. (3 repayment schedule). As part of the execution of the aforementioned Agreement, the Company entered into a bank debt repayment arrangement with the banks, which was accepted in the proceedings for approval of the partial arrangement. The decision on approval of the partial arrangement with the banks adopted in the proceedings for approval of the arrangement issued by the District Court for Wrocław - Fabryczna, 8th Commercial Division for bankruptcy and restructuring cases, became final on 22 January 2021.

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

Public law liabilities - the Company maintains a high level of tax and social security liabilities due. As a result of discussions with state institutions, instalment agreements were concluded, assuming that the repayment of liabilities in a schedule adapted to the Company's liquidity capabilities will be postponed;

c) Investor acquisition process

- The Company, in parallel with the divestment and debt restructuring processes, conducted an investor acquisition and new financing process. As part of the process, the Company has mandated several advisory firms to represent it in the process. Professional financial investors and HR companies investing / operating in the CEE region were invited to the process. Only a few entities from the broad list of institutions contacted proceeded to advanced analysis of the Company and discussions with the Management Board. However, all reliable entities with the exception of The Caller withdrew from the process due to the difficult situation of the Company and the related investment risks and funding requirements.

Summarising the above description of the restructuring activities carried out in the Company, in formulating its opinion, the Management Board has in mind the difficult financial situation of the Company, which has been present for a long time.

An additional aspect affecting the Company's financial condition is the current market situation, the global COVID pandemic, which has been affecting the Company's operations for several months. This unforeseen event has further negatively impacted the Company's ability to stabilise its results and the success of its ongoing operations

V. Reservations

a) Subject to the information originating from the Company and relating to its operations, the Management Board of the Company is not responsible for the truthfulness, reliability, completeness and adequacy of the information on the basis of which it is presented, in particular the information by presented the Caller in the Call for Subscription.

b) The Management Board of the Company notes that there may be other opinions on the value of the Company than those presented.

c) The Position does not constitute any recommendation to acquire or dispose of shares within the meaning of generally applicable legislation, including 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, and constitutes only the performance of the Board's duty under Article 80 of the Act.

d) A shareholder of the Company taking a decision whether to respond to the Call for Subscription should make an independent, unassisted assessment of the investment risk, in particular related to the Call for Subscription Price. This position should not constitute the exclusive basis for investment decisions taken by the Company's shareholders. In case of any doubts regarding such a decision, a shareholder of the Company should consult a professional advisor.

e) The Position is not a position of the Management Board in the meaning of Article 80 of the Act, in the event of a Call for Subscription announced pursuant to Article 91 section 5 of the Act, which is connected with the intention to withdraw shares of a public company from trading on the regulated market, the management board of such a company is not obliged to present such a position.

The beginning of negotiations aimed at restructuring the Issuer's financial indebtedness towards GI International S.R.L.

On 19 April 2021 Work Service S.A. signed a letter of intent s with Gi International S.R.L. based in Milan, Italian Republic, which is a guarantor for the repayment of the Issuer's debts under the Restructuring Agreement on the basis of agreements with Banks, about which the Issuer informed in the current report No. 42/2020, initiating the formal discussions between the Issuer and GI relating to the restructuring the Issuer's financial indebtedness towards GI due to the granted financing.

The Issuer and GI agreed to consider and examine all available solutions, which may be applied to the Restructuring of Receivables, in particular amending the Financing Agreement concluded between the Issuer and the GI, about which the Issuer informed in the current report No. 54/2020, , aimed at rescheduling the repayment date of the Receivables or converting the Receivables into shares of the new Company issue). The effect of the potential Conversion assumed by the Issuer is, in particular, a positive impact on the amount of equity capitals on a separate basis.

The Issuer also informs that the Restructuring of Receivables will not affect the situation of the Banks resulting from the agreements concluded with the Issuer, including the Restructuring Agreement, about which the Issuer informed in the current report No. 42/2020 and 74/2020, as well as on the existing partial arrangement with the Banks adopted in the proceedings for approval of the arrangement, about which the Issuer informed in the current report No. 11/2021.

The Issuer will inform about the effects of the talks and arrangements in separate current reports.

Providing information to the public

On 22 April 2021 the Management Board of Work Service S.A. has received, pursuant to Art. 69 sec. 1 point 1) of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws 2019.623, as amended), from a proxy of Gi International SRL with its seat in Milan, Italy - a notification, the basis of which is today's GI's receipt of the decision of the District Court in Warsaw of 9 April 2021 relating to the amendment of the previous decision dated 30 December 2020 and: (i) dismissing the motion of Tomasz Misiak for injunction and (ii) obliging him to pay the costs of the appeal proceedings. In the Notification was mentioned that as a result of Decision, the previous injunction granted to Tomasz Misiak and prohibiting GI to exercise all rights from 6,231,111 shares of the Company was removed and GI has regained the possibility to exercise all rights from respective 6,231,111 shares of the Company.

In the Notification, the GI also indicated that:

- (i) before receiving the Decision, held directly 33,261,010 Issuer's shares representing 50.71% of the Issuer's share capital and entitling to 27,029,899 votes at the Issuer's general meeting, representing 41.22% of the total number of votes;
- (ii) as a result of the Decision, the ownership of the Issuer's shares by GI has not changed, however, GI may currently exercise voting rights from 33,261,010 shares, representing 50.71% of the Issuer's share capital and entitling to 33,261,010 votes at the Issuer's general meeting, representing 50.71% of the total number of votes;
- (iii) it does not have any subsidiaries that would own the Issuer's shares.

Providing information to the public

On 17 May 2021 the Management Board of Work Service S.A. has received, pursuant to Art. 69 sec. 1 point 1) of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws 2019.623, as amended) , from a proxy of Gi International SRL with its seat in Milan, Italy - a notification, the basis of which is the information received by GI on 14/05/2021 on the settlement of the tender offer for the sale of shares dated 15/03/2021 and on the acquisition of 16,164,779 shares of the Company.

In the Notification, the GI also indicated that:

- (i) before the acquisition of shares of the Company as a result of the Tender Offer, GI holds directly 33,261,010 (in words: thirty-three million two hundred sixty-one thousand ten) shares of the Company, representing 50.71% of the Company's share capital and authorizing to exercise 33,261,010 (in words: thirty-three million two hundred sixty-one thousand ten) votes at the Company's Shareholders' Meeting, representing 50.71% of the total voting rights in the Company's Shareholders' Meeting;

(ii) as of 17/05/2021, i.e. after the acquisition of the shares of the Company in the Tender Offer, the aggregate total number of votes held directly by GI at the Company's Shareholders' Meeting is 49,425,789 (in words: forty nine million four hundred twenty five thousand seven hundred eighty nine) votes, representing 75.17% of the total voting rights;

(iii) it does not have any subsidiaries that would own the Issuer's shares.

Disclosure of delayed confidential information on the Issuer's intention to carry out a transaction consisting in the acquisition by the Issuer of GI Group sp. z o.o.

On 18 May 2021, based on Article 17 sec. 1 and 4 of 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 ("MAR Regulation"), Management Board of Work Service SA, provides confidential information, the disclosure of which was delayed by the Company on December 21, 2020 pursuant to Art. 17 sec. 4 of the MAR Regulation, with the following content:

The Management Board of the Company, at the meeting on December 21, 2020, decided to carry out transactions consisting in: (i) the Issuer's purchase of all shares in the company GI Group sp. z o.o. based in Katowice from GI International s.r.l. (wholly owned by Gi Group SpA, based in Milan) and Mr. Stefano Colli-Lanzi as Sellers (the "Transaction"). The implementation of the Transaction is the result of concluding an agreement for operational cooperation within the Gi Group, about which the Issuer informed in the current report 91/2020. The effect of the Transaction predicted by the Issuer is the achievement of mutual synergies, economies of scale and reduction of operating costs of the Issuer's capital group and GI Group SpA, which is indirectly the dominant entity of the Issuer. The commencement of the work by the Management Board of the Company to implement the Transaction requires the approval of the Supervisory Board of the Company; if such approval is obtained, the Issuer will immediately publish information about it in the form of an appropriate current report.

As a result of the analysis carried out, the Issuer assumed that qualification of the above-mentioned information as confidential within the meaning of Art. 17 (1) MAR, subject to publication in the form of this report, is justified.

Obtaining the approval of the Issuer's Supervisory Board for the intended transaction of acquiring GI Group sp. z o.o. with registered office in Katowice

On 18 May 2021 the Issuer's Supervisory Board agreed to the Issuer to carry out a transaction consisting in the purchase of all shares in Gi Group sp. z o.o. with registered office in Katowice from GI International s.r.l. (wholly owned by Gi Group SpA based in Milan) and Mr. Stefano Colli-Lanzi as Sellers. Gi Group sp. z o.o. is at the same time the total owner of the company Generale Industrielle Polska sp. z o.o. with registered office in Katowice. The Supervisory Board of Work Service S.A. accepted the key terms of the Transaction set out in the draft of the relevant share purchase agreement, which includes in particular the determination of the sale price of Gi Group sp. z o.o. shares. for the amount of PLN 23,700,000.00. Payment of the Price is to be made, depending on the choice of the Issuer: (i) in cash or (ii) by setting off the Issuer's claims against GI International s.r.l. or; (iii) by converting the Prices into the Company's shares of a new issue (the "Conversion"); or (iii) by converting the Price into a long-term loan or bonds, the repayment of which will take place within 3 years from the date of signing by the Issuer and the Sellers of a separate agreement regulating the repayment terms, but they will not differ from market conditions; or (iv) jointly in the manner specified in point (i), (ii), (iii) above, whereby all or part of the Price will be repaid in the manner set out in point (i) and / or (ii) and / or (iii).

At the same time, the Issuer informs that the possibility of settling the Price by means of Conversion is part of the process announced by the Issuer in the current report No. 20/2021 "Commencement of negotiations aimed at restructuring the Issuer's financial debt to GI International S.R.L." and – in the case of Transaction - there is, among others subject to the adoption by the General Meeting of Shareholders of an appropriate resolution on increasing the share capital by August 31, 2021. If the Issuer chooses a settlement method other than the Conversion or the General Meeting of Shareholders does not adopt a resolution to increase the share capital within the prescribed period, the Transaction should be settled in in cash no later than September 13, 2021 and/or by August 31, 2021 at the latest, the terms of a long-term loan or bond issue will be agreed by the parties.

The implementation of the Transaction subject to the consent of the Supervisory Board is the result of the conclusion of an operational cooperation agreement within the Gi Group, about which the Issuer informed in the current report 91/2020. The granting of this consent allows the Management Board of the Company to commence works aimed at the execution of the Transaction.

Other information

1. Information about changes in the structure of the business entity, including changes resulting from the merger of business entities, acquisition or sale of Capital Group entities, long-term investments, division, restructuring and cessation of operations

On 24 February 2021, the parent company and subsidiaries sold 100% of their shares in Work Service Czech based in Prague and Work Service Slovakia based in Bratislava together with its subsidiaries. Sales revenue from the subsidiary amounted to PLN 29,200.

The financial data of Work Service Czech and Work Service Slovakia together with the companies controlled by the company Work Service Slovakia at the time of sale:

	Net assets at the time of sale
Assets	2021
Intangible assets	
Fixed assets	419 485,14
Deferred tax assets	238 815,12
Inventories	348 962,52
Receivables and loans	21 139 926,04
Other assets	203 018,98
Cash	5 857 967,58
Total assets	28 208 175,38
Liabilities	
Provision for deferred tax	
Reserves	272 319,26
Credits, loans	268 356,30
Liabilities from deliveries and services	935 913,07
Other liabilities	9 777 481,37
Total liabilities	11 254 069,99
Net Asset Value	16 954 105,38
Sales revenues realised in cash	29 200 000,00
Cash disposed together with a subsidiary	5 857 967,58
Net proceeds from the sale of subsidiaries	23 342 032,42

2. Director's position regarding the feasibility of previously published forecasted results for the year in the light of results presented in the report for 2020 in comparison with forecasted results.

The Company did not publish forecasts for 2021.

3. Shareholders directly or indirectly through subordinated entities holding at least 5% of the total number of voting rights at the general meeting as at the submission date of the report for Q1 2021 with an indication of the number of shares held by such entities, their share in equity, the number of resulting voting rights and share in the total number of voting rights at the general meeting, indication of changes in the ownership structure of significant blocks of shares of the Company after the submission of the previous quarterly report.

As at the date of this report, no preferred shares entailing voting rights or dividend were issued. All shares of the Dominating Entity are ordinary shares. The equity of Work Service SA amounts to PLN 6,575,388.80 divided into:

- 750,000 series A shares with the nominal value of 10 grosz each,
- 5,115,000 series B shares with the nominal value of 10 grosz each,
- 16,655,000 series C shares with the nominal value of 10 grosz each,
- 100,000 series D shares with the nominal value of 10 grosz each,
- 100,000 series E shares with the nominal value of 10 grosz each,
- 7,406,860 series F shares with the nominal value of 10 grosz each,
- 2,258,990 series G shares with the nominal value of 10 grosz each,
- 9,316,000 series H shares with the nominal value of 10 grosz each,
- 1,128,265 series K shares with the nominal value of 10 grosz each,
- 5,117,881 series L shares with the nominal value of 10 grosz each,
- 12,000,000 series N shares with the nominal value of 10 grosz each,
- 91,511 series P shares with the nominal value of 10 grosz each,
- 5,000,000 series S shares with the nominal value of 10 grosz each,
- 55,316 series T shares with the nominal value of 10 grosz each,
- 171,750 series R shares with the nominal value of 10 grosz each,
- 225,750 series U shares with the nominal value of 10 grosz each,
- 98,315 series W shares with the nominal value of 10 grosz each,
- 160.250 series Y with the nominal value of 10 grosz each.

The shareholding structure as at the compilation date of this report considering all notifications received by Work Service SA in the mode of art. 69 clause 1 sub-clause 1 of the act on public offering and the conditions of the introduction of financial instruments to an organised trade system and about public companies is presented in the table below.

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
GI International S.R.L.	49 425 789	75,17%	49 425 789	75,17%
Others	16 328 099	24,83%	16 328 099	24,83%
Total	65 753 888	100,00%	65 753 888	100,00%

4. Summary of the volume of shares of the Company held or rights to such shares held by managers and supervisors of the Company as at the submission date of the report for Q1 2021 with an indication of changes of holding after the submission of the previous report, separately for each person.

Shareholder	As at the date of publication of this statement	Changes in ownership: acquisition (disposal)	Balance at the date of the statement for 2020	Nominal value of the held shares (PLN) as of the date of this statement
Iwona Szmitkowska - President of the Board of the Directors	0	- 32 712	32 712	0
Jarosław Dymitruk - Vice President of the Board of the Directors	0	-13 000	13 000	0

5. Indication of proceedings pending before a court, arbitration body or public administration agency

At present, no administrative proceedings are pending against the Group's Companies.

6. Information about the conclusion, by the Company or its subordinated entity, of one or more transactions between related entities if, individually or jointly, they are material and were executed on terms other than at arm's length

The Company did not execute any transactions with related entities in Q1 2021 that would be material individually or jointly and, at the same time, executed on terms other than at arm's length.

7. Information about the issue of loan or credit guarantees or the issue of warranties by the Company or its subordinated entity jointly to a single entity or subordinated entity of that entity if the total value of existing guarantees or warranties equals at least 10% of the Company's equity

No.	Surety on behalf of	Promissory note beneficiary	Surety subject	Agreement date	Agreement expiry date	Amount covered by the surety (gross)
1.	Industry Personnel Services Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 4.12.2018	Indefinite period	14 000 000,00
2.	Sellpro Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 4.12.2018	Indefinite period	14 000 000,00
3.	Finance Care Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 4.12.2018	Indefinite period	14 000 000,00
4.	Sellpro Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 07.08.2018	Indefinite period	20 000 000,00

5.	Industry Personnel Services Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 07.08.2018	Indefinite period	20 000 000.00
6.	Work Service International Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 10.06.2019	Indefinite period	20 000 000.00

8. Changes of contingent liabilities or contingent assets after the end of the last annual reporting period

Contingent liabilities

Title of contingent liability	Type of collateral	31.03.2021	31.12.2020	change
Loan collateral	Statement of GI Group S.P.A on voluntary submission to the enforcement of art. 777	82 762 500,00	82 762 500,00	-
	surety of GI Group S.P.A	165 525 000,00	165 525 000,00	-
	Statement of Work Service SA on voluntary submission to the execution, art. 777	82 762 500,00	82 762 500,00	-
	registered pledge on assets - Prohuman shares	221 200 000,00	221 200 000,00	-
Lease collateral	blank promissory note with a promissory note declaration	4 621 782,30	4 621 782,30	-
Factoring security	blank promissory note with a promissory note declaration and suretyship of subsidiaries	34 450 000,00	34 450 000,00	-
Performance guarantee	surety	3 000 000,00	3 000 000,00	-
Commitment to repurchase additional Prohuman shares from Profolio	-	86 000 000,00	86 000 000,00	-
Contingent liability for repayment of loan in case of default of court settlement	-	55 168 856,85	55 168 856,85	-
Loan security from GI International S.R.L under the Financing Agreement	Statement of voluntary submission to the execution, art. 777	210 000 000,00	210 000 000,00	-
	registered pledge on assets (shares of subsidiaries)	315 000 000,00	315 000 000,00	-
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 1	Statement of voluntary submission to the execution, art. 777	7 500 000,00	7 500 000,00	-
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 2	Statement of voluntary submission to the execution, art. 777	3 500 000,00	3 500 000,00	-
	pledge on shares in Krajowe Centrum Pracy Sp. z o.o.	5 250 000,00	5 250 000,00	-
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 3	Statement of voluntary submission to the execution, art. 777	9 000 000,00	9 000 000,00	-
	pledge on shares in Finance Care Sp. z o.o.	13 500 000,00	13 500 000,00	-

9. Information about material changes of estimates including adjustments due to provisions, deferred income tax provision and assets mentioned in the accounting act and the introduced asset revaluations

There were no changes in Q1 2021.

10. Other information that the Company considers material for the evaluation of the staffing situation, economic and financial position, financial result and their changes and the information material for the evaluation of the possibility of fulfilment of obligations by the Company

The Group does not identify factors or information material for the evaluation of the staffing situation, economic and financial position in Q1 2021 other than:

- the current general situation of the Group (including the Company) presented in section 1.2 of the Summary Interim Quarterly Report for Q1 2021;
- changes of the Board of Directors introduced during the financial year.

11. Factors that, in the opinion of the Company, will influence its results at least in the next quarter of the year

Section 1.2 of the Summary Interim Report for Q1 2021 presents material actions that can materially influence results generated in the future.

12. Amounts and type of positions influencing assets, liabilities, equity, net result or cash flows that are untypical due to their type, value or frequency

In the first quarter of 2021, there were no unusual situations, apart from the sales transactions of the Czech and Slovak Group (described in point 1) and the one-offs described in the strategic note.

13. Information about revaluations of inventories to the attainable net value and reversal of related write-offs.

The Group identified no need to post inventory revaluations in Q1 2021.

14. Information about write-offs revaluating the value loss of financial assets, tangible assets, intangible assets or other assets and the reversal of such write-offs.

The parent company did not make any additional write-downs in the first quarter, apart from adjustments due to exchange rate changes.

WSSA data

Revaluation write-offs for receivables

	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020	01.01.2020 - 31.03.2020
Balance at the beginning of the period	33 291 318,52	26 361 799,59	26 361 799,59
Impairment loss recognised as expense during the period	-	16 216 327,25	
Reversed impairment losses recognised as revenue in the period (-)	-	9 286 808,32	
Write-offs used (-)	20 255,34		51 534,50
Other changes (net exchange differences on translation)			
Balance at the end of the period	33 271 063,18	33 291 318,52	26 310 265,09

Revaluation write-offs for loans

	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020	01.01.2020 - 31.03.2020
Balance at the beginning of the period	71 830 299,74	25 637 030,91	25 637 030,91
Impairment loss recognised as expense during the period	6 553 191,71	46 306 109,26	-
Reversed impairment losses recognised as revenue in the period (-)			115734,4
Write-offs used (-)	-	112 840,43	
Other changes (net exchange differences on translation)	-		-
Impairment write-offs at the end of the period	78 383 491,45	71 830 299,74	25 521 296,51

Revaluation write-offs for shares

	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020	01.01.2020 - 31.03.2020
Balance at the beginning of the period	107 798 274,60	107 798 274,60	107 798 274,60
Impairment loss recognised as expense during the period	-	107 798 274,60	-
Reversed impairment losses recognised as revenue in the period (-)	-	-	-
Write-offs used (-)	-	-	-
Other changes (net exchange differences on translation)	-	-	-
Impairment write-offs at the end of the period	107 798 274,60	107 798 274,60	107 798 274,60

In 2020, it was found that, despite the reduced turnover due to COVID-19, there were no additional indicators of impairment of the shares held. However, despite the decrease in revenues, with a view to acquiring a significant investor, changing the company's prestige and taking salesman's actions, the Management Board put great emphasis on compensating for these losses by the end of 2020.

Consolidated data

	01.01.2021 - 31.03.2021	01.01.2020 - 31.12.2020	01.01.2020 - 31.03.2020
Balance at the beginning of the period	26 810 874,64	30 918 918,14	30 918 918,14
Impairment loss recognised as expense during the period	-	-	-
Reversed impairment losses recognised as revenue in the period (-)	-	4 108 043,50	-
Write-offs used (-)	-	-	-
Other changes (net exchange differences on translation)	-	-	-
Impairment write-offs at the end of the period	26 810 874,64	26 810 874,64	30 918 918,14

15. Information about the establishment, increase, utilisation and release of provisions

Change of provisions (CG Work Service)	31.12.2020	Increases	Utilisation	Reversal	31.03.2021
Provisions for liabilities:	10 570 806,81	0,00	1 823 180,81	2 206 743,24	6 540 882,76
1. Provision for deferred income tax	3 586 374,78			2 108 649,89	1 477 724,89
2. Provision for retirement	1 842 075,46	0,00	0,00	67 093,35	1 774 982,11
- long-term					
- short-term	1 842 075,46			67 093,35	1 774 982,11
3. Other provisions	5 142 356,57	0,00	1 823 180,81	31 000,00	3 288 175,76
- long-term	511 864,22			31 000,00	480 864,22
- short-term	4 630 492,35		1 823 180,81		2 807 311,54
Change of provisions (microdata)	31.12.2020	Increases	Utilisation	Reversal	31.03.2021
Provision for deferred income tax	3 238 194,72			2 102 776,61	1 135 418,11
Provision for unused leaves	821 852,96				821 852,96
Other provisions	2 021 175,52			1 017 224,94	1 003 950,58
Total	6 081 223,20	0,00	0,00	3 120 001,55	2 961 221,65

16. Information about deferred income tax provisions and assets

There were no significant changes in the deferred income tax provisions and assets in the first quarter of 2021,

Consolidated data	as at 31.03.2021	as at 31.12.2020
Deferred tax assets	23 764 217,20	25 038 041,41
Deferred income tax liabilities	1 477 724,89	3 586 374,78

Work Service S.A. microdata	as at 31.03.2021	as at 31.12.2020
Deferred tax assets	20 784 716,11	21 999 563,59
Deferred income tax liabilities	1 135 418,11	3 238 194,72

Due to the acquisition of a strategic investor, the entire Work Service Group is currently being analyzed and reviewed, as a result of which The Management Board expects the implementation of the deferred tax asset. In addition, the Management Board in its tax plans also took into account the expected synergy effect with the new Investor (lower costs, higher results).

17. Information about material transactions involving the purchase and sale of tangible assets

No material acquisitions or sales of tangible assets occurred in Q1 2021.

18. Information about the material liability due to the purchase of tangible assets

No material liabilities due to the purchase of tangible assets exist as at March 31, 2021. Amendments to financial liabilities occurred due to amendments in lease agreements for office premises.

19. Information about material settlements due to litigation

No material settlements due to litigation occurred in Q1 2021, apart from accepting some decisions concerning PFRON.

20. Adjustments of errors of previous periods

In Q1 2021, there was an adjustment to the result concerning the previous years regarding the completed tax audits for 2017 and 2019.

21. Information about changes of the economic situation and business conditions materially influencing the fair value of financial assets and financial liabilities of the entity

In the first quarter of 2021, there were no significant changes in the economic situation.

22. Information about the failure to repay credit or loan or about the violation of material provisions of a credit or loan agreement for which no remedial steps were taken till the end of the reporting period

There were no changes in Q1 2021.

23. Information about the conclusion, by the Company or its subordinated entity, of one or more transactions between related entities if, individually or jointly, they are material and were executed on terms other than at arm's length

The Group did not execute any transactions with related entities in Q1 2021 that would be individually or jointly material and, at the same time, executed on terms other than at arm's length.

The table below presents the summary of balances between Work Service S.A. and companies belonging to the Work Service Capital Group:

	IPS	KAR	FC	WSI	SEL	CLEAN	KCP	fiegSPV	skWS	skoutWS
Revenue	143 607,4	33 369,6	146 811,9	3 981 049,5	2 908 751,4	37 559,7	89 396,8	620 206,9	1 218,3	0,0
Costs	130 394,6	33 569,6	13 703,8	37 329,8	403 043,6	984 812,7	-1,2	5 310 009,5	91,5	0,0
Receivables	175 915,3	300 776,3	0,0	241 758,7	0,0	0,0	5 936 976,5	899 312,5	160 454,4	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	19 950 806,9	0,0	1 987 611,0	1 964 166,8	61 275 949,2	6 985 725,0	0,0	0,0	29 911,3	0,0
Borrowings granted	0,0	0,0	0,0	0,0	0,0	0,0	5 733 611,1	0,0	15 658,1	0,0

	skWSK	czWS	antSK	presWS	presLOG	presOSP	humPRO	ukr2WS
Revenue	29 051,6	58,9	0,0	51 981,5	0,0	2 624,9	-680 218,3	0,0
Costs	0,0	16 769 271,0	0,0	311 051,1	0,0	0,0	804 901,5	6 340,0
Receivables	2 969 721,7	54 963,0	65 290,4	924 692,3	428 466,5	596 099,8	24 713,2	1 944,5
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	0,0	1 227 524,2	388 924,4	0,0	0,0	0,0	53 935 575,5	0,0
Borrowings granted	0,0	26 114,8	0,0	0,0	0,0	0,0	0,0	0,0

Transactions with personally related parties

2021	Prologics Uk	Iwona Szmitkowska	Mizyak Corp Tomasz Misiak	Tomasz Hanczarek Doradztwo	Jarosław Dymitruk	Marcus Preston	SUMA
Revenues	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Costs	0,00	1 844,17	0,00	0,00	147,50	3 693,40	5 685,07
Receivables	8 547 221,51	0,00	327,00	0,00	0,00	0,00	8 547 548,51
Payables	0,00	0,00	0,00	26 231,73	0,00	0,00	26 231,73

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

Glossary – Work Service Capital Group Companies

ABBREVIATION	NAME
WSSA	Work Service S.A.
IPS	Industry Personnel Services sp. z o.o.
ANT	Antal Sp. z o.o.
FC	Finance Care Sp. z o.o.
WSI	Work Service International Sp. z o.o.
SEL	Sellpro Sp. z o.o.
CLEAN	WS Support Sp. z o.o.
KCP	Krajowe Centrum Pracy Sp. z o.o.
KAR	Kariera.pl Sp. z o.o.
fiegSPV	Work Service SPV Sp. z o.o.
presWS	WorkExpress Sp. z o.o.
presLOG	Support and Care Sp. z o.o.
presOSP	Outsourcing Solutions Partner Sp. z o.o.
gerP24WS	WorkPort24 GmbH
humPRO	Prohuman 2004 Kft
humFC	Finance Care Hungar Kft
humHR	HR-Rent Kft
humFIE	Profield 2008 Értékesítés Támogató Kft.
humEXI	Human Existence Kft
humOUT	Prohuman Outsourcing Kft
anthU	Enloyd Kft
bAPT	APT Broker s.r.l.
fbAPT	APT Finance Broker s.r.l.
hrAPT	APT Human Resources s.r.l.
rsAPT	APT Resources&Services s.r.l.
ukr2WS	Work Service East Lcc
natCR	Naton Ljudski potencial d.o.o.
natSLV	Naton kadrovsko-svetanoje d.o.o.

24. Information about the change of the way (method) of fair value determination

No changes of the way (method) of determination of the fair value of financial instruments at fair value occurred in Q1 2021.

25. Information about a change of the classification of financial assets as a result of the change of purpose or utilisation of such assets.

In the first quarter of 2021 due to the sale of the Czech and Slovakia Group, the classification of assets and liabilities was changed and new discontinued operations were recognized.

26. If the summary financial statements were audited or reviewed by an entity authorised to review financial statements the quarterly report will contain an opinion about the audit or a report from the summary financial statements, respectively

The consolidated financial statements for Q1 2021 was not a subject to a review by an entity authorised to review financial statements.

The consolidated financial statements disclosed the information listed below referring to the summary individual financial statements of the Company:

- a) writing down of the value of inventories to the net value attainable and the reversal of such write-downs
- b) recognition of losses due to the value loss by financial assets, tangible assets, intangible assets, assets resulting from agreements with clients or other assets and the reversal of such losses due to value loss
- c) information about provisions,
- d) changes of business conditions and of the economic situation influencing the fair value of financial assets and financial liabilities of the entity irrespectively of whether these assets and liabilities are stated at fair value or at the amortised cost – note 21,
- e) the failure to repay a loan or violation of provisions of the loan agreement with regard to which no remedial steps were taken before or on the balance sheet date.

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