



WORK SERVICE Capital Group

INTERIM CONDENSED QUARTERLY REPORT

for the first quarter of 2019

Prepared in accordance with International Financial Reporting Standards
in the form approved by the European Union

Wrocław, 30th May 2019

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CREDITS AND LOANS

Q1 2018

274,559,471.10 PLN

Q1 2019

153,468,034.33 PLN

PROFIT FROM SALES

Q1 2019

5,352 in thousands PLN

Q1 2018*

3,571 in thousands PLN

* The result does not include the result on sales generated by companies from the Exact Systems group and the Proservice group

CURRENT STRUCTURE

WORK SERVICE GROUP

-  WORK SERVICE
-  WORK SERVICE | Express
-  antal  enloyd
-  WORK SERVICE
— GERMANY —
-  WORK SERVICE
— CZECH —
-  WORK SERVICE
— SLOVAKIA —
-  PROHUMAN
A WORK SERVICE CSOPORT TAGJA



TARGET STRUCTURE

WORK SERVICE GROUP

-  WORK SERVICE
-  WORK SERVICE | Express
-  antal  enloyd
-  WORK SERVICE
— GERMANY —



Consolidated selected financial data

SPECIFICATION	01.01.- 31.03.2019	01.01.- 31.03.2018	01.01.- 31.03.2019	01.01.- 31.03.2018
Work Service Capital Group	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	424 931	516 559	98 871	123 626
EBITDA (operating profit + depreciation and amortisation)	17 427	6 473	4 055	1 549
Profit on sales	5 352	3 571	1 245	855
Operating profit (EBIT)	14 208	3 538	3 306	847
Gross profit (loss)	17 789	-2 464	4 139	-590
Net profit (loss)	13 816	-5 870	3 215	1 463
Net cash flows from operating activities	-26 441	10 144	-5 934	2 428
Net cash flows from investing activities	6 065	-8 207	1 411	-1 964
Net cash flows from financing activities	7 878	-3 348	1 615	-801
Total net cash flows	-12 498	-1 411	-2 908	-338
Number of ordinary shares of the Company for the calculation of earnings per share	65 094 823	65 094 823	65 094 823	65 094 823
Earnings per share	0.21	0.07	0.05	0.02
Number of diluted shares for the calculation of diluted earnings per share	65 836 829	65 836 829	65 836 829	65 836 829
Diluted profit per share	0.21	0.07	0.05	0.02
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Assets	859 866	878 329	199 908	204 262
Liabilities and provisions for liabilities	731 511	762 676	170 068	177 367
Long-term liabilities	173 836	160 398	40 415	37 302
Short-term liabilities	507 099	534 020	117 894	124 191
Equity	128 355	115 652	29 841	26 896
Share capital	6 509	6 509	1 513	1 514
Supplementary capital	99 456	91 356	23 122	21 246

Results of Q1 2019 contain the consolidation of the entire Capital Group while comparable results for 2018 refer to the continued group except for the Exact Group and the Proservice Group treated as discontinued business at that time.

Selected separate financial data

SPECIFICATION	01.01.- 31.03.2019	01.01.-31.03.2018	01.01.- 31.03.2019	01.01.- 31.03.2018
Work Service SA	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	83 252	143 310	19 371	34 298
EBITDA (operating profit + depreciation and amortisation)	4 646	90	1 081	21
Profit on sales	-6 677	-1 449	-1 554	-347
Operating profit (EBIT)	2 125	-1 577	494	-377
Gross profit (loss)	6 094	-7 236	1 418	-1 732
Net profit (loss)	6 094	-7 236	1 418	-1 732
Net cash flows from operating activities	-36 803	13 405	-8 563	3 208
Net cash flows from investing activities	-83	-11 769	-19	-2 817
Net cash flows from financing activities	37 021	-1 602	8 614	-383
Total net cash flows	135	35	31	8
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Assets	782 264	768 570	181 867	178 737
Liabilities and provisions for liabilities	547 496	539 896	127 286	125 557
Long-term liabilities	177 795	164 248	41 335	38 197
Short-term liabilities	351 327	340 637	81 679	79 218
Equity	234 768	228 674	54 581	53 180
Share capital	6 509	6 509	1 513	1 514
Supplementary capital	222 164	209 692	51 651	48 765

Consolidated financial statements of the Capital Group

Consolidated report from the financial standing of the Capital Group
as at March 31, 2019

	as at 31.03.2019	as at 31.12.2018	as at 31.03.2018
NON-CURRENT ASSETS	454 985 510,99	444 967 044,97	451 116 363,50
Intangible assets	32 572 410,95	35 115 236,93	44 400 990,47
Goodwill	351 079 132,09	351 096 736,76	354 815 642,92
Property, plant and equipment	24 406 327,88	11 722 887,65	16 240 196,34
Investment properties	2 690 484,05	2 690 484,05	2 690 484,05
Other financial assets	-173 698,97	0,00	11 059 687,00
Other long-term assets		0	1 050 669,65
Other long-term financial assets	470 996,29	330 818,94	157 373,47
Deferred tax assets	43 939 858,70	44 010 880,64	20 366 583,13
Prepayments	0,00	0,00	334 736,47
CURRENT ASSETS	404 880 810,01	433 361 475,88	465 927 450,19
Inventories	7 183 821,42	7 871 700,12	16 304 586,54
Trade and other receivables	309 572 389,26	322 192 786,82	356 240 155,47
Other financial assets	35 871 407,11	40 789 190,37	30 595 934,46
Other short-term assets	0,00	0,00	3 002 104,80
Cash and cash equivalents	43 988 056,72	56 486 007,74	50 782 419,44
Prepayments	8 265 135,50	6 021 790,83	9 002 249,48
Assets classified as available for sale	0,00	0,00	191 781 926,70
TOTAL ASSETS	859 866 321,00	878 328 520,85	1 108 825 740,39
EQUITY	128 354 837,46	115 652 186,10	154 545 512,29
Share capital	6 509 482,30	6 509 482,30	6 509 482,30
Supplementary capital	99 455 836,19	91 356 123,61	83 037 809,93
Net profit (loss)	12 869 597,09	8 147 732,57	4 499 310,18
Foreign exchange differences	-16 144 633,43	-15 079 722,09	-15 716 479,40
Capital held by non-controlling shareholders	25 664 555,31	24 718 569,71	76 215 389,28
LIABILITIES	731 511 483,53	762 676 334,75	865 554 765,32
Provisions for other liabilities and other charges	32 912 879,40	48 454 913,39	26 826 823,04
Deferred tax liabilities	4 469 181,41	4 459 965,97	2 220 466,46
Provision for pensions and similar benefits	12 034 036,58	14 084 136,03	20 007 525,00
Other current provisions (short-term)	16 409 661,40	29 910 811,40	4 598 831,58
Long-term liabilities	173 836 196,21	160 398 045,53	45 102 182,00
Long-term loans and borrowings	114 406 640,70	109 331 275,46	3 467,21
Issue of debt securities	44 298 780,34	43 988 109,50	0,00
Other financial liabilities	12 597 065,85	4 707 761,91	4 417 733,56
Other liabilities	2 533 709,33	2 370 898,66	40 680 981,23
Short-term liabilities	507 099 429,95	534 019 888,81	786 509 125,48
Trade liabilities	50 401 012,90	53 358 723,29	38 126 130,17
Loans and borrowings	39 061 393,63	47 538 834,56	274 556 003,89
Other financial liabilities	18 640 331,28	4 534 620,58	53 703 111,31
Liabilities in respect of taxes, customs duties, insurance and other benefits	156 695 667,67	198 811 688,42	169 172 730,00
Payroll liabilities	72 934 136,81	67 325 679,53	83 753 784,68
Other liabilities	169 366 887,67	162 450 342,43	167 197 365,42
Accruals	17 662 977,97	19 803 487,02	7 116 634,80
Liabilities from assets classified as held for sale	0,00	0,00	88 725 462,78
TOTAL LIABILITIES	859 866 321,00	878 328 520,85	1 108 825 740,39

Consolidated total income statement of the Capital Group

for 3 months ended on March 31, 2019

	01.01.2019- 31.03.2019	01.01.2018- 31.03.2018
Revenue	424 931 159.44	516 558 760.53
Net trade revenue	424 019 538.70	517 098 787.77
Change in receivables	911 620.75	-540 027.24
Manufacturing cost of products for entity's own needs	0.00	0.00
Net revenues from sales of goods and materials	0.00	0.00
Costs of operations	419 579 236.26	512 987 946.13
Amortisation and depreciation	3 219 197.71	2 934 684.49
Consumption of materials and energy	1 239 101.64	1 319 364.96
External services	41 286 883.07	62 088 827.69
Taxes and charges	1 177 953.08	744 318.43
Remuneration	302 277 957.38	360 344 837.37
Social security and other benefits	66 653 597.52	80 199 988.52
Other costs by type	3 724 545.86	5 355 924.66
Value of goods and materials sold	0.00	0.00
Sales profit (loss)	5 351 923.18	3 570 814.40
Other operating revenue	19 283 272.71	4 733 472.99
Other operating expenses	10 427 556.31	4 766 145.77
Profit (loss) from operations	14 207 639.59	3 538 141.62
Finance income	8 604 838.40	307 656.95
Finance costs	5 023 354.84	6 309 658.30
Gross profit (loss)	17 789 123.16	-2 463 859.73
Income tax	3 973 540.47	3 406 698.27
Net profit (loss) from continuing operations	13 815 582.68	-5 870 558.00
DISCONTINUED OPERATIONS		
Net profit (loss) on discontinued operations		11 985 065.18
Net profit (loss)	13 815 582.68	6 114 507.18
Valuation of shares using the equity method	0.00	0.00
Minority profit (loss)	945 985.60	1 615 197.00
Net profit falling to:		
- Shareholders of the dominating entity	12 869 597.09	4 499 310.18
- Non-controlling shares	945 985.60	1 615 197.00
Net profit	13 815 582.68	6 114 507.18
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	-65 489.37	68 854.69
Total other comprehensive income	-65 489.37	68 854.69
Comprehensive income for the period	13 750 093.31	6 183 361.87
- Including income attributable to minority capitals	1 011 745.46	1 641 475.67
- Including income attributable shareholders of the dominating entity	12 738 347.85	4 541 886.20
Earnings per share from continuing and discontinued operations attributable to shareholders of the dominating entity during the year (in PLN)		
From continuing operations:		
- basic	0.21	-0.11
- diluted	0.21	-0.11
From discontinued operations:		
- basic	0.00	0.18
- diluted	0.00	0.18

Results of Q1 2019 contain the consolidation of the entire Capital Group while comparable results for 2018 refer to the continued group except for the Exact Group and the Proservice Group treated as discontinued business at that time.

Consolidated cash flow statement of the Capital Group

for 3 months ended on March 31, 2019

	01.01.2019-31.03.2019	01.01.2018-31.03.2018
Net profit (loss)	12 869 597.09	4 499 310.18
Total adjustments	-39 311 040.51	5 645 117.51
Amortisation and depreciation	3 219 197.71	4 552 389.74
Foreign exchange (profit) losses	3 341 371.91	0.00
Interest and shares in profits (dividends)	-6 645 346.50	4 279 274.89
(Profit) loss on investment operations	-4 238.77	-238 751.13
Change in provisions	-15 542 033.99	-1 299 278.24
Change in inventories	687 878.69	-2 147 471.28
Change in receivables without income tax receivables	12 620 397.56	10 421 865.03
Change in short-term liabilities, except for loans, borrowings and corporate income tax	-32 548 728.63	-15 621 972.09
Change in prepayments, accruals and deferred income	-4 312 831.76	1 194 504.30
Other adjustments	-126 706.73	4 504 556.29
Net cash flows from operating activities	-26 441 443.42	10 144 427.69
Cash flows from investing activities		
Inflows	6 389 001.07	748 194.45
Disposal of intangible assets and property, plant and equipment	0.00	351 973.95
Disposal of investments in real property and intangible assets	0.00	0.00
From financial assets, including:	6 389 001.07	396 220.50
a) in related entities	0.00	0.00
Interest	0.00	0.00
b) in other entities	6 389 001.07	396 220.50
Interest	0.00	396 220.50
purchase of financial assets	0.00	0.00
Other investment inflows	6 389 001.07	0.00
Outflows	323 829.74	8 955 547.98
Purchase of intangible assets and property, plant and equipment	323 829.74	4 582 032.90
Investments in real property and intangible assets	0.00	0.00
For financial assets, including:	0.00	2 108 400.00
a) in related entities	0.00	0.00
purchase of financial assets	0.00	0.00
b) in other entities	0.00	2 108 400.00
purchase of financial assets	0.00	2 108 400.00
Other investment outflows	0.00	2 265 115.08
Cash flows from investing activities	6 065 171.33	-8 207 353.53
Cash flows from financing activities		
Inflows	18 777 446.75	1 902 852.86
Loans and borrowings	9 994 099.08	1 902 852.86
Issue of debt securities	0.00	0.00
Net inflows from stock issue	0.00	0.00
Other financial inflows	8 783 347.67	0.00
Outflows	10 899 125.67	5 250 913.00
Purchase of shares (stocks)	0.00	0.00
Dividends and other payments to shareholders	0.00	0.00
Profit distribution other than payments to shareholders	0.00	0.00
Repayment of loans and borrowings	8 480 854.72	0.00

Redemption of debt securities	0.00	0.00
Due to other financial liabilities	0.00	0.00
Payments of liabilities under finance lease agreements	400 570.84	162 356.58
Interest	2 017 700.12	4 675 495.39
Other financial outflows	0.00	413 061.03
Net cash flows from financing activities	7 878 321.08	-3 348 060.14
Total net cash flows	-12 497 951.02	-1 410 985.97
Balance sheet change in cash, including:	-12 497 951.02	-1 410 985.97
change in cash due to exchange differences	0.11	0.00
Cash as at the beginning of the period	56 486 007.74	61 115 284.37
Cash at the end of the period	43 988 056.73	59 704 298.40
Other adjustments include:		
change in exchange differences	-1 024 672.35	-499 095.78
change in investment real estate	0.00	0.00
other changes in capital funds	-48 019.98	-0.80
Managerial programme	0.00	228 200.82
Change of other assets	0.00	0.00
Changes in shares attributable to non-controlling shareholders	0.00	4 775 531.25
minority profit	945 985.60	0.00
Total	-126 706.73	4 504 556.29

Consolidated statement of changes in equity of the Capital Group

01.01.2019-31.03.2019	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 2018	6 509 482.30	236 084 819.51	-92 106 141.79	-52 622 554.11	-15 119 961.09	8 147 732.57	90 893 377.39	24 718 569.71
Capital increase								
Net profit (loss) for the financial year						12 869 597.09	12 869 597.09	
Exchange differences due to the translation of financial statements of foreign entities					-1 024 672.35		-1 024 672.35	
Distribution of the 2018 result:		-1 401 044.66		1 401 044.66				
Adjustment of the 2018 result				-48 019.98			-48 019.98	
Minority result							0.00	945 985.60
Profit carried forward				8 147 732.57		-8 147 732.57		
Other				-0.01	0.01		0.01	
As at 31 March 2019	6 509 482.30	234 683 774.85	-92 106 141.79	-43 121 796.87	-16 144 633.43	12 869 597.09	102 690 282.16	25 664 555.31

Consolidated statement of changes in equity (comparatives)

01.01.2018-31.12.2018	Share capital	Other capital / supplementary capital	Capital from the valuation of options	Other capital / exchange differences from the translation of subordinated entities	Net result	Equity attributable shareholders of the dominating entity	Capital held by non- controlling shareholders	Equity with capital held by minority shareholders
As at 31 December 2017	6 509 482.30	232 873 575.60	-53 773 718.65	-15 785 334.10	-96 290 167.84	73 533 837.31	71 439 858.04	144 973 695.34
Capital increase	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit (loss) for the financial year	0.00	0.00	0.00	0.00	0.00	20 501 061.64	20 501 061.64	5 273 909.65
Exchange differences due to the translation of financial statements of foreign entities	0.00	0.00	0.00	-7 184 543.77	0.00	0.00	-7 782 937.40	0.00
FR adjustments carried forward (ITK and IFRS 9)	0.00	0.00	0.00	0.00	-12 214 512.46	0.00	--12 214 512.46	0.00
Transfer of the previous year's result to supplementary capital	0.00	0.00	0.00	0.00	-96 290 167.84	96 290 167.84	0.00	0.00
Adjustment of previous years' capital Exact	0.00	0.00	0.00	0.00	51 699 935.69	0.00	51 699 935.69	0.00
Repurchase of minority shares Exact	0.00	0.00	0.00	0.00	-33 053 631.56	0.00	-33 053 631.56	0.00
Previous years' capital KCP, IPS, Czech	0.00	0.00	-36 405.16	0.00	-491 727.71	0.00	-528 132.87	0.00
Managerial programme	0.00	0.00	456 401.64	0.00	0.00	0.00	456 401.64	0.00
Sales 2% Careers	0.00	0.00	0.00	0.00	-9 908.32	0.00	-9 908.32	0.00
Other	0.00	0.00	-275 936.87	0.00	-184 722.76	0.00	-460 659.63	0.00
Option valuation adjustment	0.00	3 205 468.68	5 743 681.32	0.00	0.00	0.00	8 949 150.00	0.00
As at 31 December 2018	6 509 482.30	236 084 819.51	-92 106 141.79	--22 969 877.86	-46 330 342.12	20 501 061.64	101 689 001.68	76 713 767.68

Additional information about the Summary Report of the Capital Group for Q1 2019

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 summary unit statement of the Dominating Company and the consolidated financial statement of its Capital Group were compiled on the assumption of the continuity of business of the Dominating Company and the companies belonging to the Capital Group in an unchanged form and scope for at least 12 months as of the date of the financial statements.

Financial and capital situation of the Capital Group

After the reduction of the bank loan debt level in 2018, the Company continued the restructuring activities in Q1 2019 and finalised negotiations with ZUS to execute an instalment schedule amounting to 78 151 054.87 PLN in total.

In the Directors' opinion, the situation of the Capital Group shall remain difficult until the full repayment of all the existing public and legal liabilities related to arrangements executed with ZUS, existing loan liabilities and bond liabilities.

In the light of the facts stated above, the Board of Directors of the Group shall continue to implement the adopted restructuring strategy in the nearest quarters to the year; the strategy is currently based on four pillars:

1) Completion of the transaction consisting of the sale of the Prohuman 2004 kft Group and the Czech and Slovak companies; as a consequence, the total reduction of the existing bank loan and bond debt;

The Company has started the process consisting of the sales of Czech and Slovak companies in the cooperation with the selected advisor Blackwood and the planned transaction schedule is being executed with no disturbances. The assets are expected to be sold not later than in the second quarter of 2020. Inflows from the sale are supposed to satisfy the liabilities by virtue of the issued bonds.

As a result of negotiations with a shareholder: Prohuman 2004 kft, the Company executed a term sheet concerning the sale of the Prohuman Group and informed the market about this fact in the current report No. 49/2019 of 8 May 2019. The Company and the following Hungarian companies: Human Investors Kft. ("SPV"), Profólió Projekt Tanácsadó Kft. ("Profólió") and Prohumán 2004 Kft. ("Prohuman") have agreed upon the key terms of the transaction involving the sale of shares in Prohuman. The Term Sheet refers to the sales of assets listed below to the SPV, i.e. a company established by managers related to Profólió and Prohuman or another entity specified by the SPV: (i) all shares in Prohuman held by Work Service, constituting 80.22% of the equity of Prohuman ("Controlling Interest") and (ii) all or a part of the shares held by Profólió in Prohuman, constituting 19.78% of the equity of Prohuman ("Minority Interest"). The sales price of the Controlling Interest shall be settled in part by the payment of the price and in part by the settlement of all loans extended by Prohuman to the Company plus the interest (the intra-Group liability settlement amount). The basic Transaction on terms agreed upon in the Term Sheet will generate the gross profit at the moment of its closure (before tax) in the individual financial statement of the Issuer amounting to ca. 49 m PLN. Funds acquired from the sale of the Controlling Interest will be spent, as follows: (i) the complete repayment of the loan granted to the Company pursuant to the loan agreement of 18 November 2015 (subsequently annexed) executed with BNP Paribas S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A., amounting to ca. 110 m PLN (ii) further debt adjustments and reduction of liabilities of the Work Service Capital Group.

The Term Sheet provides for the completion of the sales of Prohuman by the SPV until 31 March 2020 with its possible prolongation under certain conditions specified in the Term Sheet ("Basic Transaction").

The Term Sheet provides that, for the purpose of the Transaction, an agreement will be executed to regulate the cooperation between the parties in the sales process and also to grant the 2-year purchase option regarding the Controlling Interest to SPV from Work Service (with the possibility of its early expiry in specific cases), and also granting the right to specify the buyer of the interest throughout the term of the Basic Transaction to the SPV.

The parties have agreed upon the terms of their mutual settlements and further sales of Prohuman in case the Basic Transaction is not executed as described in the schedule. In such a situation, the current undertaking of the Company to

repurchase the Minority Interest in addition to the cancellation of the additional contractual penalty will also be reduced to ca. 4 m PLN and suspended with no additional interest calculated on it for max. 24 months as of the end of the Basic Transaction. An Alternative Transaction will provide for the complete control of Work Service over the Prohuman sales process. For the duration of the Basic Transaction and in the event of its failure, the obligation to repay loans (as well as the interest calculated so far and in the future) extended to Work Service by Prohuman currently amounting to about 49 m PLN shall also be postponed until 31.12.2021.

The Term Sheet provides for the right of withdrawal on terms specified therein. The fulfilment of obligations specified in the Term Sheet shall be secured in the form of mutual contractual penalties and hedges standard for this type of agreements. Other terms contained in the Term sheet do not deviate from terms applied in agreement of this type. As a result of Prohuman sales, funds acquired by the company will be spent to reduce the bank debt.

2) Review of strategic options and acquisition of funding enabling an improvement of the Company's working capital;

On March 21, 2019, the Company decided to start the review of strategic options to select the most advantageous implementation method for the long-term strategy of the Work Service Capital Group.

As a part of the update, the Company is planning to analyse the following areas:

- its investment activity, in particular, further divestments and potential new investments strengthening the implementation of the strategy.
- debt of the Company, including the repayment or refinancing of bank loans and the bond debt of the Issuer;
- alternative sources of financing of the Work Service Capital Group, in particular, the issue of stocks, warrants, bonds, bonds convertible to stocks or other equity instruments.

In order to guarantee the professional debt restructuring process and strategic option review and, after that, to acquire the financing, the Directors of the Company continue to cooperate with a financial advisor on the basis of an agreement executed in 2018; the advisor supports the Directors, among other things, in the talks, negotiations with creditors as well as with institutions and entities interested in offering various forms of financing to the Company. The Company established the cooperation with a brokerage house.

The acquisition of additional financing in 2019 would help improve the working capital and, as a consequence, offer an opportunity to further increase sales revenues.

3) Taking advantage of the promising HR service market with diminishing reduced overhead costs;

As a consequence of executed on December 2018 annex no 4 to credit agreement and stabilizing bonds debt situation of the Company, the Directors of the Company and its key employees can focus much more on the core operations.

It is the intent of Directors of the Company to take advantage of the operational leverage effect in 2019 (turnover increase not causing an increase in overhead costs), also thanks to a reduction of the overhead cost base after the completed divestment and restructuring processes effectively executed in Q4 2018 and thanks to the automation of operational processes in the core business profile of the Company.

Additionally, Directors of the Company note the following positive market factors that can materially influence the Company's activity in subsequent quarters of the year:

- The continuing high demand for HR services, in particular, the clients' demand for workers,
- Continued overdemand in the Work Service business segment entailing opportunities to improve the profitability,
- Increasing salaries resulting in the full personnel cost directly influencing revenue levels generated by the Company,
- Growing demand for high-margin services of the cross-border exchange of workers in Central Europe.

4) Replenishment of factoring limits with an increase in the turnover;

With an increase in the sales, Directors of the Company will be forced to talk to new financial institutions to acquire additional factoring limits. In the light of the high cash commitment to the working capital in the industry of the Company, factoring is one of the most significant financial instruments making it possible for entities operating on the HR service market to increase the turnover.

In the Directors' opinion, factors described above and the implemented strategy offer a real chance for: i) the full debt removal for the Company in the perspective of a few quarters, ii) acquisition of new financing in 2019 to be spent to improve the working capital, and iii) a gradual improvement of financial results of the Company.

The Directors use their best efforts for the presented strategy to be fully implemented and for the restructuring of the Company's and the Capital Group's debt commenced in 2018 to be finished effectively. Additionally, the Directors are aware that not all factors influencing the success of the debt restructuring process executed by the Company and the Capital Group depend on the efforts and decisions of the Directors.

Directors of Work Service SA as at March 31, 2019:

- Iwona Szmitkowska – President
- Paul Andrew Christodoulou – Vice-President
- Jarosław Dymitruk – Vice-President

On 24 January 2019 the Company received a letter containing the notice about resignation of Mr. Maciej Witucki from the function of the President of the Management Board of Work Service S.A. with the effect as of 28 February 2019. Mr. Maciej Witucki did not indicate the cause for the resignation.

On 24 January 2019 the Company received a letter containing the notice about resignation of Mr. Tomasz Ślęzak from the position of Vice President of the Management Board of Work Service S.A. with the effect as of 24 January 2019. Mr. Tomasz Ślęzak did not indicate the cause for the resignation.

On 22 February 2019, the Company's Supervisory Board, acting on the basis of, dismissed Mrs. Iwona Szmitkowska from her previously served function of Vice President of the Management Board and appointed Mrs. Iwona Szmitkowska to serve in the Company's Management Board as President of the Company's Management Board. In addition, the Company's Supervisory Board appointed Mr. Jarosław Dymitruk as a member of the Company's Management Board serving as Vice President of the Company's Management Board.

Composition of the Supervisory Board of Work Service SA as at March 31, 2019:

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

There were no changes in the composition of the Supervisory Board of Work Service SA. in Q1 2019.

The following business entities were a part of the Work Service Capital Group as at March 31, 2019:

Companies in which Work Service SA holds direct capital share

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	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
Antal Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.04.2007	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.	53-413 Wrocław, ul. Gwiaździsta 66	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%	Full
Work Express Sp. z o.o.	40-265 Katowice, ul. Murckowska 14	02.01.2014	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	100.00%	100.00%	Full
Work Service Czech s.r.o.	Anglická 140/20, Vinohrady, 120 00 Praha 2	30.01.2004	100.00%	100.00%	Full
Work Service East Lcc	Kharkov, ul. Sumska 50, 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 share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	53.50%	53.50%	Full
Workport24 GmbH	An den Treptowers 1 D-12435 Berlin	19.08.2011	100.00%	100.00%	Non-consolidated

Companies related through Antal Sp. z o. o.

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Antal International s.r.o.	Anglicka 140/20, Vinohrady, 120 00 Praha 2	19.09.2014	100.00%	100.00%	Full
Enloyd Kft.	H-1146 Budapest, Hungaria korut 140-144	16.02.2015	100.00%	100.00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.05.2011	46.50%	46.50%	Full
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, Gwiaździsta 66	28.03.2013	25.00%	25.00%	Full

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

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

Companies related through Prohuman 2004 Kft

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Prohuman Outsourcing Kft.	H-1146 Budapest, Hungaria korut 140-144	21.12.2013	100.00%	100.00%	Full
Human Existence Kft.	3525 Miskole, Arany Janos ter.1. mfsz 18.	08.07.2014	100.00%	100.00%	Full
Naton kadrovsko svetovanje d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100.00%	100.00%	Full
HR Rent Kft	H-7624 Pecs, Ferencesek utcoja 52	10.12.2015	100.00%	100.00%	Full
Finance Sales Hungary Kft (Profield 2008 Kft)	2724 Újlengyel, Ady Endre utca 41	17.12.2015	100.00%	100.00%	Full
APT Resources&Services s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full
APT Human Resources s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full
APT Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full
APT Finance Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full

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

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

Companies related through Work Express Sp. z o.o.

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Outsourcing Solutions Partner Sp. z o.o.	ul. Murckowska 14, 40-265 Katowice	02.01.2014	100.00%	100.00%	Full
Clean24h Sp. z o.o.	ul. Bankowa 20, 42-320 Niegowa	02.01.2014	100.00%	100.00%	Full
Support and Care Sp. z o.o.	ul. Warszawska 1, 42-350 Koziegłowy	02.01.2014	100.00%	100.00%	Full
Workbus Sp. z o.o.	Batalionów Chłopskich 8, 42-425 Kroczyce	02.01.2014	100.00%	100.00%	Full

Companies related through Work Service Gmbh & Co.KG

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
IT Kontrakt Gmbh	An den Treptowers 1 D-12435 Berlin	05.04.2012	100.00%	100.00%	Full
Work Service 24 Gmbh	An den Treptowers 1 D-12435 Berlin	23.08.2011	100.00%	100.00%	Full
Work Service Deutschland Gmbh	Mainzer Strasse 178, 67547 Worms	26.06.2014	100.00%	100.00%	Full
Work Service Outsourcing Deutschland Gmbh	Domhof 8, 48268 Greven	26.06.2014	100.00%	100.00%	Full
Work Service GP Gmbh	Gauermannngasse 2 1010 Vienna	24.03.2014	100.00%	100.00%	Full
Enloyd GmbH	Berlin, An den Treptowers 1, 12435	21.11.2014	100.00%	100.00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Gmbh & Co.KG	c/o CMS Hasche Sigle, Breite Str. 3, 40213 Düsseldorf	26.06.2014	100.00%	100.00%	Full

Companies related through Work Service Deutschland GmbH

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Fahrschule Gmbh	Domhof 8, 48268 Greven	29.07.2015	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 share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Kariera.pl Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	03.11.2016	49.00%	49.00%	Full

Companies related through Profield 2008 Kft

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

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., understood in accordance with § 19 of IFRS 3 as "the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities", it does not consolidate Virtual Cinema Studio sp. z o.o. by applying the purchase method. In turn, 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.

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.

Basic data of WorkPort24 GmbH as at 31.12.2018:

Data category	Value of WorkPort24 GmbH	Share in the consolidated statements
Operating revenues	0.00	0.00%
Net financial result for the current year	42 509.11	0.30%
Balance sheet total	3 657.84	0.00%
Equity	-482 999.18	0.41%

The exclusion of the abovementioned company from consolidation does not affect the economic decisions taken by users on the basis of the financial statements.

Structure of the Work Service Capital Group as at 31.03.2019

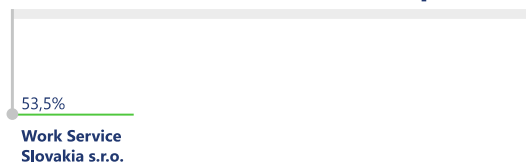
Work Service SA



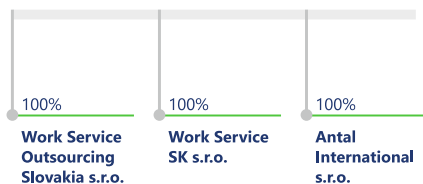
Industry Personnel Services Sp. z o.o.



Work Service International Sp. z o.o.



Work Service Slovakia s.r.o.



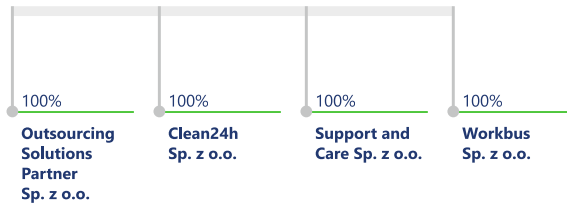
Antal Sp. z o.o.



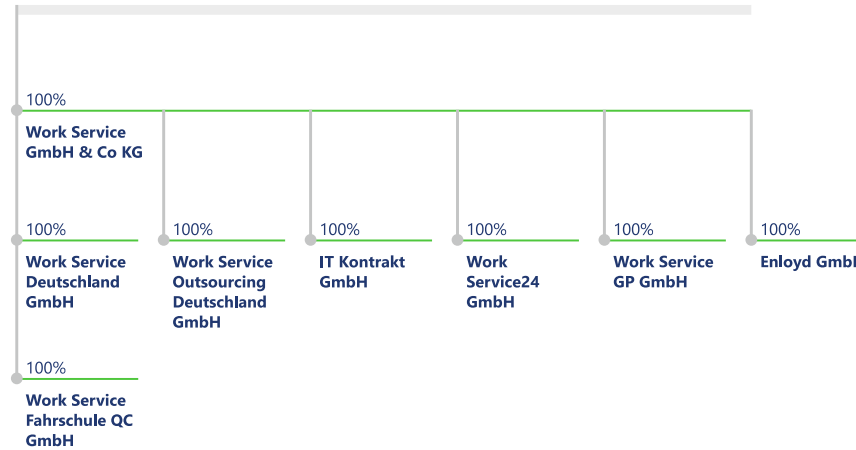
Prohuman 2004 Kft



Work Express Sp. z o.o.



Work Service SPV Sp. z o.o.



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.

Antal Sp. z o.o. - the core business profile of this company consists of paramedical services from services supporting pregnant women (e.g. shopping with an expert, adaptation of interiors to the needs and safety of young children) to the care for new-borns, infants and young children. Care services it offers are rendered by midwives, nannies and governesses. The company also renders personnel consulting services, in particular, related to recruitment, selection and acquisition of workers to specific medium and top management positions in various industries, in sales and marketing, logistics, IT/computer, production, public relations, legal, HR, finance and accounting and banking departments.

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.

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

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

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

Work Service24 GmbH – a company indirectly subordinated to Work Service SA, 100% owned by Work Service GmbH & Co. KG. The headquarters of the company Hoppergarten near Berlin. The company conducts business involving job agency (including headhunting services and recruitment), hiring out of workers (temporary work), compilation and sales of research and analyses of labour markets.

IT Kontrakt GmbH – a company indirectly subordinated to Work Service SA. The company dedicated to the service of the German market.

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

Work Express Sp. z o.o. – 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. – 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).

Clean24h Sp. z o.o. - 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. (LogistykaPL Sp. z o.o.) - 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).

Workbus Sp. z o.o. - 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.

Enloyd Gmbh – the company's business is equivalent to that of Antal Sp. z o.o. on the German market. The company's equity was fully assumed by Work Service Gmbh&Co.KG. The company was registered on 23.03.2015.

Enloyd Kft – the company's business is equivalent to that of Antal Sp. z o.o. on the Hungarian market. The equity of that company was assumed in full by Antal Sp. z o.o., which is subordinated to Work Service SA. in 100%.

Antal International s.r.o. (Czech Republic) – the company's business is equivalent to that of Antal Sp. z o.o. on the Czech market. The equity of the company was assumed in full by Antal Sp. z o.o., which is subordinated to Work Service SA. in 100%.

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

Work Service Fahrschule QC Gmbh – a company indirectly subordinated to Work Service SA. The core business consists of specialist training for workers from the sector of logistics. The activity of the company focuses on the improvement of worker skills by making it possible for them to acquire additional licenses necessary to operate machinery and equipment used in the logistic sector. The company also executes driving courses for categories C+E for internal workers and for external clients.

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.

Work Service Fahrschule QC Gmbh – a company indirectly subordinated to Work Service SA. The business profile of the company consists of the job agency, the lease of workers (temporary work) and, in particular, activity in the sector of logistics. The company combines logistic know-how with knowledge of human resources and implements intelligent staff solutions for commerce and logistics. The company operates on the German market.

Work Service GmbH & Co. KG – a company indirectly subordinated to Work Service SA. Work Service SPV Sp. z o.o. holds 100% shares in the company.

Work Service Outsourcing Deutschland Gmbh – a company indirectly subordinated to Work Service SA. The company offers services related to the outsourcing of processes with a particular focus on logistics. The company operates on the German market. Its uniqueness consists of the training and guaranteed development of workers according to clients' needs. The training takes place in more than 100 locations of the firm or in the cooperation with its partners in Germany.

Work Service GP Gmbh – a company under the Austrian law. The company is the general partner of Work Service GmbH & Co. KG.

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Directors’ statement of compliance with accounting rules

Directors of Work Service SA represent that, according to their best knowledge, these quarterly 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 consolidated financial statements as at 31 March 2019 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 2019 and for the period from January 1, 2019 to March 31, 2019. Comparative data are presented as at 31 December 2018 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, 2018 to March 31, 2018 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.

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
01.01-31.03.2019	4.2978	4.3013
01.01-31.12.2018	4.2669	4.3000
01.01-31.03.2018	4.1784	4.2085

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, 2018 except for changes resulting from the entry into force of new standards, interpretations and modifications of standards.

IFRS 16 “Lease”

IFRS 16 “Lease” in force as of January 1, 2019 materially influenced the individual and the consolidated financial statements of Work Service S.A. The IFRS 16 “Lease” standard requires the inclusion of the “right to use the asset constituent” in the balance sheet for each lease agreement along with an equivalent financial liability. The right to use assets is subsequently amortised while the liability is estimated at the amortised cost. Simplifications were provided for short-term contracts (up to 12 months) and low-value assets.

The Company applied IFRS 16 as of entry into force of the standard without the conversion of comparative data.

Effects of the implemented changes:

Assets

Right to use assets – property, plant and equipment - 14 193 867.29

Liabilities

Long-term financial liabilities – 9 747 767.51

Short-term financial liability – 4 446 099.79

Total liabilities – 14 193 867.28

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

We did not adjust any data published before in these summary financial statements.

5. 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:

- a) 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 polity described in section 1.1.5 of the additional information about the consolidated financial statements for 2018 "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 quarter of the year ended on March 31, 2019 and comparative data for the quarter ended on March 31, 2018.

Continued operations 01.01.2019-31.03.2019

	Temporary work	Other	Unallocated	Total	Exclusions	Total operations
Revenue						
Sales to external clients	382 066 696.17	42 864 463.27		424 931 159.44		0.00
Internal sales	24 382 366.21	7 479 633.23		31 861 999.45	-31 861 999.45	0.00
Total revenue of the segment	406 449 062.38	50 344 096.51		456 793 158.89	-31 861 999.45	424 931 159.44
Costs						
Costs from external suppliers	344 389 571.79	27 963 169.01		372 352 740.81		
Costs from Group suppliers	24 365 338.26	933 023.43		25 298 361.69	-25 298 361.69	0.00
Total costs of the segment	368 754 910.06	28 896 192.44		397 651 102.50	-25 298 361.69	372 352 740.81
Result						
Profit/(loss) of the segment	37 677 124.38	14 901 294.26		52 578 418.64		52 578 418.64
Unallocated costs			56 206 105.55	56 206 105.55	-8 979 610.10	47 226 495.45
Other operating revenue						
Sales to external clients			19 283 272.71	19 283 272.71	0.00	
Internal sales			697 292.58	697 292.58	-697 292.58	0.00
Total revenue of the segment			19 980 565.29	19 980 565.29	-697 292.58	19 283 272.71
Other operating expenses						
Costs from external suppliers			10 427 556.31	10 427 556.31	0.00	
Costs from Group suppliers			86 033.66	86 033.66	-86 033.66	0.00
Total costs of the segment			10 513 589.96	10 513 589.96	-86 033.66	10 427 556.31
Result						
Profit/(loss) of operations of the segment						14 207 639.59
Finance income						
Sales to external clients			8 604 838.40	8 604 838.40		0.00
Internal sales			7 612 461.33	7 612 461.33	-7 612 461.33	0.00
Total revenue of the segment			16 217 299.74	16 217 299.74	-7 612 461.33	8 604 838.40
Finance costs						
Costs from external suppliers			5 023 354.84	5 023 354.84		0.00
Costs from Group suppliers			5 649 520.39	5 649 520.39	-5 649 520.39	0.00
Total costs of the segment			10 672 875.23	10 672 875.23	-5 649 520.39	5 023 354.84
Result						
Gross profit (loss)						17 789 123.16
Tax			3 973 540.47	3 973 540.47		3 973 540.47
Result						
Net profit/(loss) of the segment						13 815 582.68

Continued operations 01.01.2018-31.03.2018

	Temporary work	Other	Unallocated	Total	Exclusions	Total operations
Revenue						
Sales to external clients	472 789 094.41	43 769 666.12		516 558 760.53		0.00
Internal sales	32 225 372.26	14 717 236.42		46 942 608.68	-46 942 608.68	0.00
Total revenue of the segment	505 014 466.67	58 486 902.54		563 501 369.21	-46 942 608.68	516 558 760.53
Costs						
Costs from external suppliers	435 044 429.80	27 652 786.28		462 697 216.08		
Costs from Group suppliers	32 810 480.66	1 971 009.81		34 781 490.47	-34 781 490.47	0.00
Total costs of the segment	467 854 910.46	29 623 796.09		497 478 706.55	-34 781 490.47	462 697 216.08
Result						
Profit/(loss) of the segment	37 744 664.61	16 116 879.84		53 861 544.45		53 861 544.45
Unallocated costs			63 471 290,68	63 471 290,68	-13 180 560,63	50 290 730,05
Other operating revenue						
Sales to external clients			4 733 472.99	4 733 472.99	0.00	
Internal sales			1 546 861.26	1 546 861.26	-1 546 861.26	0.00
Total revenue of the segment			6 280 334.25	6 280 334.25	-1 546 861.26	4 733 472.99
Other operating expenses						
Costs from external suppliers			4 766 145.77	4 766 145.77	0.00	
Costs from Group suppliers			452 122.17	452 122.17	-452 122.17	0.00
Total costs of the segment			5 218 267.94	5 218 267.94	-452 122.17	4 766 145.77
Result						
Profit/(loss) of operations of the segment						3 538 141.62
Finance income						
Sales to external clients			307 656.95	307 656.95		0.00
Internal sales			4 895 375.19	4 895 375.19	-4 895 375.19	0.00
Total revenue of the segment			5 203 032.14	5 203 032.14	-4 895 375.19	307 656.95
Finance costs						
Costs from external suppliers			6 309 658.30	6 309 658.30		0.00
Costs from Group suppliers			4 761 296.32	4 761 296.32	-4 761 296.32	0.00
Total costs of the segment			11 070 954.62	11 070 954.62	-4 761 296.32	6 309 658.30
Result						
Gross profit (loss)						-2 463 859.73
Tax			3 406 698.27	3 406 698.27		3 406 698.27
Result						
Net profit/(loss) of the segment						-5 870 558.00

Results of Q1 2019 contain the consolidation of the entire Capital Group while comparable results for 2018 refer to the continued group except for the Exact Group and the Proservice Group treated as discontinued business at that time.

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	2019	[%]	2018	[%]
	Q1	share	Q1	share
Poland	172 399 380	40.57%	267 646 915	51.80%
Foreign	252 531 779	59.43%	248 911 845	48.20%
Total	424 931 159	100%	516 558 761	100%

Results of Q1 2019 contain the consolidation of the entire Capital Group while comparable results for 2018 refer to the continued group except for the Exact Group and the Proservice Group treated as discontinued business at that time.

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	2019	share [%]	2018	share [%]
Poland	172 399 380	40.6%	267 646 915	51.8%
Czech Republic	18 328 828	4.3%	19 598 348	3.8%
Slovakia	7 642 468	1.8%	10 463 502	2.0%
Slovenia	15 985 843	3.8%	18 926 353	3.7%
Croatia	235 564	0.1%	274 933	0.1%
Hungary	152 293 872	35.8%	130 355 551	25.2%
Germany	36 805 160	8.7%	51 966 133	10.1%
Romania	21 228 905	5.0%	17 327 026	3.4%
Ukraine	11 138	0.0%		
TOTAL	424 931 159	100.0%	516 558 761	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 2019	Share %
Automotive	18 732 470	4.4%
Call centre	18 419 287	4.3%
Other services	10 842 295	2.6%
Industry — other	10 700 572	2.5%
Financial and insurance services	6 882 660	1.6%
Other services	4 400 542	1.0%
Electronics	4 010 751	0.9%
Automotive	3 772 184	0.9%
Electronics	3 386 634	0.8%
Automotive	2 921 462	0.7%

Individual financial statements of Work Service SA

Statement of financial position of Work Service S.A. as at March 31, 2019

ASSETS	as at 31.03.2019	as at 31.12.2018	as at 31.03.2018
NON-CURRENT ASSETS	591 498 078.35	579 730 413.80	610 822 195.35
Intangible assets	33 278 162.03	34 057 152.60	39 135 473.98
Property, plant and equipment	18 737 594.15	6 195 939.03	10 276 603.32
Investment properties	2 495 938.00	2 495 938.00	2 495 938.00
Other financial assets	504 342 984.67	504 337 984.67	487 023 544.67
Other non-current assets	0.00	0.00	674 420.08
Other long-term financial assets	0.00	0.00	60 000 000.00
Deferred tax assets	32 643 399.50	32 643 399.50	11 122 033.02
Prepayments	0.00	0.00	94 182.28
CURRENT ASSETS	190 765 665.54	188 839 274.60	254 016 444.50
Inventories	962 432.25	704 789.85	6 742 733.11
Trade and other receivables	88 726 992.46	87 197 199.96	104 509 157.82
Other financial assets	99 980 761.48	99 949 542.18	117 089 968.75
Other short-term assets	0.00	0.00	945 601.16
Cash and cash equivalents	436 060.91	301 214.19	571 757.15
Prepayments	659 418.44	686 528.42	2 934 209.56
Assets held for sale	0.00	0.00	21 223 016.95
TOTAL ASSETS	782 263 743.89	768 569 688.40	864 838 639.85
EQUITY	234 767 538.88	228 673 835.22	220 951 027.60
Share capital	6 509 482.30	6 509 482.30	6 509 482.30
Supplementary capital	222 164 352.92	209 691 581.08	221 677 892.72
Net profit (loss)	6 093 703.66	12 472 771.84	-7 236 347.42
LIABILITIES AND PROVISIONS	547 496 2015.01	539 895 853.18	643 887 612.25
Provisions for liabilities	14 501 344.91	24 803 586.63	3 709 617.00
Deferred tax liabilities	3 792 972.93	3 792 972.93	1 187 349.53
Provision for pensions and similar benefits	617 796.51	617 796.51	1 011 049.60
Other current provisions (short-term)	10 090 575.47	20 392 817.19	1 511 217.87
Long-term liabilities	177 795 164.05	164 248 042.85	3 975 634.68
1. To related entities	7 786 676.90	7 750 000.00	0.00
2. To other entities	170 008 487.15	156 498 042.85	3 975 634.68
Long-term loans and borrowings	113 546 380.87	108 256 275.59	0.00
Issue of debt securities	44 298 780.34	43 988 109.50	0.00
Other financial liabilities	12 163 325.94	4 253 657.76	3 975 634.68
Other liabilities	0.00	0.00	0.00
Short-term liabilities	351 326 939.75	340 636 771.91	636 202 360.57
1. To related entities	159 328 927.62	120 879 119.05	190 541 255.23
2. To other entities	191 998 012.13	219 757 652.86	445 661 105.34
Issue of debt securities	0.00	0.00	43 872 448.48
Other financial liabilities	14 770 567.39	1 776 418.88	4 768 022.96
Loans and borrowings	1 589 517.63	1 500 000.00	216 367 927.39
Trade liabilities	13 724 087.04	15 533 216.04	12 558 659.71
Liabilities in respect of taxes, customs duties, insurance and other benefits	68 443 640.56	105 215 859.95	66 147 636.18
Payroll liabilities	13 647 688.12	15 705 183.74	19 422 653.66
Other liabilities	79 822 511.39	80 026 974.25	82 523 756.96
3. Special funds	0.00	0.00	0.00
Accruals	3 872 756.30	10 207 451.79	0.00
TOTAL EQUITY AND LIABILITIES	782 263 743.89	768 569 688.40	864 838 639.85

Total income statement of Work Service SA for 3 months ended on March 31, 2019

	01.01.2019-31.03.2019	01.01.2018-31.03.2018
Revenue	83 858 052.04	143 309 996.62
Net trade revenue	83 251 566.19	143 198 079.73
Change in receivables	606 485.85	111 916.89
Manufacturing cost of products for entity's own needs	0.00	0.00
Net revenues from sales of goods and materials	0.00	0.00
Costs of operations	90 535 453.96	144 759 462.63
Amortisation and depreciation	2 521 179.05	1 666 519.39
Consumption of materials and energy	409 217.65	450 862.11
External services	15 711 442.47	30 617 716.89
Taxes and charges	165 607.58	214 307.76
Remuneration	59 319 168.44	92 729 809.82
Social security and other benefits	12 011 503.15	18 318 777.44
Other costs by type	397 335.62	761 469.22
Value of goods and materials sold	0.00	0.00
Sales profit (loss)	-6 677 401.92	-1 449 466.01
Other operating revenue	11 393 915.83	2 492 286.64
Other operating expenses	2 591 467.38	2 619 575.51
Profit (loss) from operations	2 125 046.53	-1 576 754.88
Finance income	10 090 300.17	1 934 199.15
Finance costs	6 121 643.04	7 593 791.69
Gross profit	6 093 703.66	-7 236 347.42
Income tax	0.00	0.00
Net profit (loss)	6 093 703.66	-7 236 347.42
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 loss in subsequent periods:		
- none		
Other comprehensive income for the period		
Comprehensive income for the period	6 093 703.66	-7 236 347.42
Net profit (loss) attributable to shareholders:	6 093 703.66	-7 236 347.42

Work Service SA cash flow statements for 3 months ended on March 31, 2019

	01.01.2019-31.03.2019	01.01.2018-31.03.2018
A. Cash flows from operating activities		
I. Net profit / (loss)	6 093 703.66	-7 236 347.42
II. Total adjustments	-42 896 536.41	20 641 607.05
1. Amortisation and depreciation	2 521 179.05	1 666 519.39
2. Foreign exchange gains (losses)	3 341 371.91	-293 919.45
3. Interest and shares in profits (dividends)	-6 456 810.92	2 922 273.00
4. Profit (loss) on investing activities	-5 000.00	0.00
5. Change in provisions	-10 302 241.72	98 445.64
6. Change in inventories	-257 642.40	-135 176.48
7. Change in receivables	-1 529 792.50	9 240 644.20
8. Change in short-term liabilities, except for loans and borrowings	-24 696 659.47	8 290 336.17
9. Change in prepayments, accruals and deferred income	-6 307 585.51	-1 375 716.24
10. Other adjustments	796 645.15	228 200.82
III. Net cash flows from operating activities (I+II)	-36 802 832.75	13 405 259.63
B. Cash flows from investing activities		
I. Inflows	0.00	92 406 121.32
1. Disposal of intangible assets and property, plant and equipment	0.00	0.00
2. Disposal of investments in real property and intangible assets	0.00	0.00
3. From financial assets, including:	0.00	92 406 121.32
a) in related entities	0.00	92 399 065.83
b) in other entities	0.00	7 055.49
- disposal of financial assets	0.00	0.00
- dividends and profit sharing	0.00	0.00
- repayment of long-term borrowings granted	0.00	0.00
- Interest	0.00	7 055.49
- other inflows from financial assets	0.00	0.00
4. Other investment inflows	0.00	0.00
II. Outflows	83 137.01	104 174 848.23
1. Purchase of intangible assets and property, plant and equipment	83 137.01	574 724.12
2. Investments in real property and intangible assets	0.00	0.00
3. For financial assets, including:	0.00	103 600 124.11
a) in related entities	0.00	103 196 151.75
b) in other entities	0.00	403 972.36
- purchase of financial assets	0.00	0.00
- long-term borrowings granted	0.00	403 972.36
4. Other investment outflows	0.00	0.00
III. Net cash flows from investing activities(I-II)	-83 137.01	-11 768 726.91
C. Cash flows from financing activities		
I. Inflows	38 545 275.70	63 713 779.19
1. Net inflows from issue of shares and other equity instruments and additional contributions to equity	0.00	0.00
2. Loans and borrowings	30 302 346.98	63 713 779.19
3. Issue of debt securities	0.00	0.00
4. Other financial inflows	8 242 928.72	0.00
II. Outflows	1 524 459.22	65 315 339.26
1. Purchase of treasury shares	0.00	0.00

2. Dividends and other payments to shareholders	0.00	0.00
3. Outflows in respect of appropriation of profit other than payments to shareholders	0.00	0.00
4. Repayment of loans and borrowings	31 219.30	60 514 004.54
5. Redemption of debt securities	0.00	0.00
6. Due to other financial liabilities	0.00	0.00
7. Payments of liabilities under finance lease agreements	400 570.84	902 572.62
8. Interest	1 092 669.08	3 898 762.10
9. Other financial outflows	0.00	0.00
III. Net cash flows from financing activities (I-II)	37 020 816.48	-1 601 560.07
D. Total net cash flows (A.III.+B.III+C.III)	134 846.72	34 972.65
E. Balance sheet change in cash, including:	134 846.72	34 972.65
- change in cash due to exchange differences	0.00	0.00
F. Cash as at the beginning of the period	301 214.19	536 784.50
G. Cash at the end of the period (F+D), including	436 060.91	571 757.15
- restricted access	0.00	0.00

Work Service S.A. statement of changes in equity

01.01.2019-31.03.2019	Share capital	Supplementary capital	Reserved capital	Retained earnings	Net profit	EQUITY
As at 1 January 2019	6 509 482,30	283 163 767,96	5 664 115,29	-79 136 302,17	12 472 771,84	228 673 835,22
Net profit (loss) for the financial year					6 093 706,66	6 093 703,66
Managerial programme						
Distribution of result for 2018				12 472 771,84	-12 472 771,84	0,00
Other						
Stan na 31 marca 2019	6 509 482,30	283 163 767,96	5 664 115,29	-66 663 530,33	6 093 706,66	234 767 538,88

01.01.2018-31.12.2018	Share capital	Other capital / supplementary capital	Retained earnings	EQUITY
As at 1 January 2018	6 509 482.30	285 678 830.86	-64 229 138.96	227 959 174.20
Net profit (loss) for the financial year	0.00	0.00	12 472 771.84	12 472 771.84
Managerial programme	0.00	456 401.64	0.00	456 401.64
Adjustment of retained profit/loss	0.00	0.00	-12 214 512.46	-12 214 512.46
Distribution of the 2017 result (presentation adjustment)	0.00	2 692 650.75	-2 692 650.75	0.00
As at 31 December 2018	6 509 482.30	288 827 883.25	-66 663 530.33	228 673 835.22

01.01.2018-31.03.2018	Share capital	Other capital / supplementary capital	Retained earnings	EQUITY
As at 1 January 2018	6 509 482.30	285 678 830.86	-64 229 138.96	227 959 174.20
Net profit (loss) for the financial year	0.00	0.00	-7 236 347.42	-7 236 347.42
Managerial programme	0.00	228 200.82	0.00	228 200.82
Distribution of the 2017 result to supplementary capital	0.00	-64 229 138.96	64 229 138.96	0.00
As at 31 March 2018	6 509 482.30	221 677 892.72	-7 236 347.42	220 951 027.60
As at 31 March 2019				

Explanation of the Interim Report of the Capital Group for Q1 2019

1. Material achievements of failures of the company in Q1 2019 with the list of major related events

The table below presents selected items of the income statement relating to continued activities for the Work Service Capital Group for the following periods: 01.01.2019-31.03.2019 and 01.01.2018-31.03.2018.

Selected items of the income statement (PLN)	2019 – 1Q	2018 – 1Q	Dynamics 2019/2018
Sales revenue	424 931 159	516 558 761	-18%
Costs of operations	419 579 236	512 987 946	-18%
Sales profit (loss)	5 351 923	3 570 814	50%
Profit (loss) from operations	14 207 640	3 538 142	302%
EBITDA	17 426 837	6 472 826	169%
Gross profit (loss)	17 789 123	-2 463 860	822%
Net profit (loss)	13 815 583	-5 870 558	335%

Results of Q1 2019 contain the consolidation of the entire Capital Group while comparable results for 2018 refer to the continued group except for the Exact Group and the Proservice Group treated as discontinued business at that time.

Additionally, one-off events described in item 2 of this chapter were identified in the result of operations of Q1 2019.

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

The Group identifies the following one-off factors that influenced the result of operations in Q1 2019:

- 3 m PLN – release of the provision for the penalty for Profolio established in 2018
- 3.7 m PLN – an update of the ZUS liability in the balance sheet after the execution of an instalment schedule with ZUS.
- 1.04 m PLN -other operational incomes in virtue of resolved in 2019 restructuring costs accruals from 2018

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 2019.

4.2 Issue of equity securities

None of the Work Service Group companies issued equity securities in Q1 2019.

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

The individual financial statements of Work Service SA for the previous financial year, i.e. 2018 were not yet approved by the Ordinary General Meeting of Shareholders. The consolidated financial statements for the previous financial year, i.e. 2018 were not yet approved by the Ordinary General Meeting of Shareholders as well.

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

The issue of series R, U and W shares of the Company as a part of the conditional increase in equity

In connection with the dematerialisation by way of the registration in the securities deposit maintained by KDPW on April 4, 2019 (that the Company disclosed in the current report No. 34/2019) of: (i) 171,750 ordinary bearer's shares series R, (ii) 225,750 ordinary bearer's shares series U, (iii) 98,315 ordinary bearer's shares series W with the nominal value of 0.10 PLN per share ("Stocks"), Stocks were registered on securities accounts of authorised persons (members of the Board of Directors and key management staff) who assumed Stocks executing their rights under subscription warrants series C, D and E as a part of the conditional increase in equity of the Company as per the terms of the Managerial Option Program adopted by way of the Resolution No. 24/2013 of the Extraordinary General Meeting of the Company of June 27, 2013 (disclosed by the Company in its current report No. 62/2013), as amended. The registration of dematerialised stocks of the public company on the securities account is equivalent to the issue of stock documents as understood in art. 451 § 2 second sentence of the Code of Companies and Partnerships.

According to the provisions of the Code of Companies and Partnerships, the acquisition of rights attached to the Stocks and an increase in the Company's equity from 6,509,482.30 PLN by the total amount equal to the nominal value of Stocks, i.e. by 49,581.50 PLN took place simultaneously with the registration of Stocks on the said accounts.

After the Stock registration on above-mentioned accounts:

- 1) the equity of the Company amounts to PLN 6,559,063.80 divided into 65,590,638 thousand shares with the nominal value of PLN 0.10 each.
 - a) 750,000 (in words: seven hundred fifty thousand) series A stocks;
 - b) 5,115,000 (in words: five million one hundred fifteen thousand) series B stocks;
 - c) 16,655,000 (sixteen million six hundred fifty five thousand) series C stocks,
 - d) 100,000 (in words: one hundred thousand) series D stocks,
 - e) 100,000 (in words: one hundred thousand) series E stocks,
 - f) 7,406,860 (seven million four hundred six thousand eight hundred sixty) series F stocks,
 - g) 2,258,990 (two million two hundred fifty eight thousand nine hundred ninety) series G stocks,
 - h) 9,316,000 (nine million three hundred sixteen thousand) series H stocks,
 - i) 1,128,265 (one million one hundred twenty eight thousand two hundred sixty five) series K stocks,
 - j) 5,117,881 (five million one hundred seventeen thousand eight hundred eighty one) series L stocks,
 - k) 12,000,000 (twelve million) series N stocks,
 - l) 91,511 (ninety one thousand five hundred eleven) series P stocks,
 - m) 5,000,000 (five million) series S stocks,
 - n) 55,316 (fifty five thousand three hundred sixteen) series T stocks,
 - o) 171,750 (one hundred seventy one thousand seven hundred fifty) series R stocks,
 - p) 225,750 (two hundred twenty five thousand seven hundred fifty) series U stocks,
 - q) 98,315 (ninety eight thousand three hundred fifteen) series W stocks,
- 2) The total number of voting rights attributable to all the stocks issued by the Company: 65,590,638;
- 3) the value of the conditional increase in equity after the Stock issue: 29,100 PLN.

According to art. 452 § 4 of the Code of Companies and Partnerships, the Directors shall make a timely submission of the list of assumed Stocks to the registration court in order to update the entry regarding the Company's equity in the KRS register of enterprises.

Individual Stocks were issued on the basis of: (i) the Resolution No. 37/2014 of the Ordinary General Meeting of the Company of June 27, 2014 – series R (disclosed by the Company in the current report No. 46/2014), (ii) Resolution No. 28/2015 of the Ordinary General Meeting of the Company of June 22, 2015 – series U (disclosed by the Company in the current report No. 27/2015); (iii) Resolution No. 25/2016 of the Ordinary General Meeting of the Company of June 27, 2016 – series W (disclosed by the Company in the current report No. 42/2016). Stocks were assumed in exchange for monetary (cash) contribution in the period from June 30 to July 31, 2018 at the issue price amounting to 0.10 PLN per share, by 23 individuals in total, as follows: (i) from among 219,000 series R Stocks to be issued, 171,750 were assumed, (ii) from among 273,000 series U stocks to be issued, 225,750 were assumed, (iii) from among 124,023 series W Stocks to be issued, 98,315 were assumed. The value of the completed Stock issuance (the product of the number of Stocks and their issue price) amounted to 49,581.50 PLN. Total costs classified as Stock issue costs include the preparation and execution of the issuance and amounted to 16,248.00 PLN. The average cost of Stock issuance per

share amounted to 0.03 PLN. Costs of the issuance will be settled in the ledgers and reported in the financial statements of the Company as per art. 36 clause 2b of the accountancy act, i.e. Stock issuance costs incurred during the equity increase will reduce the supplementary capital of the Company to the value of the surplus issuance value over the nominal value of stocks while the remaining part will be classified as financial costs.

In 14 May 2019 the District Court for Wrocław-Fabryczna the court has updated the company's share capital up to the amount 6 559 063.80.

On May 8, 2019, Work Service S.A. and the following Hungarian companies: Human Investors Kft. ("SPV"), Profólió Projekt Tanácsadó Kft. ("Profólió") androhumán 2004 Kft. ("Prohuman") agreed upon the key terms of the transaction involving the sale of shares in Prohuman by executing a related term sheet document ("Term Sheet").

The Term Sheet refers to the sales of assets listed below to the SPV, i.e. a company established by managers related to Profólió and Prohuman or another entity specified by the SPV: (i) all shares in Prohuman held by Work Service, constituting 80.22% of the equity of Prohuman ("Controlling Interest") and (ii) all or a part of the shares held by Profólió in Prohuman, constituting 19.78% of the equity of Prohuman ("Minority Interest"). The sales price of the Controlling Interest shall be settled in part by the payment of the price and in part by the settlement of all loans extended by Prohuman to the Issuer plus the interest (the intra-Group liability settlement amount). The basic Transaction on terms agreed upon in the Term Sheet will generate the gross profit at the moment of its closure (before tax) in the individual financial statement of the Issuer amounting to ca. 49 m PLN. Funds acquired from the sale of the Controlling Interest will be spent, as follows: (i) the complete repayment of the loan granted to the Issuer pursuant to the loan agreement of 18 November 2015 (subsequently annexed) executed 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 110 m PLN (ii) further debt adjustments and reduction of liabilities of the Issuer's Capital Group.

The Term Sheet provides for the completion of the sales of Prohuman by the SPV until 31 March 2020 with its possible prolongation under certain conditions specified in the Term Sheet ("Basic Transaction").

The Term Sheet provides that, for the purpose of the Transaction, an agreement will be executed to regulate the cooperation between the parties in the sales process and also to grant the 2-year purchase option regarding the Controlling Interest to SPV from the Issuer (with the possibility of its early expiry in specific cases), and also granting the right to specify the buyer of the interest throughout the term of the Basic Transaction to the SPV.

For the duration of the Basic Transaction, the existing liability of Work Service S.A. to Profólió obliging Work Service S.A. (or another specified entity) to acquire the Minority Interest, resulting from the agreement of October 23, 2017 and the annex thereto of June 29, 2018 (reported by Work Service S.A. in respective reports No. 80/2017 and 31/2018) and the liability will be cancelled at the moment of the settlement of the Basic Transaction (because Work Service S.A. shall not purchase the Minority Interest as a part of the Basic Transaction). Additionally in connection with the reconciliation of the Basic Transaction, Profólió shall waive the contractual penalty from Work Service amounting to 3 m PLN in connection with the existing obligation for Work Service S.A. to repurchase the Minority Interest.

The parties have agreed upon the terms of their mutual settlements and further sales of Prohuman in case the Basic Transaction is not executed as described in the schedule. In such a situation, the current undertaking of Work Service S.A. to repurchase the Minority Interest, in addition to the cancellation of the additional contractual penalty, will also be reduced to ca. 4 m PLN and suspended with no additional interest calculated on it for max. 24 months as of the end of the Basic Transaction. An Alternative Transaction will provide for the complete control of Work Service over the Prohuman sales process. For the duration of the Basic Transaction and in the event of its failure, the obligation to repay loans (as well as the interest calculated so far and in the future) extended to Work Service by Prohuman currently amounting to about 49 m PLN shall also be postponed until 31.12.2021.

The Term Sheet provides for the right of withdrawal on terms specified therein. The fulfilment of obligations specified in the Term Sheet shall be secured in the form of mutual contractual penalties and hedges standard for this type of agreements. Other terms contained in the Term sheet do not deviate from terms applied in agreement of this type.

The planned sale of the Controlling Interest is a consequence of the Company's restructuring process.

Changes in the content of the Supervisory Board

The Extraordinary General Meeting removed Pangiotis Sofianos, Everet Kamin and Krzysztof Kaczmarczyk from the Supervisory Board. The Extraordinary General Meeting nominated Maciej Witucki to the Supervisory, entrusting the function of the Supervisory Board Chairman to him and nominated Pangiotis Sofianos, Paweł Ruk, Tomasz Bujak and Piotr Żegleń as Members of the Supervisory Board.

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

Merger of WS Support Sp. z o.o. and Work Service Investments Sp. z o.o.

The merger of WS Support Sp. z o.o. and Work Service Investments Sp. z o.o. took place on 25.03.2019.

2. Director's position regarding the feasibility of previously published forecasted results for the year in the light of results presented in the Q1 report in comparison with forecasted results.

The Company did not publish forecasts for 2019.

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 2019 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 6,559,063.80 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 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.

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
WorkSource Investments S.a.r.l.	13 714 286	20.91%	13 714 286	20.91%
ProLogics (UK) LLP London	10 466 200	15.96%	10 466 200	15.96%
Central Fund of Immovables Sp. z o.o.	11 009 200	16.78%	11 009 200	16.78%
Tomasz Misiak	9 553 961	14.57%	9 553 961	14.57%
Tomasz Hanczarek	3 336 420	5.09%	3 336 420	5.09%
MetLife PTE S.A.*	3 254 743	5.00%	3 254 743	5.00%
Other	14 255 828	21.73%	14 255 828	21.73%

*So far, Metlife PTE S.A. did not provide the Company with any information indicating a decrease in the above holding as a result of registration in the National Court Register on 14 May 2019 of the share capital increase as a result of issuing series R, U and W shares (despite the fact that the number of all shares in the Company increased as a result of these shares); if the above ownership decreased due to the dilution caused by the increase in the number of shares in the increased share capital of the Company, Metlife PTE S.A. it would hold 3,254,743 shares constituting 4.96% of the share capital, assuming that Metlife PTE S.A. did not make no transactions to purchase shares in the Company

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 2019 with an indication of changes of holding after the submission of the previous report, separately for each person.

The 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 2019 with an indication of changes of holding after the submission of the previous report, separately for each person.

	As at the publication date of statements for Q1 2015	Change in holdings — acquisition/(disposal)	As at the publication date of this report	Nominal value of shares held (in PLN) as at the date of publication of this report
Tomasz Hanczarek – Member of the Supervisory Board	3 255 000	0	3 255 000	325 500.00
Tomasz Misiak — Vice-Chairman of the Supervisory Board	9 547 361	0	9 547 361	954 736.1
Iwona Szmitkowska — President of the Board of the Directors	9 462	0	9 462	946.2
Jarosław Dymitruk – Vice-President of the Board of Directors	9 462	0	9 462	946.2

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

No court, administrative or arbitration proceedings are pending in which the Company would participate, regarding the liabilities or debts of the Company whose value, jointly or severally, would constitute at least 10% of the equity of the Company.

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 2019 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.	SELLPRO Sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex to the agreement of 7.11.2016	Indefinite term	14 300 000.00
2.	Finance Care Sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex to the agreement of 7.11.2016	Indefinite term	14 300 000.00
3.	Industry Personnel Services sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex to the agreement of 7.11.2016	Indefinite term	14 300 000.00
4.	Work Service International Sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex to the agreement of 7.11.2016	Indefinite term	14 300 000.00
5.	Work Express Sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex to the agreement of 7.11.2016	Indefinite term	14 300 000.00
6.	Outsourcing Solutions Partner Sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex to the agreement of 7.11.2016	Indefinite term	14 300 000.00
7.	Industry Personnel Services sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Factoring agreement of 4.12.2018	Indefinite term	14 000 000.00
8.	Sellpro Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Factoring agreement of 4.12.2018	Indefinite term	14 000 000.00
9.	Finance Care Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Factoring agreement of 4.12.2018	Indefinite term	14 000 000.00
10.	Industry Personnel Services sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	An annex prolonging the validity of the limit of 11.01.2019	Indefinite term	5 000 000.00
11.	Sellpro Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	An annex prolonging the validity of the limit of 11.01.2019	Indefinite term	5 000 000.00
12.	Finance Care Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	An annex prolonging the validity of the limit of 09.01.2019	Indefinite term	5 000 000.00
13.	Support and Care Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	An annex prolonging the validity of the limit of 09.01.2019	Indefinite term	5 000 000.00
14.	Outsourcing Solutions Partner Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	An annex prolonging the validity of the limit of 10.01.2019	Indefinite term	5 000 000.00
15.	Work Express Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	An annex prolonging the validity of the limit of 11.01.2019	Indefinite term	5 000 000.00
16.	Work Express Sp. z o.o.	BGŻ BNP Paribas S.A	Amount receivable under a factoring agreement	An annex prolonging the validity of the limit of 07.02.2019	Indefinite term	5 200 000.00
17.	Sellpro Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	Annex of 21.01.2019	Indefinite term	20 000 000.00
18.	Industry Personnel Services sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	Annex of 21.01.2019	Indefinite term	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	31.03.2019	31.12.2018	change
	transfer of ownership of the financed assets	0.00	0.00	0.00
	assignment of receivables	0.00	0.00	0.00
	blank promissory note with a blank promissory note agreement	0.00	0.00	0.00
Loan collateral	surety	360 000 000	360 000 000	0.00
	Statement of voluntary submission to the execution, art. 777	66 210.000.00	66 210.000.00	0.00
	registered pledge on movable property	0.00	0.00	0.00
	registered pledge on assets	277 500.000.00	277 500.000.00	0.00
Lease collateral	blank promissory note with a blank promissory note agreement	4 621 782.30	4 621 782.30	0.00
	endorsement	0.00	0.00	0.00
Performance guarantee	guarantee	338 489.60	1 354 370.88	-1 015 881.28

On March 30, 2018, the Company executed an annex (hereinafter: Annex 2) to the loan agreement of November 18, 2015 with Bank BGŻ BNP Paribas S.A., Raiffeisen Bank S.A., Bank Zachodni WBK S.A., Bank Millennium S.A. and PKO BP Bank Polski (the banks hereinafter jointly referred to as Creditors or the Parties).

Pursuant to the executed annex, PKO BP SA undertook to cause the utilisation of the Working Capital Credit 5 once in the amount of 55,000,000 PLN within 2 working days of the execution of Annex 2. The utilisation of Working Capital Credit 5 took place in the form of PKO BP SA execution of a transfer from the Working Capital Credit 5 Account directly to the account on which the debt under the PKO BP Credit Agreement was recorded (internal transfer).

The Borrower and PKO BP SA agreed that, as a consequence of the complete repayment of the financial debt under the PKO BP Credit Agreement, the PKO BP Credit Agreement shall be terminated at the moment of the complete repayment of the financial debt under the PKO BP Credit Agreement. The Borrower shall not be entitled to the renewed utilisation of funds pursuant to the PKO BP Credit Agreement.

The consequence of the above was the total repayment of the financial debt on account of the Loan Agreement of PKO BP with the interest on account of the Loan Agreement of PKO BP.

Parties to the Agreement confirmed that all Collaterals established on the basis of Financial Documents including, in particular, Collateral Documents executed in connection with Annex 1 shall remain in force and binding irrespectively of changes of the Credit Agreement introduced in the form of the Annex. Additionally, new collaterals mentioned in the current report No. 7/2018 of March 30, 2018 were established.

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.

No material changes of estimates, including adjustments due to provisions, deferred income tax provision and assets mentioned in the accounting act occurred in Q1 2019 and no material revaluations of asset constituents were introduced except for the application of IRFS 9.

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 2019 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 2019;
- achievements and failures described in section 1 of the explanation of the Capital Group Interim Report for Q1 2019;
- 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 Quarterly Report for Q1 2019 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

No factors other than ones mentioned below, influencing assets, liabilities, equity, net result or cash flows, untypical due to their type, value or frequency were identified in Q1 2019.

IFRS 16 implementation as of the date of its coming into force, i.e. as of January 1, 2019. Effects of the implementation were presented in note 3 "Applied accounting rules".

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 2019.

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 Dominating Company did not introduce any revaluation write-offs.

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

Change of provisions (CG Work Service)	31.12.2018	Increases	Utilisation	Reversal	31.03.2019
a) Long-term provisions, including:	3 099 740.11	0.00	1 590 144.68	0.00	1 509 595.43
- provision for retirement pensions and similar benefits	283 401.78	0.00	0.00	0.00	283 401.78
- other (accruals)	2 816 338.33	0.00	1 590 144.68	0.00	1 226 108.27
b) Short-term provisions, including:	60 698 694.31	0.00	16 101 614.08	0.00	44 597 080.23
- unused holiday entitlement	13 800 734.25	0.00	2 050 185.12	0.00	11 750 549.13
- other (accruals)	46 897 960.06	0.00	11 051 428.96	3 000 000.00	32 846 531.10
Total provisions	63 798 370.97	0.00	17 691 758.76	3 000 000.00	46 106 675.66

Change of provisions (microdata)	31.12.2018	Increase	Utilisation	Reversal	31.03.2019
Provision for unused leaves	617 796.51	0.00	0.00	0.00	617 796.51
Other provisions	0.00	0.00	13 636 937.21	3 000 000.00	13 345 535.26

16. Information about deferred income tax provisions and assets

There were no significant changes in deferred income tax provisions or assets in Q1 2019.

Consolidated data	as at 31.03.2019	as at 31.12.2018
Deferred tax assets	43 939 858.70	44 010 880.64
Deferred income tax liabilities	4 468 181.41	4 459 965.97

Work Service S.A. microdata	as at 31.03.2019	as at 31.12.2018
Deferred tax assets	32 643 399.50	32 643 399.50
Deferred income tax liabilities	3 792 972.93	3 792 972.93

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

No material acquisitions or sales of tangible assets occurred in Q1 2019.

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, 2019. Material changes in financial liabilities occurred in connection with the implementation of IRFS 16.

19. Information about material settlements due to litigation

No material settlements due to litigation occurred in Q1 2019.

20. Adjustments of errors of previous periods

No errors of previous periods were adjusted in the report for Q1 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

No events were identified in Q1 2019 that would materially influence the fair value of financial assets and financial liabilities of the entity.

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

Work Service Group Management implements the provisions of Annex 4 executed on December 5, 2018 to the loan agreement of November 18, 2015 with Bank BGŻ BNP Paribas S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.

As a result of the entry into force of Annex 4 to the loan agreement, a range of changes were introduced to the Credit Agreement that were material and beneficial for the Company including, among other things:

-repayment date was postponed from December 10, 2018 to March 31, 2020;

The Company is not obliged to any scheduled amortisation of loans by the loan repayment date;

throughout the financing period, the Company can use working capital facility limits under the Loan Agreement up to 110,350,000 PLN (i.e. entire facility limits left after the repayment of 104,000,000 PLN of loans from funds generated by the sale of Exact Systems S.A.);

-the interest rate for the loan was reduced to WIBOR 1M plus the margin of 100 bps per annum payable in an ongoing manner and the additional 100 bps of the margin payable only on the final repayment date;

-all obligations related to the maintenance of specific levels of financial indicators were waived and existing financial indicators will only be reported for the information;

-creditors agreed that, until the submission of the potential statement of termination of the loan agreement with the Creditor, violation cases would not preclude the reduction, blocking or cancellation of available working capital facilities by the creditors;

-the creditors unconditionally and irrevocably waived previous cases of loan agreement violation specified in the annex, waived their rights pursuant to the Loan Agreement resulting from the occurrence of such previous violations, including those referring to financial indicators specified in the Loan Agreement;

Additionally, the Company undertook in Annex 4 to the loan agreement to take a range of restructuring actions including, among other things, the sale of the Prohuman 2004 Kft Group according to the specified schedule.

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 2019 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	ANT	skWS
Revenue	-1 154 663.35	48 484.25	-539 536.25	2 085 220.19	-3 766 202.58	-173 672.57	178 107.14	212 661.15	1 073 151.72	9 462.92
Costs	14 285 743.39	0.00	7 846 166.90	0.00	9 037.68	107 056.78	1 575 630.74	1 885 554.44	3 068.77	0.00
Receivables	0.00	210 440.77	459 591.83	2 077 245.13	0.00	287 265.71	103 373.49	9 160 433.79	24 601.29	265.40
Long-term liabilities	0.00	0.00	0.00	0.00	7 786 676.9	0.00	0.00	0.00	0.00	0.00
Short-term liabilities	33 530 194.75	0.00	1 153 954.44	482 613.07	41 437 053.28	8 623 193.96	0.00	0.00	928 459.52	8 649.96
Borrowings granted	0.00	3 883 108.72	3 465 123.20	4 715 298.13	0.00	680 118.56	10 062 549.05	30 178 787.21	0.00	15 872.72

	skoutWS	skWSK	czWS	ger24WS	fiegGP	fiegWS	fiegOUT	fiegKG	fiegWSF	gerKON
Revenue	0.00	0.00	43 903.00	0.00	0.00	-4 306.47	0.00	52 554.44	0.00	0.00
Costs	0.00	0.00	50 282.24	0.00	0.00	0.00	0.00	60 515.26	0.00	0.00
Receivables	0.00	1 287 224.17	2 346 129.00	288 982.54	0.00	76 127.53	4 200.00	34 375.28	0.00	0.00
Long-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short-term liabilities	0.00	0.00	730 552.43	41 950.82	0.00	18 747.27	8 400.00	8 052 883.83	0.00	0.00
Borrowings granted	0.00	0.00	5 523 839.54	23 085.02	0.00	0.00	0.00	3 117 274.90	0.00	0.00

	antGER	antCZ	antSK	antHU	presWS	presBUS	presLOG	presCL	presOSP	humPRO
Revenue	0.00	0.00	0.00	884.00	-160 598.66	0.00	100 774.96	0.00	283 333.45	0.00
Costs	0.00	0.00	0.00	0.00	76 917.66	0.00	165 415.43	0.00	0.00	793 661.84
Receivables	4 949.98	500.00	0.00	1 587.32	1 499 022.63	2 140.20	6 232.33	62 383.14	439 990.68	4 700.00
Long-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short-term liabilities	8 400.00	0.00	0.00	0.00	14 356 213.50	0.00	108 361.52	0.00	607 602.94	49 133 496.37
Borrowings granted	0.00	0.00	0.00	0.00	3 271 270.75	0.00	0.00	0.00	0.00	0.00

	humOUT	humEXI	natSLV	natCR	humHR	humFIE	humFC	rsAPT	hrAPT	bAPT
Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Borrowings granted.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	fbAPT	ukr2WS
Revenue	0.00	0.00
Costs	0.00	12 580.00
Receivables	0.00	148.52
Long-term liabilities	0.00	0.00
Short-term liabilities	0.00	0.00
Borrowings granted.	0.00	0.00

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.
presBUS	Workbus Sp. z o.o.
presLOG	Support and Care Sp. z o.o.
presCL	Clean24h Sp. z o.o.
presOSP	Outsourcing Solutions Partner Sp. z o.o.
skWSK	Work Service SK s.r.o.
skWS	Work Service Slovakia s.r.o.
skoutWS	Work Service Slovakia Outsourcing s.r.o.
czWS	Work Service Czech s.r.o.
ger24WS	Work Service 24 GmbH
gerP24WS	WorkPort24 GmbH
gerKON	IT Kontrakt GmbH
humPRO	Prohuman 2004 Kft
humFC	Finance Care Hungar Kft
humHR	HR-Rent Kft
humFIE	Profield 2008 Értékesítés Támogató Kft.
humEXI	Human Existence Kft
humOUT	Prohuman Outsourcing Kft
fiegWSF	Work Service Fahrschuhe QC GmbH
fiegGP	Work Service GP GmbH
fiegWS	Work Service Deutschland GmbH
fiegOUT	Work Service Outsourcing Deutschland GmbH
fiegKG	Workservice GmbH & Co.KG
antGER	Enloyd GmbH
antCZ	Antal International s.r.o.(Czech Republic)
antSK	Antal International s.r.o. (Slovakia)
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 2019.

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

No changes in the classification of financial assets resulting from the change of purpose or utilisation of such assets occurred in Q1 2019.

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 2019 was not subject to an audit or 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.

PREPARED BY:

.....
Anna Kropielnicka
Main Accountant

SIGNATURES:

.....
Iwona Szmitkowska
President of the Board of Directors

.....
Jarosław Dymitruk
Vice-President

.....
Paul Christodoulou
Vice-President