WORK SERVICE Capital Group

FINANCIAL STATEMENT OF WORK SERVICE SA

for the year ended as on 31 December 2020

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

Wrocław, April 30, 2021

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ADDITIONAL INFORMATION ON ACCOUNTING POLICIES ADOPTED

1. Company identification data

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

Company name	Work Service S.A.
Legal form	Joint stock company (Spółka Akcyjna)
Address	53-413 Wrocław ul. Gwiaździsta 66
Phone	+48 (071) 37 10 900
Fax	+48 (071) 37 10 938
E-mail	work@workservice.pl
Website	www.workservice.pl

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 Wroclaw–Fabryczna in Wroclaw, 6th Commercial Division of the National Court Register, under the number KRS 0000083941. The Company was entered into the register of Entrepreneurs of the National Court Register on 28 January 2002. Work Service Spółka Akcyjna is the successor of Work Service Spółka z ograniczoną odpowiedzialnością. Work Service SA operates under Polish law. The Company operates primarily on the basis of the Commercial Companies Code and regulations of the General Meeting, Supervisory Board and Management Board. Work Service SA is an employment agency specialising in employment services, in modern human resource solutions, providing services in the area of recruitment, the provision of skilled workers to clients, consulting and human resource management.

The core business of Work Service SA includes:

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

2. Directors of Work Service SA as at December 31, 2020

- Thibault Lefebvre – President
- Iwona Szmitkowska – Vice-President
- Nicola Dell'Edera – Vice-President

On 23 December 2020, the Supervisory Board, acting pursuant to § 16 sec. 2 lit. b) of the Company's Articles of Association and 14 par 2 lit. b) of the Regulations of the Supervisory Board adopted a resolution to dismiss Ms. Iwona Szmitkowska from the current position of the Vice- President of the Management Board with effect from December 31, 2020 and on January 1, 2021, appointed:

1. Ms Iwona Szmitkowska to perform the function in the Management Board of the Company, entrusting her with the position of the President of the Management Board of the Company,

2. Mr. Paolo Caramello to perform a function in the Management Board of the Company, entrusting him with the position of the Vice President of the Management Board of the Company.

On 21 December 2020, the Company received document containing the resignation of Mr. Thibault Lefebvre from the position of the President of the Management Board of Work Service S.A. with effect on December 31, 2020. Mr. Thibault Lefebvre indicated that he decided to focus on his new role as Head of Western Europe within GI Group International as of 1st of January, 2021.

On 20 August 2020 the Issuer received a letter containing information about the resignation of Mr. Jarosław Dymitruk from the current position of Vice President of the Management Board of Work Service S.A. with effect from August 21, 2020. The reasons for the resignation were not given.

On 20 August 2020 the Supervisory Board decided to shorten the period of delegation of the Vice-Chairman of the Supervisory Board - Mr. Marcus Preston to temporarily perform the duties of a Member of the Management Board of the Company until August 20, 2020.

On August 20, 2020, the Issuer's Supervisory Board, acting pursuant to § 16 sec. 2 lit. b) of the Company's Articles of Association and 14 par 2 lit. b) of the Regulations of the Supervisory Board adopted a resolution to dismiss Ms Iwona Szmitkowska from the current position of the President of the Management Board with effect from August 21, 2020 and on August 21, 2020, appointed:

1. Mr. Thibault Lefebvre to perform a function in the Management Board of the Company, entrusting him with the position of the President of the Management Board of the Company.

2. Ms Iwona Szmitkowska to perform the function in the Management Board of the Company, entrusting her with the position of the Vice President of the Management Board of the Company.

3. Mr. Nicola Dell'Eder to perform a function in the Management Board of the Company, entrusting him with the position of the Vice President of the Management Board of the Company.

3. Composition of the Supervisory Board of Work Service SA as at December 31, 2020

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

On 19 October 2020, the Management Board of Work Service S.A. has received information about the first meeting of the Supervisory Board in the new composition that took place on 16 October 2020, at which, inter alia, it was decided to elect, among the newly appointed members of the Supervisory Board, the Chairman of the Supervisory Board in person of Mr. Maurizio Uboldi and Deputy Chairman of the Supervisory Board in person of Mr. Dario Dell'Osa.

On August 25, 2020, the Company received letters containing the following information: on the resignation of Mr. Tomasz Jakub Wojtaszek from the function of a Member of the Supervisory Board of Work Service S.A. with immediate effect and _the resignation of Mr. Pierre Mellinger from the function of a member of the Supervisory Board of Work Service S.A. with instant effect. The reasons for the resignation were not given. On September 10, 2020, the Company received a letter of September 10, 2020 containing information about the resignation of Mr. Marcus Preston from the position of Deputy Chairman of the Supervisory Board of Work Service S.A. with instant effect. The reasons for the resignation were not given.

On 15 October 2020 the Ordinary General Meeting of the Company have dismissed from the Supervisory Board:

1. Mr. Przemysław Schmidt – Chairman of the Supervisory Board,
2. Mr. Piotr Żegleń – Member of the Supervisory Board,
3. Mr. Tomasz Bujak – Member of the Supervisory Board,
4. Mr. Paweł Ruka – Member of the Supervisory Board,
5. Mr. Andrzej Witkowski – Member of the Supervisory Board,
6. Mr. Robert Oliwa – Member of the Supervisory Board.

Reasons of dismissal were not given.

On 15 October 2020 the Ordinary General Meeting of the Company appointed as a members of the Supervisory Board:

1. Mr. Maurizio Uboldi – Member of the Supervisory Board,
2. Mr. Davide Toso – Member of the Supervisory Board,
3. Mr. Antonio Carvelli – Member of the Supervisory Board,
4. Mr. Dario Dell'Osa – Member of the Supervisory Board,
5. Mrs. Federica Giulia Giovanna Polo – Member of the Supervisory Board,
6. Mrs. Francesca Garofolo – Member of the Supervisory Board,
7. Mrs. Maria Luisa Cammarata – Member of the Supervisory Board,
8. Mr. Donato Di Gilio – Member of the Supervisory Board,
9. Mr. Marcus Preston – Member of the Supervisory Board.

4. Work Service Capital Group as on 31 December 2020

Work Service SA is the parent company for the following Companies which prepare financial statements:

Companies in which Work Service SA holds direct capital share

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Finance Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.12.2005	100.00%	100.00%	Full
Industry Personnel Services sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.11.2003	100.00%	100.00%	Full
Work Service International Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	06.07.2006	100.00%	100.00%	Full
WS Support Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	19.02.2010	100.00%	100.00%	Full

Sellpro Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.03.2009	100.00%	100.00%	Full
Virtual Cinema Studio Sp. z o.o.	01-793 Warszawa, ul. Rydygiera Ludwika 7	20.12.2002	50.00%	50.00%	Non-consolidated
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	16.05.2011	75.00%	75.00%	Full
Prohuman 2004 Kft.	H-1146 Budapest, Hungaria korut 140-144.	21.12.2013	80.22.%	80.22%	Equity method
Work Express Sp. z o.o. (in liquidation)	40-265 Katowice, ul. Korfantego 2/100,101	02.01.2014	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	100.00%	100.00%	Full
Work Service 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. Malomyasnitska 6, Kharkov area, Kharkov voivodship, Ukraine	03.02.2017	100.00%	100.00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	21,99%	21,99%	Full
WorkPort24 GMBH	An den Treptowers 1 D-12435 Berlin	19.08.2011	100.00%	100.00%	Non-consolidated

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

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.05.2011	78,01%	78,01%	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 the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	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
Work Service 2000 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 the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Prohuman Outsourcing Kft.	H-1146 Budapest, Hungaria korut 140-144	21.12.2013	100.00%	100.00%	Equity method
Human Existence Kft.	3525 Miskole, Arany Janos ter.1. mfsz 18.	08.07.2014	100.00%	100.00%	Equity method
Naton kadrovsko svetovanje d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100.00%	100.00%	Equity method
HR Rent Kft	H-7624 Pecs, Ferencesek utcoja 52	10.12.2015	100.00%	100.00%	Equity method
Finance Sales Hungary Kft (Profield 2008 Kft)	2724 Újlengyel, Ady Endre utca 41	17.12.2015	100.00%	100.00%	Equity method

APT Resources&Services s.r.l.	82B2 Clucerului Street, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method
APT Human Resources s.r.l.	82B2 Clucerului Street, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method
APT Broker s.r.l.	82B2 Clucerului Street, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method
APT Finance Broker s.r.l.	82B2 Clucerului Street, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Equity method

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

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

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

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

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

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

Companies related through Finance Sales Hungary Kft (Profield 2008)

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

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

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

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

5. Information about the reporting currency and level of rounding used

The financial statements were prepared in Polish zloty.

Average exchange rates of PLN vs EUR set by the National Bank of Poland (NBP) in the periods covered by the financial statements and the comparative data, in particular:

1. Exchange rate as at the last day of each period.
2. Average exchange rate for each period, calculated as an arithmetic average of rates prevailing on the last day of each month in a period, and where justified, calculated as an arithmetic average of rates prevailing on the last day of the preceding period.
3. The highest and lowest exchange rate in each period.
   a) exchange rate as at the last day of each period:
      - 31 December 2019 — exchange rate announced by the NBP — PLN 4.6148
      - 31 December 2019 — exchange rate announced by the NBP — PLN 4.2585
   b) average exchange rate in the period calculated as an arithmetic average of rates prevailing on the last day of each month in a period:
      - 2020 — PLN 4.4742
      - 2019 — PLN 4.3018
4. The following exchange rates were used for balance sheet valuation purposes:

Currency	31 December 2020	31 December 2019
GBP	5,1327	4,9971
CZK	0,1753	0,1676
RON	0,9479	0,8901
EUR	4,6148	4,2585
USD	3,7584	3,7977
RUB	0,0501	0,0611
HUF	0,0126	0,0129

6. Duration of the Company

The Company's duration is unlimited.

7. Indication of the period covered by the financial statements and principles of their presentation

The financial year of Work Service SA is the calendar year.

The financial statements cover the period from 1 January to 31 December 2020.

The financial statements containing comparative data were prepared for the period from 1 January to 31 December 2019.

8. Indication that the financial statements contain combined data, if the entity includes internal organisational units compiling their own financial statements

The Company has no internal organisational units compiling their own financial statements.

9. Information about the Company's going concern

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

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

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

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

As the review of strategic options was completed:

1) the assets and financial standing of the Capital Group has been fully stabilised and secured;

2) the Capital Group is now a member of the world's leading service provider on the global HR market so it receives a strategic and business support to develop further in Poland and in the entire region of Central and Eastern Europe.

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

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

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

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

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

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

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

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

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

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

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

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

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

As a result, the Work Service Group has become a member of the Investor's group, which is an international industry entity providing services in the field of temporary and permanent employment and recruitment. At the same time, Gi Group S.A. is one of the world's leading providers of services aimed at the development of the labour market.
In the opinion of the Management Board of Work Service S.A., the service proposal, experience and competences of the Work Service Capital Group in Central and Eastern Europe supplement the proposal of Gi Group S.A. in this part of the world and creates the potential for further development of both Work Service and Gi.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Repayment and partial relief of bond debt.

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

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

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

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

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

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

At the same time, Work Service S.A. announced that as a consequence of the entry into force of the Restructuring Agreement, its parties were obliged to perform the target restructuring of claims based on a partial arrangement, which the Company and the

Banks planned to conclude in the weeks to come as part of the proceedings on approval of the arrangement within the meaning of the restructuring law (the “Arrangement”).
The Restructuring Agreement provides for partial repayment and partial relief, under the Arrangement, of the Banks’ claims against the Company under the Loan Agreement in the principal amount of approximately PLN 110,350,000.00, up to the amount corresponding to 50% of the principal amount (the “Repayment Amount”). The Repayment Amount will be repaid by the Company to the Banks in quarterly instalments, in accordance with the agreed repayment schedule, with the first payment to be made by September 30, 2020 and the last by June 30, 2023. Interest on the Repayment Amount will be calculated in the amount equal to WIBOR 3M + 200 bps per annum.

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

The Arrangement covers receivables on account of financing Work Service S.A.'s operations through loans granted before the arrangement date under the Loan Agreement ("Receivables under Arrangement Procedure"). Banks are the only creditors with Receivables under Arrangement Procedure. The main principles of the restructuring of the Receivables under Arrangement Procedure are as follows:
1) As of the date of final and legally effective approval of the Arrangement, the Receivables under Arrangement Procedure in respect of repayment of the principal under the Loan Agreement are subject to redemption in 49.9998445% as at the Arrangement Date, that is 29 September 2020.
2) The Issuer shall repay the principal of the loans constituting the Receivables under Arrangement Procedure in the portion not subject to redemption pursuant to paragraph 1 above, that is 50.0001555% as at the Arrangement Date. The principal sum of the loans constituting the Receivables under Arrangement Procedure shall be repaid, in the portion not subject to redemption, in instalments of a specific percentage.
3) The Company will repay the Receivables under Arrangement Procedure from the Banks in quarterly instalments according to a fixed repayment schedule, with the first payment taking place on 30 September 2020 and the last by 30 June 2023. Interest on the repayment amount will be charged at WIBOR 3M + 200 bps per annum.
4) As of the date of final and legally effective approval of the Arrangement, Receivables under Arrangement Procedure for payment of interest whose payment date has been deferred prior to the date of the Arrangement until the date of full repayment of the principal of the loan (under the Loan Agreement) shall be subject to redemption in full.

Supervision over the implementation of the Arrangement shall be exercised in accordance with the provisions of the Restructuring Law by the Arrangement Supervisor.
On November 30, 2020, Work Service S.A. filed an application with the court for approval of the partial arrangement adopted in the proceedings for approval of the arrangement.

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

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

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

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

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

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

1) transfer of assets and liabilities made under arm's length conditions;

2) migration to the same software and other operating systems by GI Group and WS Group;

3) establishment of a shared services centre, covering all or a selection of: purchases, payroll, controlling, IT, human resources, law, accounting, finance and treasury of both the Capital Group and the GI Group.

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

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

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

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

As a result, on April 23, 2020, the Issuer entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 67.348.606,83. In addition, one of the Issuer’s subsidiaries – industry Personnel Services Sp. z o.o. with its registered office in Wrocław (further: “IPS”) also entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 10,065,383.60. Pursuant to the instalment arrangements, the outstanding social security contributions will be repaid in 48 instalments, from June 2020 to May 2024 (in the case of the Issuer) and in 48 instalments from March 2020 to February 2024 (in the case of IPS). The repayment plan included periods with lower instalments, financed from the current cash flows, and periods with relatively higher instalments.

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

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

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

On August 11, 2020, one of the subsidiaries, Work Service International sp. z o.o. with its registered office in Wrocław (further: “WSI”) concluded two instalment arrangements with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions: one amounting to PLN 8,722,420.40 (contributions without prolongation fees and interest) (“Instalment

Arrangement 1") and one amounting to PLN 1,630,773.19 (including prolongation fees and interest) ("Instalment Arrangement 2"). Pursuant to Instalment Arrangement 1, the social insurance contribution liabilities for monthly periods from August 2019 to April 2020 will be repaid in 60 instalments, starting from September 7, 2020. Pursuant to Instalment Arrangement 2, the social insurance contribution liabilities for May 2020 will be repaid in 24 instalments, starting from September 7 2020. One of the conditions for the validity of the instalment arrangements is the settlement of current payments to the Social Insurance Institution (ZUS) without any delay.

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

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

1) Work Service International sp. z o.o. with its registered office in Wrocław (hereinafter: "WSI");

2) Industry Personnel Services sp. z o.o. with its registered office in Wrocław (hereinafter: "IPS");

3) Sellpro sp. z o.o. with its registered office in Wrocław (hereinafter: "Sellpro");

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

Re. 1.)

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

Re. 2.)

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

Re. 3.)

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

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

b) for April 2020 in the total amount of PLN 863,228.00 (including the prolongation fees and interest).

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

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

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

On 4 February 2021, Work Service S.A. was informed that the State Fund for the Rehabilitation of Persons with Disabilities seated in Warsaw, (hereinafter: "PFRON") signed an agreement on spreading into installments cash payments for reimbursement of subsidies to the remuneration of disabled employees (hereinafter: the "Agreement"). The agreement covers Work Service S.A.'s obligation to to reimburse remuneration to disabled employees resulting from the decision of the President of the Management Board of PFRON of November 21, 2019, upheld by the decision of the President of the Management Board of PFRON of October 29, 2020, in the part related to reimbursement of PFRON funds transferred to the Issuer as remuneration to disabled employees for the reporting periods March-April, June-September, November 2016, February-March, August-December 2017, January-February 2018 and reversing the appealed decision in the part related to reimbursement of remuneration to disabled employees for the reporting periods June-July 2014. The obligation covered by the Agreement consists of:

1) the amount of principal of PLN 6,226,032.13 (say: six million two hundred twenty six thousand thirty two zloty and thirteen grosz);

2) interest in the amount of PLN 1,821,894.25 (one million eight hundred and twenty-one thousand eight hundred and ninety-four zlotys and twenty-five grosz).

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

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

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

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

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

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

Signing of call option and co-operation agreement

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

This agreement sets out in detail the terms of the transaction for the future sale of 100% of shares in Prohumán ("Prohumán Sales Process"). The Prohumán Sales Process refers to the sale to HI company (a company formed by managers related to Profólió and Prohumán) or another entity designated by HI ("Buyer"): (i) all Prohumán shares held by the Company, which represent 80.22% of Prohumán's share capital ("Principal Shares") and (ii) all or part of the remaining Prohumán shares held by Profólió, which constitute 19.78% of Prohumán's share capital ("Profólió Shares").

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

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

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

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

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

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

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

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

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

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

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

of Prohumán's registered capital. Each instalment shall be paid in accordance with the conditions set out in the amendment to the QSPA.

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

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

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

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

Termination of the Call Option on 6 April 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Work Service S.A.'s belief that on 31 March 2021 the Company has effectively lost control over Prohumán in accordance with the International Financial Reporting Standards ("IFRS").

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

Under IFRS 10, this loss of control will cause Work Service S.A. to change its situation, i.e. regain control, starting from the consolidated financial statements of the Work Service group for the fiscal year 2020, the Company will make appropriate changes to the method of consolidating the data of the Prohuman 2004 kft group, described in the consolidated financial statements.

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

In connection with the information presented in points 1 B and 1 C of this chapter, by the date of publication of this report, in the performance of the investment agreement and the Financing Agreement, financing was made available to companies belonging to the continued part of the capital group in the total amount of PLN 87,734,913.00.

In connection with the information presented in point 3D of this chapter, part of the above-mentioned liability was settled with the selling price of the Czech and Slovak entities. As a result of this settlement, the above-mentioned amount of liability to GI International S.R.L decreased by PLN 19,200,000.00 and as at the date of publication of this report amounts to PLN 68,534,913.00.

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

- PLN 7,093,913.00 until July 31, 2021
- PLN 3,500,000.00 until May 31, 2025
- PLN 9,000,000.00 until July 9, 2025
- PLN 41,623,000.00 until July 31, 2021
- PLN 7,318,000.00 until July 31, 2025

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

6) Financial data for 2020

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

The financials presented refer to the 12-month period ended on December 31, 2020, and the 12-month period ended on December 31, 2019.

	01.01.2020-31.12.2020	01.01.2019-31.12.2019 after adjustment
Revenues	**206 359 156,43**	**324 289 028,95**
Net revenues from sales of products	206 526 452,25	323 625 074,10

Variation in stocks of products	-167 295,82	663 954,85
Manufacturing cost of products for entity's own purposes		
Net income on sale of goods and materials		
Operating costs	**228 324 302,84**	**353 182 660,80**
Depreciation	7 378 388,97	9 763 421,06
Consumption of materials and energy	1 555 625,20	2 190 121,31
Outside services	27 435 527,54	56 939 605,83
Taxes and charges	868 759,04	686 808,39
Remuneration	157 138 094,24	234 205 508,34
Social insurance and other benefits	32 704 965,88	47 140 404,66
Other generic expenses	1 242 941,97	2 256 791,21
Value of goods and materials sold		
Profit (loss) on sales	**-21 965 146,41**	**-28 893 631,85**
Other operating incomes	11 051 942,33	30 026 477,18
Other operating costs	22 989 048,88	44 718 486,65
Profit (loss) on operating activities	**-33 902 252,96**	**-43 585 641,32**
Financial incomes	88 523 193,21	6 119 430,19
Financial costs	73 004 370,65	159 592 910,33
Gross profit (loss)	**-18 383 430,40**	**-197 059 121,46**
Income tax	17 253 856,70	-10 307 080,99
Net profit (loss)	**-35 637 287,10**	**-186 752 040,47**

Comment on financial data of Work Service SA

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

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

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

1) **Scaling down of operations (a decrease in revenues), also caused by the prevailing COVID-19 pandemic;**
2) **A gradual reduction in operating costs, in parallel to the scale-down of operations.**

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

This goal has not yet been fully achieved and is a challenge still faced by the Management Board, currently a bit more problematic due to the COVID-19 pandemic. At the same time, in the opinion of the Management Board, the tool for achieving this goal is changing. The Company and its entities focus, to a greater extent, on rebuilding sales revenues (with a restructured cost base), also as a result of joining the international Gi Group, rather than concentrate on further significant adjustments of business service costs. These costs will continue to be adjusted in connection with the COVID-

19 pandemic and the search for synergy between Work Service and the Investor's group. Nevertheless, the priority area of interest for the Management Board of Work Service S.A. in the near future is and will continue to be sourcing new orders and gradually improving sales revenues.

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

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

B. Recognition of atypical events as a result of operating activity of Work Service SA

The Management Board notes that in the operating result for 2020 (as presented above), a number of unusual events were identified, including:

I. <u>Unusual events and factors improving the operating result in the total amount of PLN 5.1 million, including:</u>

1. .Recognition of unusual other operating income in the total amount of PLN 5.1 million, including:
   - Recognition of other operating income in connection with the release of restructuring provisions in the total amount of approx. PLN 0.6 million;
   - Recognition of other operating income related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 0.2 million;
   - Recognition of operating income related to the government subsidy for COVID-19 in the total amount of approx. PLN 0.5 million;
   - Recognition of other operating income related to the adjustment to the value of equity and liabilities in the balance sheet in the total amount of PLN 1.1 million;
   - Recognition of other operating income related to the adjustment to the value of liabilities from related enties in the total amount of PLN. 1,7 million
   - Recognition of other operating income in connection with the release of provision for estimated liabilities to PFRON in the amount of PLN 1 million.

II. <u>Unusual events and factors worsening the operating result in the total amount of PLN 25.9 million, including:</u>

1. Costs of third-party services related, among others, to i) advisory services (covered and not covered by restructuring provisions), ii) settlement of cooperation with a subcontractor, and (iii) other costs in the total amount of approx. PLN 5 million;
2. Recognition of unusual other operating costs in the amount of PLN 20.4 million, including:
   - Other operating costs related to the adjustment of or delay in payment of public law liabilities and other legal costs in the total amount of approx. PLN 1.4 million.
   - Other operating costs related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 2.5 million;
   - Other operating costs related to the termination of lease and rental agreements in the total amount of approx. PLN 0.3 million;
   - Other operating costs related to the adjustment to the value of liabilities (including related enties) in the total amount of PLN. 16.2 million.

3. Recognition of unusual corrections of revenues related to correction of PFRON subsidies for previous years in the total amount of approx. PLN 0.5 million

In connection with the above (the balance of item I and item II in total), the impact of the identified unusual events included in the operating result above is negative and amounts to approx. PLN -20.8 million.

The comparative amounts for 2019 presented above also include unusual events deteriorating the operating profit in the total amount of approx. PLN -36.7 million. These events were also presented in the published Financial Statement of Work Service S.A. for 2019.

C. Recognition in the result on financial operations of Work Service SA of events of non-recurring nature

The Management Board notes that in the 2020 results of financial activities of Work Service SA (presented in item 6) a number of events of an unusual nature were recognized, including:

- financial revenue from the redemption of bonds and loans in the amount of PLN 81 405 329,85
- financial cost due to the write - off for loans from related entities in the amount of -45 875 711

Therefore, the impact of identified atypical events included in the result on financing activities in point 6 is positive and amounts to about PLN 35,5 million.

The 2019 comparative figures for continuing operations presented in section 6 also include unusual events deteriorating the result from financing activities in the total amount of approximately PLN -139,7 million. These events were also presented in the published Financial Statement of Work Service S.A. for 2019.

D. Recognition in the income tax amount of an unusual adjustment for the write-down of deferred tax assets

The 2020 figures presented above recognize an adjustment to deferred tax assets in an amount equal to approx. PLN -16,6 million

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

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

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

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

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

Taking into account all the described circumstances, The Management Borad doesn’t identify any significant uncertainty related to the Company's going concern as a result of the COVID-19 pandemic.

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

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

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

10. Description of adopted accounting principles (policy) including methods of measurement of assets, equity and liabilities, calculation of financial profit or loss and manner of preparation of the financial statements — to the extent in which the act gives the entity the right to choose.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union ("EU"), and in the scope not regulated by the above standards — in accordance with requirements of the Accounting act of 29 September 1994 and secondary regulations issued based thereon.

The financial statements for 2020 comprise:

1) additional information on accounting policies adopted;
2) statement of financial position;
3) statement of comprehensive income;
4) statement of changes in equity;
5) statement of cash flows;
6) additional notes and explanations.

Preparation of the financial statements is a responsibility of the Management Board.

Accounting principles

The financial statements are prepared under the historical cost convention. The most significant accounting principles applied by the Company are presented below.

Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition / manufacturing cost less accumulated depreciation and any write-downs for impairment. The initial value of fixed assets comprises its purchase price and any costs directly associated with the purchase and bringing the asset to usable condition. The cost also includes the cost of replacing parts of machinery and equipment when incurred, if the recognition criteria are met. Costs incurred after transferring the asset to use, such as maintenance and repair costs, are charged to the profit and loss account, when incurred.

Fixed assets are depreciated by a linear method during the period corresponding to the period of its economic utility. The Company's depreciation rates are as follows:

- Buildings and structures: depreciation rates 2.5% - 10%
- Machinery and equipment: 10% - 50%
- Means of transport: 20% - 33%
- Other fixed assets 20% - 30%

If, during the preparation of the financial statements, the circumstances indicating that the carrying value of tangible fixed assets may not be recoverable will occur, the review of these assets for possible impairment shall be carried out. If there are indications that impairment could occur and the carrying value exceeds the estimated recoverable amount, the value of the asset or cash-generating unit, to which the assets belong, is reduced to its recoverable amount. The recoverable amount is the higher of the following two values: fair value less costs of sale or value in use In determining value in use, the estimated future cash flows are discounted to their present value using a gross discount rate reflecting current market assessments of the value of money at the time and the risk related to the item of the asset. In case of an asset that does not generate cash inflows that are largely independent, the recoverable amount is determined for the cash-generating unit to which the asset belongs. At each balance sheet date, the Company assesses whether there is any indication that the write-down due to loss of value that was recognised in prior periods for an asset is irrelevant or whether it should be reduced.

Given item of tangible fixed assets may be derecognised from the balance sheet upon disposal or when the company does not expect any economic benefits arising from the continuing use of the asset. Any profits or losses arising on derecognition of an asset (calculated as the difference between net sales revenues and the carrying amount of the asset) is recognised in profit and loss account in the period in which such derecognition was carried out.

Investments in progress relate to assets under construction or assembly and are recognised at purchase price or production cost. Fixed assets under construction are not depreciated until completion of construction and transfer of the asset to use.

The residual value, useful life and depreciation method of assets are verified and, if necessary - adjusted at the end of each financial year.

Costs of external financing

Costs of external financing directly attributable to the acquisition, construction or production of assets that require a substantial period in order to bring them into use are capitalised as part of the cost of acquisition or production until the assets are ready for use or sale. External financing costs consist of interest and profits or losses from exchange rate differences to the amount of the interest cost.

Other external financing costs are recognised as expenses when incurred.

Leasing

For each agreement concluded on 1 January 2019 or afterwards, the Company decides whether there is the agreement or concludes a lease agreement. Lease has been defined as an agreement or a part of the agreement based on which the right to control the use of the identified asset is transferred (basic element of the assets) for a given period against remuneration. To this purpose, three fundamental aspects are analysed:

- does the agreement concern the identified asset which is expressly defined in the agreement or implicitly defined at the moment of making the asset available to the Company,
- does the Company have the right to obtain basically all economic benefits resulting from the use of the asset throughout the entire period of use in the scope specified in the agreement,
- does the Company have the right to manage the use of the identified asset throughout the entire period of use.

On the date of commencement the Company presents the asset on account of the right to use and the lease liability. The right to use is originally evaluated at the purchase price consisting of the initial value of the leas liability, intitial direct costs, the estimate of anticipated costs on account of disassembly of the basic elemtn of the assets and lease payments made on or prior to the date of commencement, reduced by lease incentives.

The Company amortises the right to use with the straight line method since the date of commencement until the end of the period of use of the right to use or until the end of the lease period, depending on which of these dates falls earlier. If legitimate premises occur, the right to use shall be subject to the impairment testing in accordance with IAS 36.

As on the date of commencement, the Company evaluates the lease liability in the amount of current value of lease payments to be paid using the interest rate of the lease, if it can be easily established. Otherwise, the final interest rate of the lessee shall be applied.

Lease payments included in the value of the lease liability consist of fixed lease payments, variable lease payments dependent on the index or the rate, the amounts of anticipated to be paid as the guaranteed residual value and payments related to the exercise of call options, if their exercise is rationally reliable.

In the successive periods, the lease liability is reduced by the payments made and increased by interest accrued. The evaluation of the lease liability is adjusted in order to reflect changes in the agreement and revaluation of the lease period, exercise of the call option, guaranteed residual value or lease payments dependent on the index or on the rate. In principle, the adjustment of the value of liability is presented as the adjustment of the element of the assets on account of the righ to use.

The Company applies practical solutions referred to in the standard concerning short-term lease agreements and leases in which the element of the assets is of the low value. As far as such agreements are concerned, instead of presentation of the assets on account of the right to use and the lease liability, leae payments are presented in the result using the straight line method during the lease period.
The Company presents the rights to use in the same items of the statement of financial situation as basic elements of the assets, i.e. in tangible fixed assets.

Perpetual usufruct of land is assessed by the Group as a lease under IFRS 16 and has been treated as such. The lease term for such rights is assessed on a general basis, with the eventual plan to sell the perpetual usufruct right not being treated as a termination of the lease. As the Group's first-time application of IFRS 16 was a practical expedient and the Group did not reassess the contracts to determine whether they are leases, perpetual usufruct rights acquired prior to 2019 are treated on the existing basis and therefore as land within property, plant and equipment.

Goodwill

Goodwill consists in the element of the assets representing future economic benefits arising out of the assets purchased as part of the merger of entities which cannot be identified individually or presented separately. As on the date of the merger, the merging entity presents, separately from the goodwill, identifiable:

- assets purchased,
- liabilities taken over,
- all non-controlling shares in the merged entity.

Pursuant to IFRS 3, the merging entity, as on the date of the merger, settles merger exclusively using the merger method. It involves in particular:

- presentation and valuation of identifiable assets purchased, liabilities taken over as per their fair value as of the date of the merger;
- presentation and valuation of goodwill (positive acc. to UoR) or profit on occasional purchase (negative acc. to UoR).

Occasional purchase takes place when the net amount of the value of identifiable assets purchased and liabilities taken over, established as on the date of merger, evaluated in accordance with such IFRS is higher than the sum of:

- payment given, evaluaed in accordance with IFRS 3,
- the amount of all non-controlling shares in the merged entity evaluated in accordance with IFRS 3,
- in the case of merger of entities carried out in stages of the fair value as on the dae of merger of the share in the capital of the merged entity, belonging previously to the merging entity.

Such surplus is referred to as profit on occasional purchase. Before presentation of such profit, the merging entity is obliged to reassess whether it had properly identified all assets purchased and liabilities.

According to § 32 of IFRS 3, as on the date of merger the merging entity presents goodwill and evaluates it in the manner presented below.

Goodwill

=

Payment given evaluated basically at the fair value

+

The amount of all non-controlling shares in the merged entity

+

Fair value as on the date of merger in the capital of the merged entity,
belonging previously to the merging entity (in the case of merger carried outn in stages)

-

The net amount, established as on the date of merger, of identifiable values of assets purchased and liabilities taken over

At the acquisition date, the acquired goodwill is allocated to each cash-generating units that can benefit from merger synergies. Impairment is determined by assessing the recoverable amount of the cash generating unit which the goodwill relates. Where the recoverable amount of the cash generating unit is less than its carrying value, write-down for impairment is recognised. If the goodwill forms part of the cash generating unit and there is a sale of part of the business within that unit, when determining the profit or loss from the sale of such business, goodwill associated with the business sold is included in the carrying amount. In such circumstances, sold goodwill is determined on the basis of relative values of the sold business and the remaining part of the cash generating unit.

Intangible assets

Intangible assets purchased in separate transactions are initially measured at acquisition or production cost. Purchase cost of intangible assets, acquired in a merger of business entities, is equal to their fair value at the date of the merger. Following initial recognition, intangible assets are recognised at acquisition or production cost less accumulated amortisation and/or write-downs for impairment. Capital expenditure on intangible assets generated internally, excluding capitalised development costs, are not capitalised and are recognised in expenses in the period in which they are incurred.

The Group determines whether the useful life of an intangible asset is finite or indefinite. Intangible assets with finite lives are depreciated over useful economic life and submitted to tests for impairment whenever there are indications of impairment. The amortisation period and the amortisation method for intangible assets with finite lives are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected manner of consumption of future economic benefits embodied in the asset are recognised by changing the depreciation period or method, and treated as changes in accounting estimates. Depreciation charge on intangible assets with finite lives is recognised in the profit and loss statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives and those that are not used are annually tested for possible impairment in respect of individual assets or at the level of the cash generating unit. In case of other intangible assets, there is an assessment made every year, whether there are any circumstances that may indicate impairment in their value.

Research costs are expensed in the profit and loss account as incurred. Expenditures for research and development performed in the framework of the project are transferred to the next period, if it can be assumed that that they will be recovered in the future. After the initial recognition of the development expenditure, the historical cost model is applied requiring the asset to be recognised at purchase price less any accumulated depreciation and accumulated writ-down for impairment. Any expenditure carried forward to another period are depreciated over the expected period of obtaining revenue from the sale of a given project.

Development costs are subject to evaluation for impairment on a yearly basis - if the asset is not yet in use, or more often -when during the reporting period appears evidence of impairment indicating that the carrying amount may not be recoverable.

Fixed assets classified as held for sale

Non-current assets (groups of non-current assets) are classified by the Company as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is deemed to be met only if the asset (group of assets) is available for immediate sale in its present condition subject to normal and customary conditions of sale and the sale transaction is highly probable to occur within one year from the date of reclassification.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Certain non-current assets classified as held for sale, such as financial assets and deferred tax assets, are measured using the same accounting policies as those used by the Company prior to classification as non-current assets held for sale. Non-current assets classified as held for sale are not depreciated.

Fixed assets classified as held for sale

The following assets are tested for impairment annually:

- goodwill, with the first impairment test being performed by the end of the period in which the merger occurred;
- intangible assets with indefinite useful lives and

- Intangible assets that are not yet in use.

Other intangible assets and property, plant and equipment, shares in related parties and right-of-use assets are assessed for indicators of impairment. If it is determined that any events or circumstances may indicate that it will be difficult to recover the carrying amount of an asset, an impairment test is performed.

For the purpose of impairment testing, assets are grouped at the lowest level at which they generate cash flows independently of other assets or groups of assets (cash-generating units). Assets that independently generate cash flows are tested individually. Goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of the business combination, with the cash-generating units being at least the operating segments.

If the carrying amount exceeds the estimated recoverable amount of assets or cash-generating units to which such assets belong, then the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the two values: fair value reduced by sale cost and value in use. In determining value in use, estimated future cash flows are discounted to present value using a discount rate that reflects current market assessments of the time value of money and the risks associated with the asset.

The impairment loss for the unit is primarily allocated to goodwill. The remaining amount of the write-down reduces proportionately the carrying amount of assets included in the cash-generating unit.
Impairment losses are recognized in earnings under other operating expenses.
Goodwill impairment losses are not reversed in subsequent periods. In the case of other assets, indications of the possibility of reversing impairment losses are assessed at subsequent balance sheet dates. Reversal of the write-down is recognized in the result as other operating income.

Investment properties

An investment property is held for rental income and/or appreciation in value and is measured using the fair value model.

Investment property is initially recognized at cost, including transaction costs. At subsequent balance sheet dates, investment property is measured at fair value as determined by an independent appraiser, taking into account the location and nature of the property and current market conditions.
Gains or losses arising from changes in the fair value of investment property are recognized in earnings in the period in which the changes occur, under other operating income or expenses.

An investment property is removed from the statement of financial position when it is disposed of or permanently withdrawn from use if no future economic benefits are expected. Gains or losses resulting from these transactions are determined as the difference between the sales proceeds and the carrying value of the property. These gains and losses are recognized in profit or loss in other operating income or expenses in the period in which the investment property is liquidated or sold at the time when the buyer acquires control of the disposed asset in accordance with the requirements of IFRS 15 (see subsection "Sales proceeds" in this section of the notes to the consolidated financial statements). The amount of consideration in a disposal of investment property is determined in accordance with the requirements of IFRS 15 on the determination of the transaction price.

Financial Instruments

A financial instrument is any contract that results in creation of a financial asset of one party and a financial liability or equity instrument of another party.

The Company classifies its financial instruments hierarchically according to the three main levels of fair value measurement, reflecting the basis adopted for valuation of each of the instruments. The fair value hierarchy is as follows:

Level 1 - quoted market prices in active markets for identical assets and liabilities (such as quoted shares and bonds);

Level 2 - prices in active markets, but other than quoted market prices - determined directly (by comparison with actual transactions) or indirectly (through assessment techniques based on actual transactions) - for example, majority of derivatives;

Level 3- price not quoted on active markets.

Position of the financial instrument in fair value hierarchy is determined by the lowest measurement basis affecting the determination of the fair value.

The Company's financial assets are classified into the following categories:

- Financial assets held in order to generate contractual cash flows, balance sheet measurement at amortised cost
- Equity instruments not held for trading, balance sheet measurement at fair value through other comprehensive income

- Other financial assets, balance sheet measurement at fair value through the profit/loss for the period

Financial liabilities are divided into:

- financial liabilities measured at fair value by the financial result,
- financial liabilities measured at depreciated cost.

Financial assets

As of the date of purchase the Company reports financial assets at fair value, namely usually according to the fair value of the payment made. The Company includes transaction costs into the initial value of all financial assets apart from the category of assets measured at fair value in the result. An exception from this principle are trade receivables which the Group reports at the transaction price as defined by IFRS 15, but this is not applicable to those trade receivables items the payment term of which is longer than a year and which contain a significant financing component , according to the definition from IFRS 15.

For the purposes of measurement after the initial recognition, the Company classifies any financial assets other than security derivatives with breakdown into:

- financial assets measured in depreciated cost,
- financial assets measured at fair value in other comprehensive income,
- financial assets measured at fair value in the financial result, and
- capital instruments measured at fair value in other comprehensive income.

These categories are determined by the principles of valuation as at the balance sheet date and the recognition of profits or losses under revaluation in the financial result or in other comprehensive income. The Company performs classification of financial assets on the basis of the business model operating in the Company in the scope of financial assets management and cash flows resulting from the agreement, typical of the financial asset concerned.

Financial assets are measured at depreciated cost, if both of the following requirements are met (and have not been determined at the moment of the initial recognition for valuation at fair value in the result):

- the financial asset concerned is maintained according to the business model the aim of which is to maintain financial assets to obtain cash flows resulting from the agreement,
- the terms of the agreement regarding the financial asset concerned cause cash flows being formed on specific dates which are only repayment of the principal and interest on the outstanding nominal value.

The Group includes the following into the category of financial assets measured at depreciated cost:

- loans,
- trade receivables and other receivables (except for those which IFRS 9 principles are not applied for),
- debt securities,

Valuation of short-term receivables is made at the amount due for payment, due to insignificant discounting effects.

Profits and losses on financial assets reported in the result, including exchange rate differences, are presented as financial revenue or costs.

Financial assets are measured at fair value in other comprehensive income, if both of the following requirements are met:

- the financial asset concerned is maintained according to the business model the aim of which is both to receive cash flows resulting from the agreement and sell financial assets components,
- the terms of the agreement regarding the financial asset concerned cause cash flows being formed on specific dates which are only repayment of the principal and interest on the outstanding nominal value.

Interest revenue, profits and losses under impairment and exchange rate differences related to these assets are calculated and reported in the financial result in the same manner as in the case of the financial assets measured at depreciated cost. The other changes in fair value of these assets are reported in other comprehensive income. At the moment of ceasing to recognize a component of financial assets measured at fair value in other comprehensive income, any accumulated profits or losses earlier recognized in other comprehensive income are subject to re-classification from equity to result.

In the reporting period, the Company did not have any financial assets eligible to be included in this valuation category.

A financial asset is measured at fair value in the result, if it does not meet the criteria for measurement at depreciated cost or at fair value in other comprehensive income and is not a capital instrument determined at the moment of the initial recognition for valuation at fair value in other comprehensive income. In addition, in this category the Company includes financial assets designated at the initial recognition for valuation at fair value in the result due to fulfillment of the criteria specified in IFRS 9.

This category includes:

- all derivatives reported the report on the financial situation in a separate item "Derivative financial instruments", except for derivative security instruments reported according to hedge accounting,
- stocks and shares in other companies than subsidiaries and affiliates.

Instruments included in this category are reported at fair value, and the effects of valuation are reported in the result, respectively in item "Financial revenue" or "Financial costs". Profits and losses under revaluation of financial assets are specified by change of fair value determined on the basis of the active market prices binding as at the balance sheet date or on the basis of valuation techniques, if no active market exists.

Capital instruments measured at fair value in other comprehensive income include investments in capital instruments not being financial assets intended for sale or contingent payment under a combination of businesses, in relation to which, at the moment of the initial recognition, the Company made an irrevocable selection concerning presentation in other comprehensive income of subsequent changes in these instruments' fair value. The Company makes this selection individually and separately with reference to particular capital instruments.

Any accumulated profits or losses under valuation at fair value, earlier recognized in other comprehensive income, are not subject to re-classification to the result under any circumstances, including the fact of ceasing to recognize these assets. Dividends from capital instruments included in this category are reported in the result in item "Financial revenue" after fulfillment of the terms for recognition of revenue under dividends as specified in IFRS 9, unless these dividends naturally account for recovery of some investment costs.

Financial assets included in the category measured at depreciated cost and measured at fair value in other comprehensive income, due to the business model and the nature of the related revenue, are subject to evaluation as of each balance sheet day in order to recognize the expected credit losses , regardless of whether the premises for impairment occurred or not. The method of performing this evaluation and estimating write-offs under the expected credit losses differs for particular classes of financial assets:

- For trade receivables, the Company applies a simplified approach, assuming a calculation of write-offs under the expected credit losses for the instrument's whole life. Write-off estimates are made on the collective principle and the receivables have been grouped according to past due status. A write-off estimate is first of all based on the historically formed past due status and a linkage between the past due status and the actual repayment.
- For the other asset classes, in the case of instruments for which credit risk growth after the first recognition was not significant or the risk is low, the Company, in the first place, assumes recognition of credit losses from failure to meet obligations for the period of subsequent 12 months. When the credit risk growth after the moment of the initial recognition has been significant, losses are reported as appropriate for the whole life of the instrument. The Company has assumed that a significant risk growth happens when overdue payments exceed 90 days, and failure to fulfill the obligations is when the past due status is 180 days.

Financial liabilities

Financial liabilities other than security derivatives are reported in the following items of the statement of the financial situation:

- Credits and loans,
- Liabilities under issuance of debt securities,
- Other financial liabilities
- commercial obligations
- other liabilities.

As of the date of purchase, the Company reports any financial liabilities at fair value, namely usually according at fair value of the amount received. The Company includes transaction costs in the initial value of all financial liabilities, apart from the category of liabilities measured at fair value in the result.

After the initial recognition, financial liabilities are reported at depreciated cost with the application of the effective interest rate method, except for financial liabilities intended for sale, or designated as measured at fair value in the financial result. In the category of financial liabilities measured at fair value in the financial result, the Company includes derivatives other than security instruments. Short-term trade liabilities are reported at the amount due for payment, due to insignificant discounting effects.

Profits and losses under revaluation of financial liabilities are reported in the financial result, under financial operations.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost consists of purchase costs, processing costs and other costs incurred in bringing the inventory to its present location and condition.
The cost of finished goods and work in progress includes direct costs (mainly materials and labour) increased by the mark-up of indirect production costs determined assuming normal capacity utilisation.
Finished goods outflows are recognized using the weighted average actual cost method. Outgoings of materials and goods are determined using the first-in, first-out (FIFO) method.
Net realizable value is the estimated selling price determined in the ordinary course of business, less costs of completion and costs necessary to bring the sale to fruition.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in bank accounts, demand deposits and highly liquid short-term investments (up to 3 months) that are readily convertible to cash and for which the risk of changes in value is negligible.

Prepayments and accruals and subsidies

The Company recognizes prepaid costs relating to future reporting periods in assets under "Accruals", including primarily:

- rents;
- costs of bringing about the conclusion or performance of the contract with the customer.

Costs to conclude a contract represent only those items that the Company would not have incurred had the contract not been concluded and include sales force commissions. The Company capitalises only those costs of bringing a contract to fruition that it expects to recover more than one year after incurring them. Costs with an expected recovery period of less than one year and costs that the Company does not expect to recover are recognised as an expense in the period in which they are incurred.
Deferred income, including cash received to finance property, plant and equipment, which is accounted for in accordance with IAS 20 "Government Grants and Disclosure of Government Assistance", is presented under "Accruals" included in liabilities. Accrued expenses are reported within "Trade and other payables".
Grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the grant and that the grant will be received.
A grant related to an expense item is recognized as revenue commensurate with the costs the grant is intended to offset.
The grant financing the asset is gradually recognized as income over the periods in proportion to the depreciation charges made on the asset. For the purpose of presentation in the consolidated statement of financial position, the Company does not deduct grants from the carrying amount of assets but recognises grants as deferred income under "Accruals".

Equity capital

The share capital is shown at the nominal value of the issued shares, in accordance with the parent company's articles of association and the entry in the National Court Register.
Parent Company shares acquired and retained by the Parent Company or its subsidiaries are deducted from equity. Treasury shares are valued at cost.
Share premium is formed from the excess of the issue price over the par value of shares, less issuance costs.
Other capitals include:

- capital from the recognition of the valuation of share-based payment plans, and
- capital from accumulation of other comprehensive income including:
  - revaluation of property, plant and equipment at fair value (see property, plant and equipment subsection);

- measurement of equity instruments measured at fair value through other comprehensive income (see subsection on financial instruments);
- valuation of cash flow hedging instruments (see subsection on hedge accounting);
- exchange differences on translation of foreign subsidiaries (see subsection on foreign currency transactions);
- share in other comprehensive income of equity accounted investees (see subsection on investments in associates).

Retained earnings include retained results from previous years (including those transferred to capital by shareholders' resolutions) and the financial result for the current year.
All transactions with owners of the Parent Company are presented separately in the consolidated statement of changes in equity.

Interest-bearing bank credits and loans

Upon initial recognition, all bank credits and debt securities are recognised at acquisition cost being the fair value. After initial recognition, interest bearing credits and debt securities are subsequently valued at depreciated cost. When calculating the depreciated cost the costs associated with obtaining the credit or the issuance of debt securities, and any discount or bonuses on settlement are taken into account.

Liabilities due to deliveries and services and other liabilities

Liabilities are present obligation, resulting from the past events, the settlement of which is expected to result in outflow of resources with economic benefits.

Liabilities not classified as financial liabilities are measured at the amount payable.

Provisions, liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The timing of the incurrence and the amount required to be paid may be uncertain.
Provisions are made for, but not limited to, the following:

- after-sales service guarantees for products and services provided;
- pending litigation and litigation matters;
- losses on customer contracts;
- restructuring, only if on the basis of separate regulations the Company is obliged to carry it out or binding contracts have been concluded in this matter.

No provisions are made for future operating losses.
Provisions are recognized for the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the date of the consolidated financial statements, including the risks and uncertainties. If the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to present value using a discount rate that reflects current market assessments of the time value of money and the risks, if any, associated with the liability. If the discounting method is used, the increase in the provision due to the passage of time is recognized as a finance cost.

If the Company expects that the costs covered by the provision will be reimbursed, for example under an insurance contract, then the reimbursement is recognised as a separate asset, but only when there is reasonable assurance that the reimbursement will actually occur. However, the value of this asset cannot exceed the amount of the reserve.
Where expenditure to meet a present obligation is not probable, the amount of the contingent liability is not recognised in the statement of financial position, except for contingent liabilities identified in a business combination in accordance with IFRS 3.
Information on contingent liabilities is disclosed in the narrative section of the consolidated financial statements in Note 30.
Possible inflows containing economic benefits for the Company that do not yet meet the criteria for recognition as assets are contingent assets that are not recognised in the statement of financial position. Information on contingent assets is disclosed in the additional notes.

Revenues

Sales revenue includes only revenue from agreements with clients covered by the scope of IFRS 15. The method of recognizing sales revenue in the Company's financial statement, including both the value and the moment of revenue recognition, is described by the five-level model including the following steps:

- identification of the agreement with the client,
- identification of the obligations to provide a consideration,
- determination of the transaction price,
- assignment of the transaction price to the obligations to provide a consideration,
- recognition of revenue when fulfilling the obligations to provide a consideration or after they have been fulfilled.

Identification of the agreement with the client

The company reports the agreement with the client only when all of the following criteria are met:

- the parties to the agreement have concluded an agreement (in writing, orally or according to other customary trade practices) and are obliged to perform their obligations;
- The company is able to identify the rights of each of the parties concerning the goods or services that are to be provided;
- The company is able to identify the terms of payment for the goods or services that are to be provided;
- the agreement has economic content (i.e. it can be expected that, as a result of the agreement, the risk, distribution in time, or the amount of the Company's future cash flows is changed); and
- it is likely that the Company is paid remuneration that it is entitled to in exchange for the goods or services that are to be transferred to the client.

Identification of the obligations to provide a consideration

At the moment when the agreement is concluded, the Company makes an evaluation of the goods or services promised in the agreement with the client and identifies, as a commitment to provide a consideration, each promise to transfer to the client any goods or services (or a package of goods or services) that can be identified, or a group of separate goods or services, which are generally the same and transferred to the client in the same way.

A good or service are separate, if they meet both of the following criteria:

- the client can refer the benefits from the good or service either directly or by a linkage to other resources that are easily accessible for them and
- the Company's requirement to transfer the good or service to the client can be separated from among the other obligations specified in the agreement.

The dominating revenue stream is delivery of temporary employees. The company meets its obligation when providing the service to the client - the client simultaneously receives and derives benefits resulting from the Company's services as they are being performed.

Determination of the transaction price

In order to determine the transaction price, the Company takes account of the terms of the agreement and the customary trade practices it applies. The transaction price is the amount of remuneration which, according to the Company's expectation, it will be entitled to in exchange for transfer of the promised goods or services to the client, except for any amounts collected on behalf of third parties. The remuneration as specified in the agreement with the client mostly includes fixed amounts.

Agreements with clients do not contain significant financial components and the obligations to return remuneration. The typically applied payment terms are from 30 days to 90 days, the Company does not offer guarantee for the services sold.

Assignment of the transaction price to the obligations to perform a consideration

The Company assigns the transaction price to each commitment to provide a consideration in the amount which reflects the amount of remuneration that – according to the Company's expectation – it is entitled to in exchange for transfer of the promised goods or services to the client.

Recognition of revenue when fulfilling the obligations to provide a consideration or after they have been fulfilled

The company reports revenue when fulfilling the commitment to provide a consideration as in the service of delivering temporary employees the customer simultaneously receives and derives benefits resulting from the Company's services as they are being performed.

The Company has not identified significant costs of ensuring that the agreement is concluded.

Operating expenses

Operating expenses are recognized in the result in accordance with the principle of matching revenues and expenses. The Company presents expenses in the consolidated financial statements using the comparative method.

Income tax (including deferred tax)

Tax expense on earnings includes current and deferred income taxes not recognized in other comprehensive income or directly in capital.

The current tax expense is calculated based on the tax result (tax base) of the fiscal year. Tax profit (loss) differs from accounting profit (loss) before taxes due to the temporary shift of taxable income and deductible expenses to other periods and the exclusion of expense and income items that will never be taxable. Tax charges are calculated based on the tax rates effective for a given financial year.

Deferred tax is calculated using the balance sheet method as the tax payable or refundable in the future on differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of the tax base.
A deferred tax liability is recognized for all taxable temporary differences, while a deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against the recognized deductible temporary differences. No asset or liability is recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time it occurs, affects neither taxable profit nor accounting profit. No deferred tax liability is recognized for goodwill that is not amortized under tax laws.
Deferred tax is calculated using the tax rates that will apply when the asset is realised or the liability is settled, based on legislation in force at the balance sheet date.

The value of a deferred tax asset is subject to analysis at each balance sheet date, and in the event that the expected future tax profits are not sufficient to realize the asset or part of it, it is written down.

11.The effect of application of new accounting standards and changes in accounting policies

The accounting principles adopted in these individual financial statements were applied on a continuous basis and are compliant with the accounting principles applied in the last audited annual individual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union for the year ended 31 December 2019, apart from changes described below.

New or revised standards and interpretations effective January 1, 2020 and their impact on the Company's financial statements:

Amendment to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

The amendment introduces a new definition of the concept of “materiality” (with regard to omissions or obscuring in financial statements). The previous definition in IAS 1 and IAS 8 was different from that in the Financial Reporting Framework, which could cause difficulties in judgement by the entities that prepare financial statements. This amendment will harmonize the definitions in all current IAS and IFRS.

The Company estimates that the new standard will not affect its financial statements because so far the materiality considerations were in line with those that would be made under the new definition.
The amendments apply predominantly to annual periods beginning on or after 1 January 2020.
The amendment did not impact the Company's financial statements because the materiality judgments made to date were consistent with those that would have been made using the new definition.

Amendment to IFRS 3 "Business Combinations"

The amendment concerns the definition of a business and covers in particular the following issues:
- clarifies that the acquired set of assets and activities must also include contributions and significant processes to be considered as a business, which will jointly play a significant part in generating the return,
– narrows the definition of return and thus also of business, focusing on goods and services provided to recipients, by removing the reference to return in the form of cost reductions from the definition,
- adds guidelines and illustrative examples to facilitate the assessment of whether an important process has been taken over in the merger,
- omits the assessment whether there is a possibility of replacing the missing contribution or process and continuing to operate the business in order to obtain return and
– adds an optional possibility to carry out a simplified assessment to exclude that the acquired set of activities and assets is a business.
The amendment shall apply to mergers of businesses for which the acquisition date falls within the first annual reporting period beginning on or after 1 January 2020 and for acquisitions of assets that occurred during or after that reporting period. Therefore, the change will not affect the data reported in the Company's existing financial statements. At this moment, the Company is also not able to predict future acquisitions of businesses.

Amendments to references to Conceptual Framework in IFRS

The Board has prepared a new version of the conceptual framework for financial reporting. For consistency reasons, the references to the conceptual framework in the various standards have therefore been adapted accordingly.
The amendments are effective for annual periods beginning on or after 1 January 2020 and will not affect the Company's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7

The IAS Board introduced amendments to hedge accounting in view of the planned reform of reference interest rates (WIBOR, LIBOR, etc.). These rates are often a hedged item, for example, in the case of an IRS hedging instrument. The planned replacement of the existing rates with new reference rates raised doubts as to whether the planned transaction is still highly probable, whether future hedged flows are still expected or whether there is an economic link between the hedged and the hedging item. The amendment to the standards indicated that it should be assumed in estimates that changes in the reference rates will not occur.
The amendments apply predominantly to annual periods beginning on or after 1 January 2020. Since the Company does not use hedge accounting, the uncertainty related to interest rate derivatives will not affect its financial statements.

Application of a standard or interpretation prior to the date of its entry into force

This financial statement does not use voluntary earlier application of the standard or interpretation.

Published standards and interpretations that have not entered into force for periods beginning on 01 January 2020 and their impact on the Group's report

Until the date of preparation of this consolidated financial statement, new or revised standards and interpretations were published for the annual periods following 2020. The list also includes amendments, standards and interpretations published but not yet approved by the European Union.

New IFRS 17 "Insurance Contracts"

A new standard governing the recognition, valuation, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.

The Group estimates that the new standard will have no impact on its financial statements as it is not in the insurance business.

The standard applies to annual periods beginning on or after 1 January 2023.

Amendment to IAS 1 "Presentation of Financial Statements"

The IAS Board clarified the classification of long-term or short-term liabilities in two main aspects:
- it was clarified that classification is dependant on the rights held by the entity as at the balance sheet date,
- the intentions of the management in relation to the acceleration or delay of payment of liability shall not be taken into account.
The amendments apply predominantly to annual periods beginning on or after 1 January 2022. Since the Group already applies principles consistent with the amended standard, the amendments will not affect its financial statements.

Amendment to IAS 16 "Property, plant and equipment"

Clarified that production performed as part of the testing of a fixed asset prior to the use of the asset should be recognized as (1) inventory under IAS 2 and (2) revenue when the sale occurs.
The Company estimates that the change will have no impact on its financial statements.
The amendment applies predominantly to annual periods beginning on or after 1 January 2022.

Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

It was clarified that the cost of fulfilling onerous contracts includes incremental costs (e.g., labour costs) and an allocated portion of other costs directly related to the cost of fulfilment, such as depreciation.
The Company estimates that the change will have no impact on its financial statements as it already has this policy in place.
The amendment applies predominantly to annual periods beginning on or after 1 January 2022.

Amendment to IFRS 3 "Business Combinations"

References to the definition of liabilities in the Conceptual Framework and the definition of contingent liabilities in IAS 37 have been clarified.
The Company estimates that the change will have no impact on its financial statements.
The amendment applies predominantly to annual periods beginning on or after 1 January 2022.

Amendment to IFRS 16 "Leases"

In the light of the COVID-19 pandemic, the IAS Council introduced a simplification allowing it to not assess whether the amended future flows, resulting from the reductions received from lessors meeting the conditions set out in the standard, are an "amendment to lease" under IFRS 16.
As the allowances received by the Company do not meet the conditions of the standard, the Company will not apply the simplification and therefore the amendment will not affect its financial statements.
The amendment is effective for annual periods beginning 1 June 2020 (with early application permitted).

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16

In connection with the planned reform of reference interest rates (WIBOR, LIBOR, etc.), the IAS Board has made further changes to the accounting principles for financial instruments:

- in the case of measurement at amortized cost, changes in estimated flows resulting directly from the IBOR reform will be treated as a change in the variable interest rate, and therefore without recognition of the result;
- there will be no need to terminate the hedging relationship if the only change is the effects of IBOR reform and the other criteria for applying hedge accounting are met; the amendment governs how the alternative rate should be included in the hedging relationship;
- entity will be required to disclose information about the risks of the reform and how it is managing the transition to alternative reference rates.

The Company has not yet completed its estimate of the impact of the amendment on its financial statements.
The amendment applies predominantly to annual periods beginning on or after 1 January 2021.

The Company intends to implement the above regulations within the timeframes prescribed for application by standards or interpretations.

Estimation of the fair value and the important estimates and assumptions

The preparation of financial statements in accordance with IFRS required the use of certain critical accounting estimates and the application by the Management Board own judgements. Areas where estimates and judgements are important for the presented financial statements refer to:

- provisions for unused annual leave - are determined based on the number of unused leave days on a given day and the average salary of an employee falling for one day, increased by social contributions of the employer;
- estimates of write-downs on receivables - the level of value write-downs of receivables is established taking into account the expected risk associated with receivables and collateral made that affect the effectiveness of the recovery, despite the fact that the assumptions are based on best knowledge, actual results may differ from expected;
- estimates of write-downs on receivables - the level of value write-downs of receivables is established taking into account the expected risk associated with receivables and collateral made that affect the effectiveness of the recovery, despite the fact that the assumptions are based on best knowledge, actual results may differ from expected;
- fair value of derivatives and other financial instruments - the company presents the models and assumptions used to determine fair value;
- write-downs of goodwill – are estimated based on assumptions of the management board regarding the determination of the recoverable amount. The Company shall disclose the major indications of impairment, the applied models, discount rates and growth rates;
- evaluation of the potential costs associated with pending against the company fiscal and court proceedings –during the preparation of financial statements, the opportunities and risks associated with such proceedings are always analysed and according to the results and outcomes of such analysis the reserves for potential losses are created – however, one cannot exclude the risk that a court or a tax authority will issue a judgement or a decision different from the expectations of entity and established reserves may not be sufficient
  - *Lease period*
    Esablishing the lease liability, the Group estimates the lease period which covers:
    - Irrevocable lease period,
    - Periods during which there is an option of prolonging the lease agreement if it can be assumed using sufficient certainty that the lessee will use such option,
    - Periods during hich there is an option to terminate the lease agreement, if it can be assumed using sufficient certainty that the lessee will not use such option.

    Assessing if the Group will use the option to prolong or will not use the option to terminate the lease agreement, the Grup takes into account all material facts and circumstances that constitute an economic incentive for it to use or not to use the option. The following are takeninto account:
    - Contractual conditions concerning lease payments in option periods,
    - Material investments concerning the leased object,
    - Costs connected with termination of the agreement,
    - Meaning of the basic element of the assets for the activity of the Group,
    - Conditions of exercising the option.
  - The lease liabilty presented in the statement of the financial situation reflects the best estimates as to the lease period, however, change of circumstances in the future mayresult in the increase or decrease of the lease liability and presentation of a corresponding adjustment in the assets on account of the right to use.

Estimates and judgements are subject to the Company's periodic verification.

Information on the estimated values relating to reserves, liabilities, assets and deferred income tax assets and write-downs on assets the of Capital Group is presented in notes 7.1, 20, 20.1 and 20.2 of this financial statements.

FINANCIAL STATEMENT

Statement of financial position of Work Service SA

as at December 31, 2020

	Note	as at 31.12.2020	as at 31.12.2019 after adjustment	as at 01.01.2019 after adjustment
NON-CURRENT ASSETS		**343 989 575,38**	**377 323 973,45**	**576 588 131,81**
Intangible assets	8	13 021 109,36	15 547 471,09	34 057 152,60
Property, plant and equipment	9,10	10 200 060,10	13 957 264,56	6 195 939,03
Investment properties	11	2 346 490,95	2 390 231,55	2 495 938,00
Other long-term assets	25	290 085 784,38	306 844 967,05	504 337 984,67
Deferred tax assets	7.1	21 999 563,59	38 584 039,20	29 501 117,51
Prepayments		6 336 567,00		
CURRENT ASSETS		**56 649 832,26**	**116 284 064,60**	**188 839 274,60**
Inventories	12	658 598,58	825 894,40	704 789,85
Trade and other receivables	13	35 890 211,31	57 669 660,85	87 197 199,96
Other financial assets	14.1	10 246 963,25	55 433 975,77	99 949 542,18
Cash and cash equivalents	14.2	8 712 970,61	1 337 855,65	301 214,19
Prepayments	15	1 141 088,51	1 016 677,93	686 528,42
Assets classified as available for sale	26	**16 759 182,67**		
TOTAL ASSETS		**417 398 590,31**	**493 608 038,05**	**765 427 406,41**
EQUITY		**-6 066 424,27**	**29 570 862,83**	**217 794 469,23**
Share capital	16,17	6 559 063,80	6 559 063,80	6 509 482,30
Supplementary capital	18	283 163 833,96	283 163 833,96	283 163 767,96
Net profit (loss)		5 664 115,29	5 664 115,29	5 664 115,29
Foreign exchange differences		-35 637 287,10	-186 752 040,47	12 472 771,84
Capital held by non-controlling shareholders	19	-265 816 150,22	-79 064 109,75	-90 015 668,16
LIABILITIES AND PROVISIONS		**423 465 014,58**	**464 037 175,22**	**547 632 937,18**
Provisions for liabilities	20	**6 081 223,20**	**15 654 106,14**	**24 803 586,63**
Deferred tax liabilities	20.2	3 238 194,72	2 568 813,63	3 792 972,93
Provision for pensions and similar benefits		821 852,96	651 462,99	617 796,51
Other current provisions		2 021 175,52	12 433 829,52	20 392 817,19
Long-term liabilities	21	**141 747 943,04**	**59 354 471,74**	**164 248 042,85**
1. To related entities		**30 416 913,00**	**51 995 835,67**	**7 750 000,00**
2. To other entities		**111 331 030,04**	**7 358 636,07**	**156 498 042,85**
Long-term loans and borrowings		24 826 140,00		108 256 275,59
Lease liabilities		4 485 384,72	7 358 636,07	4 253 657,76
Other financial liabilities		82 019 505,32		43 988 109,50
Short-term liabilities	22	**275 635 848,34**	**388 751 134,84**	**348 373 855,91**
1. To related entities		**193 107 069,63**	**104 960 647,07**	**120 879 119,05**
2. To other entities		**82 528 778,71**	**283 790 487,77**	**227 494 736,86**
Issue of debt securities			45 396 882,91	
Other financial liabilities		8 821 999,63	8 229 882,26	1 776 418,88
Loans and borrowings	23	22 300 320,89	109 021 609,77	1 500 000,00
Trade liabilities		2 938 695,65	10 823 708,46	15 533 216,04
Liabilities in respect of taxes, customs duties, insurance and other benefits		38 169 804,26	95 317 034,82	112 952 943,95
Payroll liabilities		7 579 643,46	11 892 046,99	15 705 183,74
Other liabilities		2 718 314,82	3 109 322,56	80 026 974,25
Accruals			**277 462,50**	**10 207 451,79**
Liabilities classified as available for sale				
TOTAL EQUITY AND LIABILITIES		**417 398 590,31**	**493 608 038,05**	**765 427 406,41**

Statement of comprehensive income of Work Service SA

for the year ended on December 31, 2020

	Note	01.01.2020-31.12.2020	01.01.2019-31.12.2019 after adjustment
Revenue from sales		**206 359 156,43**	**324 289 028,95**
Net trade revenue	1	206 526 452,25	323 625 074,10
Change in receivables		-167 295,82	663 954,85
Manufacturing cost of products for entity's own needs			
Net revenues from sales of goods and materials			
Costs of operations	2	**228 324 302,84**	**353 182 660,80**
Amortisation and depreciation		7 378 388,97	9 763 421,06
Consumption of materials and energy		1 555 625,20	2 190 121,31
External services		27 435 527,54	56 939 605,83
Taxes and charges		868 759,04	686 808,39
Remuneration		157 138 094,24	234 205 508,34
Social security and other benefits		32 704 965,88	47 140 404,66
Other costs by type		1 242 941,97	2 256 791,21
Value of goods and materials sold			
Sales profit (loss)		**-21 965 146,41**	**-28 893 631,85**
Other operating revenue	3	11 051 942,33	30 026 477,18
Other operating expenses	4	22 989 048,88	44 718 486,65
Profit (loss) from operations		**-33 902 252,96**	**-43 585 641,32**
Finance income	5	88 523 193,21	6 119 430,19
Finance costs	6	73 004 370,65	159 592 910,33
Gross profit (loss)		**-18 383 430,40**	**-197 059 121,46**
Income tax	7	17 253 856,70	-10 307 080,99
Net profit (loss)		**-35 637 287,10**	**-186 752 040,47**
Comprehensive income for the period		-35 637 287,10	-186 752 040,47
Net profit (loss) attributable to shareholders		**-35 637 287,10**	**-186 752 040,47**

Cash flow statement of the Work Service SA
for the year ended on December 31, 2020

	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Net profit (loss)	**-35 637 287,10**	**-186 752 040,47**
Total adjustments	**3 355 571,31**	**124 683 909,02**
Amortisation and depreciation	7 378 388,97	9 763 421,06
Foreign exchange (profit) losses	-2 912 304,01	1 891 041,29
Interest and shares in profits (dividends)	6 019 508,33	-2 305 030,74
(Profit) loss on investment operations	60 764,93	159 076 508,03
Change in provisions	-9 572 882,94	-9 149 480,49
Change in inventories	167 295,82	-121 104,55
Change in receivables without income tax receivables	-1 091 254,97	34 311 019,09
Change in short-term liabilities, except for loans, borrowings and corporate income tax	14 038 460,13	6 878 366,83
Change in prepayments, accruals and deferred income	19 216 417,15	-18 843 060,49
Other adjustments	-29 948 822,10	-56 812 771,01
Net cash flows from operating activities	**-32 281 715,79**	**-62 063 131,45**
Cash flows from investing activities		
Inflows	**31 660 148,27**	**168 227 197,46**
Disposal of intangible assets and property, plant and equipment		4 994 293,55
Disposal of investments in real property and intangible assets		
From financial assets, including:	31 660 148,27	163 232 903,91
a) in related entities	28 079 011,20	112 115 247,54
b) in other entities	3 581 137,07	51 117 656,37
purchase of financial assets		
Other investment inflows		
Outflows	**26 066 217,11**	**127 321 355,20**
Purchase of intangible assets and property, plant and equipment	481 210,05	710 207,02
Investments in real property and intangible assets		
For financial assets, including:	25 585 007,06	126 611 148,18
a) in related entities	22 153 635,98	123 537 557,14
b) in other entities	3 431 371,08	3 073 591,04
purchase of financial assets		3 073 591,04
long-term borrowings granted		
Other investment outflows		
Cash flows from investing activities	**5 593 931,16**	**40 905 842,26**
Cash flows from financing activities		
Inflows	**148 674 779,21**	**162 804 625,24**
Net inflows from stock issue		49 647,50
Loans and borrowings	147 301 575,28	160 448 530,60
Issue of debt securities		
Other financial inflows	1 373 203,93	2 306 447,14
Outflows	**114 621 860,79**	**140 605 694,59**
Dividends and other payments to shareholders		
Profit distribution other than payments to shareholders		
Repayment of loans and borrowings	83 774 070,81	134 211 464,30
Redemption of debt securities	19 172 221,94	
Due to other financial liabilities		

Payments of liabilities under finance lease agreements	3 654 337,91	3 798 324,92
Interest	8 011 248,96	2 595 905,37
Other financial outflows		
Net cash flows from financing activities	**34 062 899,59**	**22 198 930,65**
Total net cash flows	7 375 114,96	1 036 641,46
Balance sheet change in cash, including:	7 375 114,96	1 036 641,46
change in cash due to exchange differences		
Cash as at the beginning of the period	1 337 855,65	301 214,19
Cash at the end of the period	**8 712 970,61**	**1 337 855,65**

Other adjustments include:		
Revaluation write-down on fixed assets under construction		578 616,84
Capital increase of WS East		51 327,29
SOD due		2 306 447,14
Loans granted/received		53 000 816,32
write-down on the SOD		975 560,91
Adjustments to fixed assets		1 057 236,19
utilization of write-down on receivables	7 520 627,26	
creation of a write-down on receivables	15 350 077,25	
write-down on loans	46 193 268,83	
redemption of loans	-55 168 856,85	
redeemed interest on bonds	-26 236 472,97	
Fundamental error	-17 607 465,62	
Total	**-29 948 822,10**	**-56 812 771,01**

Statement of changes in equity of Work Service SA

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

Statement of changes in equity (comparatives)

01.01.2019-31.12.2019	Share capital	Supplementary capital	Reserve capital	Retained earnings	Net result	Equity
As at 1 January 2019	**6 509 482,30**	**283 163 766,96**	**5 664 115,29**	**-79 136 302,17**	**12 472 771,84**	**228 673 834,22**
Adjustment of basic error				-10 879 365,99		-10 879 365,99
As at 1 January 2019 after adjustement	**6 509 482,30**	**283 163 766,96**	**5 664 115,29**	**-90 015 668,16**	**12 472 771,84**	**217 794 468,23**
Increasing the share capital	49 581,50	66,00				
Net profit (loss) for the financial year					-186 752 040,47	-186 752 040,47
Adjustment of basic error				-1 521 213,43		-1 521 213,43
Profit carried forward from previous years result				12 472 771,84	-12 472 771,84	0,00
As at 31 grudnia 2019	**6 559 063,80**	**283 163 833,96**	**5 664 115,29**	**-79 064 109,75**	**-186 752 040,47**	**29 570 862,83**

Key economic data of Work Service SA

SPECIFICATION	01.01.-31.12.2020	01.01.-31.12.2019	01.01.-31.12.2020	01.01.-31.12.2019
Work Service S.A.	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	206 359	324 289	46 122	75 384
EBITDA (operating profit + depreciation and amortisation)	-26 524	-33 822	-5 928	-7 862
Profit on sales	-21 965	-28 894	-4 909	-6 717
Operating profit (EBIT)	-33 902	-43 586	-7 577	-10 132
Gross profit (loss)	-18 383	-197 059	-4 109	-45 809
Net profit (loss)	-35 637	-186 752	-7 965	-43 413
Net cash flows from operating activities	-42 515	-62 068	- 9 502	-14 428
Net cash flows from investing activities	5 594	40 906	1 250	9 509
Net cash flows from financing activities	44 295	22 199	9 900	5 160
Total net cash flows	7 375	1 037	1 648	241
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Assets	417 399	493 608	90 448	115 911
Liabilities and provisions for liabilities	423 465	464 037	91 762	108 967
Long-term liabilities	141 748	59 354	30 716	13 938
Short-term liabilities	275 636	388 751	59 729	91 288
Equity	-6 066	29 571	-1 315	6 944
Share capital	6 559	6 559	1 421	1 540
Supplementary capital	283 164	283 164	61 360	66 494

Selected financial data were presented in EUR according to the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information provided by issuers of securities and the terms of recognizing as equivalent the information required by the regulations of the law of a state not being a member state (Journal of Laws from 2018 item 757) for conversion of balance sheet items the rate from the last day was applied, and for items from the profit and loss account and the cash flow statement, the average rate in the period was applied.

	Average EUR exchange rate in the period	EUR exchange rate as at the last day of the period
01.01-31.12.2020	4,4742	4,6148
01.01-31.12.2019	4,3018	4,2585

ADDITIONAL NOTES AND EXPLANATIONS

Operating segments

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 discrete financial information is available.

IFRS 8 stipulates that operating segments should be identified based on internal reports on those elements which are regularly reviewed by persons allocating funds to the individual segments and evaluating their financial results.

Due to the fact that the Company's business 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 (accounting for 94% of all services provided). Therefore, the Company does not identify reporting segments that would meet the above requirements stipulated by IFRS 8.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Net revenue from sales of services (by type)		
	31.12.2020	31.12.2019
Sales of services	206 526 452,25	323 625 074,10
- including: from related parties	23 558 267,39	21 914 199,93
Total revenue from sales of services	**206 526 452,25**	**323 625 074,10**
Net revenue from sales of services (by territory)		
a) domestic	206 296 264,26	323 620 774,10
b) export	230 187,99	4 300,00
Net revenue from sales of services	**206 526 452,25**	**323 625 074,10**

In 2020, there was a decrease in revenues from sales of about 57% compared to 2019. A decrease in revenue from domestic operations was recorded as a result of the COVID - 19 pandemic which resulted in customers withdrawing from contracts entered into with the Issuer.

Currently, the Company's Management Board is looking for new customers in new industries, and seeking to regain customer trust.

Note 2. Costs by type		
	31.12.2020	31.12.2019
a) amortisation and depreciation	7 378 388,97	9 763 421,06
b) consumption of materials and energy	1 555 625,20	2 190 121,31
c) external services	27 435 527,54	56 939 605,83
d) taxes and charges	868 759,04	686 808,39
e) payroll	157 138 094,24	234 205 508,34
f) social security and other benefits	32 704 965,88	47 140 404,66
g) other costs by type	1 242 941,97	2 256 791,21
Total costs by type	**228 324 302,84**	**353 182 660,80**
Balance of inventories, products, prepayments and accruals	8 136 254,09	1 842 572,33
Cost of products sold	202 388 050,57	317 472 865,74
Selling expenses (negative value)	2 721 842,93	4 482 815,42
General and administrative costs (negative value)	23 381 705,16	30 563 024,79

In 2020 we recorded a significant decrease in total costs incurred (by 35%), mainly on account of external service (52%) and salaries (33%), which was caused mainly by internal restructuring in connection with the smaller scale of the Issuer's operations in 2020. as a result of the COVID pandemic - 19.

Note 3. Other operating income		
	31.12.2020	31.12.2019
a) gain on disposal of non-financial non-current assets, of which:		
- fixed assets and fixed assets under construction		
b) subsidies	500 401,48	
c) other, including:	10 551 540,85	30 026 477,18
- penalties, compensations	69 545,91	
- reimbursement of costs of court proceedings	79 847,93	37 910,50
- reinvoices	3 872 983,72	3 809 406,97

Note 3. Other operating income		
- other	74 002,44	3 107 701,48
- assignments of claims	4 681 213,43	1 217 548,75
- release of write-downs on receivables	1 773 947,42	8 940 973,30
- release of provisions		8 450 546,72
- time-barred obligations		4 462 389,46
Total other operating income	**11 051 942,33**	**30 026 477,18**

Other operating revenues in 2020 decreased compared to 2019 by nearly 63%, mainly as a result of the decrease in write-downs on receivables, which is related to intensified debt collection activities. In addition, in 2020, no provisions were released (only used) and no write-downs were made related to time-barred liabilities.

Note 4. Other operating expenses		
	31.12.2020	**31.12.2019**
a) loss on disposal of non-financial non-current assets	**36 746,21**	**299 718,44**
- fixed assets and fixed assets under construction	36 746,21	
- intangible assets		299 718,44
b) revaluation of non-financial assets	16 216 327,25	25 063 815,01
c) other, including:	6 735 975,42	19 354 953,20
- penalties, criminal fines and compensations	26 963,30	32 079,78
- costs of court proceedings	1 444 437,25	3 429 519,25
- reinvoices	2 332 433,06	3 355 607,04
- liquidation of non-financial assets		71 828,22
- overdue receivables written off	1 760 164,31	5 091 846,71
- assignments of claims		6 875 650,25
- other	1 171 977,50	498 421,95
Total other operating expenses	**22 989 048,88**	**44 718 486,65**

In 2020, we recorded a 49% decrease in other operating expenses, the highest amount of other expenses costs concerns write-downs on non-financial assets.

Note 5. Finance income		
	31.12.2020	**31.12.2019**
a) interest, including:	**3 070 391,86**	**3 580 894,33**
- from related entities	1 587 862,03	2 003 907,35
- from other entities	1 482 529,83	1 576 986,98
- including bank interest	23,17	8 842,43
b) income on disposal of investments		
c) dividends and shares in profits		
d) revaluation of investments	576 122,02	
e) other income	84 876 679,33	2 538 535,86
- net currency exchange gains	2 933 177,19	2 285 004,00
- write-off of loans, bonds	81 393 517,85	
- other	549 984,29	253 531,86
Total finance income	**88 523 193,21**	**6 119 430,19**

In 2019 and 2020 the Company did not receive any dividend.

In 2020, financial income related to the redemption of bonds and loans of 81.4 million was recognised.

Note 6. Finance costs		
	31.12.2020	**31.12.2019**
a) Interest, including:	14 766 208,82	15 500 163,65
- interest for related companies	6 094 488,55	5 733 759,16
- interest for other counterparties	8 671 720,27	9 766 404,49
- budgetary interest	4 215 914,46	2 992 787,17
- interest on bonds	1 238 964,02	2 398 073,89
- other interest	1 240 623,32	1 425 129,55
- loan interest	22 438,00	638 173,78
- credit interest	1 953 780,47	2 312 240,10
b) value of disposed investments	46 992 250,39	139 563 767,90
c) strata ze sprzedaży inwestycji		1 311 030,29
d) other finance costs	11 245 911,44	3 217 948,49
- net currency exchange losses		
- commissions on bonds, factoring	10 539 612,26	2 016 193,59
- other	706 299,18	1 201 754,90
Total finance costs	**73 004 370,65**	**159 592 910,33**

- data for 2019 after correction of an error

Despite a decrease in the amount of financial expenses in 2020, they are still at a very high level due to write-downs of financial assets. Details are given in note 11.

Nota 6.1. Profits/Losses from financial instruments		
	31.12.2020	**31.12.2019**
a) Accrued interests, incl:	14 766 208,82	15 000 163,65
- from payables measured at amortised cost	14 766 208,82	15 000 163,65
b) Interests received, incl	3 070 391,86	3 580 894,33
-from loans and receivebles	3 070 391,86	3 580 894,33
c) Foreign exchange gains	16 860 396,91	21 198 663,11
- from loans and receivebles	3 596 641,72	21 198 663,11
- from payables measured at amortised cost	13 263 755,19	
d) Foreign exchange losses	13 927 219,72	18 913 659,11
- from loans and receivebles	5 476 890,30	
- from payables measured at amortised cost	8 450 329,42	18 913 659,11
Total loss from financial instruments:	**-8 762 639,77**	**-9 134 265,32**

Note 7. Income tax		
	2020	**2019**
Gross profit	-18 383 430,40	-197 059 121,46
current income tax		
deferred income tax	17 253 856,70	-10 307 080,99
Income tax cfc		
Total income tax	17 253 856,70	-10 307 080,99
Net profit	**-35 637 287,10**	**-186 752 040,47**

- 2019 figures restated after correction of error

7.1. Change in deferred tax assets	31.12.2020	31.12.2019
1. Balance of deferred tax assets as at the beginning of the period, of which:	**38 583 429,21**	**29 500 507,52**
a) recognised in profit or loss	26 195 804,26	22 283 388,56
- provisions for future costs	2 486 205,58	5 158 402,21
- revaluation write-downs on receivables	12 620 559,24	5 151 465,45
- provision for social security contributions and remuneration	7 234 215,10	8 979 873,28
- other	3 854 824,34	2 993 647,62
b) recognised in profit or loss for the period in relation to tax loss	12 387 624,95	7 217 118,96
2. Increases	**330 497,41**	**13 500 776,50**
a) recognised in profit or loss in relation to deductible temporary differences	330 497,41	8 330 270,51
- provisions for future costs		
- revaluation write-downs on receivables and shares		7 469 093,79
- provision for social security contributions and remuneration	330 497,41	
- other		861 176,72
b) recognised in profit or loss for the period in relation to tax loss		5 170 505,99
c) recognised in equity in relation to deductible temporary differences		
d) recognised in equity in relation to tax loss		
e) recognised in goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost in relation to deductible temporary differences		
3. Decreases	**16 914 975,17**	**4 417 854,81**
a) recognised in profit or loss in relation to deductible temporary differences	11 119 188,44	4 417 854,81
- provisions for future costs	1 946 030,17	2 672 196,63
- revaluation write-downs on receivables and shares	8 555 989,94	
- provision for social security contributions and remuneration		1 745 658,18
- other	617 168,33	
b) recognised in profit or loss for the period in relation to tax loss	5 795 786,73	
c) recognised in equity in relation to deductible temporary differences		
d) recognised in equity in relation to tax loss		
e) recognised in goodwill in relation to deductible temporary differences		
4. Balance of total deferred tax assets as at the end of the period, of which:	**21 998 951,45**	**38 583 429,21**
a) recognised in profit or loss	15 407 113,23	26 195 804,26
- provisions for future costs	540 175,41	2 486 205,58
- revaluation write-downs on receivables and shares	4 064 569,30	12 620 559,24
- provision for social security contributions and remuneration	7 564 712,51	7 234 215,10
- other	3 237 656,01	3 854 824,34
b) recognised in profit or loss for the period in relation to tax loss	6 591 838,22	12 387 624,95

Deadlines for possible utilisation of assets resulting from tax losses are presented in the following table:
(the table shows the planned taxable income to benefit from the loss deduction)

2021	2022	2023	2024	2025	TOTAL
25 085 377	3 898 296	5 433 828	279 599	0	34 697 100

Tax settlements and other regulated areas of activity are subject to inspection by competent administration authorities, which are authorised to impose high penalties and sanctions. As the legal regulations regarding these issues in Poland are relatively new, they are often ambiguous and inconsistent. Differences in the interpretation of tax legislation are frequent, both within governmental authorities and between those authorities and businesses, leading to uncertainty and conflicts. Consequently, the tax risk in Poland is significantly higher than in other countries where tax systems are more developed.

Tax settlements may be subject to tax inspection for a period of five years from the end of the year in which the tax payment was made. As a result of such inspections, additional tax liabilities may be assessed with respect to the tax settlements made by the Company. In the Company's opinion, appropriate provisions for the identified and quantifiable tax risk were recognised as at 31 December 2020.

Note 8. Changes in intangible assets

8.1. Changes in intangible assets in 2020	Development costs	Goodwill	Concessions, patents and licences	Computer software	Other	Total
Gross value as at the beginning of the period	**0,00**	**0,00**	**5 416 161,80**	**14 432 718,46**	**9 038 993,68**	**28 887 873,94**
Increases, including:	0,00	0,00	481 210,05	5 197 692,40		5 678 902,45
- acquisition	0,00	0,00	481 210,05			481 210,05
- internal transfer	0,00	0,00		5 197 692,40		5 197 692,40
- other	0,00	0,00				
Decreases	0,00	0,00	5 235 692,40			5 235 692,40
- liquidation	0,00	0,00	38 000,00			38 000,00
- revaluation	0,00	0,00				
- sale	0,00	0,00				
- internal transfer	0,00	0,00	5 197 692,40			5 197 692,40
- other	0,00	0,00				
Gross value as at the end of the period	**0,00**	**0,00**	**661 679,45**	**19 630 410,86**	**9 038 993,68**	**29 331 083,99**
Accumulated amortisation as at the beginning of period	**0,00**	**0,00**		**7 103 546,39**	**6 236 856,46**	**13 340 402,85**
Current amortisation — increases	0,00	0,00		2 512 530,50	457 041,28	2 969 571,78
Accumulated amortisation — decreases	0,00	0,00				
- liquidation	0,00	0,00				
- sale	0,00	0,00				
- internal transfer	0,00	0,00				
- other	0,00	0,00				
Total amortisation as at the end of the period	0,00	0,00		9 616 076,89	6 693 897,74	16 309 974,63
Net book value as at the end of period	**0,00**	**0,00**	**661 679,45**	**10 014 333,97**	**2 345 095,94**	**13 021 109,36**

In 2020, there were significant changes in intangible assets in the form of the receipt (commencement of use) of an increase in the functionality of the ERP system at WSSA in April of that year in the amount of PLN 5.2 million.

In 2019 significant changes in intangible assets due to the sale of intangible assets related to the ANTAL Group (sale of the trademark and other values assigned to the Group). The net value of the intangible assets sold is PLN 15,4544.00, the sale price is PLN 5,100,000.

8.2. Changes in intangible assets in 2019	Development costs	Goodwill	Concessions, patents and licences	Computer software	Other	Total
Gross value as at the beginning of the period	**0,00**	**0,00**	**0,00**	**15 759 247,76**	**31 435 510,83**	**47 194 758,59**
Increases, including:	0,00	0,00	0,00		1 989 897,02	1 989 897,02
- acquisition	0,00	0,00	0,00		703 367,72	703 367,72
- internal transfer	0,00	0,00	0,00		1 286 529,30	1 286 529,30
- other	0,00	0,00	0,00			

8.2. Changes in intangible assets in 2019	Development costs	Goodwill	Concessions, patents and licences	Computer software	Other	Total
Decreases	0,00	0,00	0,00	1 326 529,30	18 970 252,37	20 296 781,67
- liquidation	0,00	0,00	0,00	40 000,00	50 000,00	90 000,00
- revaluation	0,00	0,00	0,00		10 877 682,84	10 877 682,84
- sale	0,00	0,00	0,00		7 727 837,16	7 727 837,16
- internal transfer	0,00	0,00	0,00	1 286 529,30		1 286 529,30
- other	0,00	0,00	0,00			
Gross value as at the end of the period	**0,00**	**0,00**	**0,00**	**14 432 718,46**	**14 455 155,48**	**28 887 873,94**
Accumulated amortisation as at the beginning of period	0,00	0,00	0,00	5 013 244,95	8 124 361,04	13 137 605,99
Current amortisation — increases	0,00	0,00	0,00	2 130 301,44	1 263 949,42	3 394 250,86
Accumulated amortisation — decreases	0,00	0,00	0,00	40 000,00	3 151 454,00	3 191 454,00
- liquidation	0,00	0,00	0,00	40 000,00		40 000,00
- sale	0,00	0,00	0,00		3 151 454,00	3 151 454,00
- internal transfer	0,00	0,00	0,00			
- other	0,00	0,00	0,00			
Total amortisation as at the end of the period	0,00	0,00	0,00	7 103 546,39	6 236 856,46	13 340 402,85
Net book value as at the end of period	**0,00**	**0,00**	**5 416 161,80**	**7 329 172,07**	**2 802 137,22**	**15 547 471,09**

Note 9. Changes in fixed assets

9.1. Changes in fixed assets in 2020	Own land	Right of perpetual usufruct of land	Buildings and structures	Plant and machinery	Vehicles	Other fixed assets	Total
Gross value as at the beginning of the period	**0,00**	**0,00**	**22 319 264,02**	**10 061 302,20**	**2 158 078,62**	**2 154 429,69**	
Increases, including:	0,00	0,00	459 862,61		170 774,45		
- acquisition	0,00	0,00	459 862,61		170 774,45		
- internal transfer	0,00	0,00					
Decreases, including:	0,00	0,00	4 522 536,86		155 505,34		
- liquidation	0,00	0,00	4 522 536,86		155 505,34		
- revaluation	0,00	0,00					
- sale	0,00	0,00					
- internal transfer	0,00	0,00					
- other	0,00	0,00					
Gross value as at the end of the period	**0,00**	**0,00**	**18 256 589,77**	**10 061 302,20**	**2 173 347,73**	**2 154 429,69**	
Accumulated depreciation as at the beginning of period	0,00	0,00	8 927 282,18	9 789 861,23	1 875 876,69	2 142 789,87	
Current depreciation — increases	0,00	0,00	4 139 302,83	32 784,41	187 252,69	5 736,66	
Decreases, including:	0,00	0,00	4 515 289,87		139 987,40		
- liquidation	0,00	0,00	4 515 289,87		139 987,40		
- sale	0,00	0,00					
- internal transfer	0,00	0,00					
- other	0,00	0,00					
Accumulated depreciation as at the end of the period	0,00	0,00	8 551 295,14	9 822 645,64	1 923 141,98	2 148 526,53	
Net book value	**0,00**	**0,00**	**9 705 294,63**	**238 656,56**	**250 205,75**	**5 903,16**	

The table above shows changes in fixed assets by aggregation group including initial and final stocks, redemption and net worth at the end of 2020. There have been no significant changes in the value of fixed•assets this financial year, apart from the disposal of some leased offices (due to the reduction in the scale of operations. The gross value of the liquidated facilities amounted to PLN 4.5 million.

In 2020, no new lease contracts were signed, the fixed assets used based on leases are depreciated by the Company in accounting terms. The subject of the lease are mainly IT devices and cars. The value of external fixed assets used by the Company is PLN 8 345 727,97.

9.2. Changes in fixed assets in 2019	**Own land**	**Right of perpetual usufruct of land**	**Buildings and structures**	**Plant and machinery**	**Vehicles**	**Other fixed assets**	**Total**
Gross value as at the beginning of the period	**0,00**	**0,00**	**8 172 618,81**	**10 110 950,79**	**2 253 512,15**	**2 262 178,62**	**208 884,47**
- other MSSF 16	0,00	0,00	14 193 867,29	0,00	0,00	0,00	0,00
Gross value as at the beginning of the period (with MSSF 16)	**0,00**	**0,00**	**22 366 486,10**	**0,00**	**0,00**	**0,00**	**0,00**
Increases, including:	0,00	0,00	277,92	631 551,14	131 424,09	54 859,10	
- acquisition	0,00	0,00					
- internal transfer	0,00	0,00	277,92	631 551,14	131 424,09	54 859,10	
- other	0,00	0,00					
Decreases, including:	0,00	0,00	47 500,00	681 199,73	226 857,62	162 608,03	208 884,47
- liquidation	0,00	0,00	47 500,00	49 648,59	95 433,53	107 748,93	
- revaluation	0,00	0,00					208 884,47
- sale	0,00	0,00					
- internal transfer	0,00	0,00		631 551,14	131 424,09	54 859,10	
- other	0,00	0,00					
Gross value as at the end of the period	**0,00**	**0,00**	**22 319 264,02**	**10 061 302,20**	**2 158 078,62**	**2 154 429,69**	**0,00**
Accumulated depreciation as at the beginning of period	0,00	0,00	3 140 995,43	9 740 789,91	1 800 422,25	2 068 032,37	
Current depreciation — increases	0,00	0,00	5 953 940,28	838 372,63	292 098,12	200 505,02	
Decreases, including:	0,00	0,00	167 653,53	789 301,31	216 643,68	125 747,52	
- liquidation	0,00	0,00	25 671,78	317 614,49	216 643,68		
- sale	0,00	0,00					
- internal transfer	0,00	0,00	141 981,75	471 686,82		125 747,52	
- other	0,00	0,00					
Accumulated depreciation as at the end of the period	0,00	0,00	8 927 282,18	9 789 861,23	1 875 876,69	2 142 789,87	
Net book value	**0,00**	**0,00**	**13 391 981,84**	**271 440,97**	**282 201,93**	**11 639,82**	**0,00**

Note 10. Property, plant and equipment

	31.12.2020	**31.12.2019**
a) fixed assets, including:	10 200 060,10	13 957 264,56
- land (including right to perpetual usufruct of land)		
- Buildings, premises and civil engineering structures (including right to perpetual usufruct of land)	9 705 294,63	13 391 981,84
- plant and machinery	238 656,56	271 440,97
- vehicles	250 205,75	282 201,93
- other fixed assets	5 903,16	11 639,82
b) fixed assets under construction		
c) prepayments for fixed assets under construction		
Total property, plant and equipment	**10 200 060,10**	**13 957 264,56**

The revaluation write-off for fixed assets under construction applies to unsettled works at the local offices of Work Service S.A.

The value of property, plant and equipment includes right-of-use assets with the following carrying amount for the following classes of underlying assets and which were subject to the following write-downs:

	carrying amount of the right to use	redemption of the right to use	carrying amount of the right to use	redemption of the right to use
	31.12.2020	01.01 -31.12.2020	31.12.2019	01.01 - 31.12.2019
Land				
Buildings and structures	10 131 193,04	3 387 073,59	14 193 867,29	5 067 658,76
Machines and devices				
Means of transport				
Other fixed assets				
Investment property				
Inventories				
Total	**10 131 193,04**	**3 387 073,59**	**14 193 867,29**	**5 067 658,76**

The most important lease contracts under construction in 2020 include the lease of buildings with the carrying amount of the right to use PLN 10,131 thousand. PLN as at the balance sheet date. The Company does not recognize liabilities due to short-term leases and leases for which the underlying asset has a low value. In addition, the value of lease liabilities does not include conditional lease payments dependent on factors other than an index or rate. The costs of these titles were negligible. Interest costs related to leasing in 2020 amounted to PLN 859,952.21.

Note 11. Changes in long-term investments

11.1. Changes in long-term investments in 2020	Real property, intangible assets	Long-term financial assets	a) in related entities, of which:			b) in other entities, of which:		
			Total	Shares or equities	Other long-term financial assets	Shares or equities	Other long-term financial assets	Total long-term investments
Opening balance	**2 390 231,55**	**306 844 967,05**		**306 834 967,05**		**10 000,00**		**309235198,60**
at purchase price	2 495 938,00	414 643 241,65		414 633 241,65		10 000,00		**417139179,65**
Increases of which:								0,00
- acquisition								0,00
- revaluation adjustments								0,00
- internal transfer								0,00
- increase in capital								0,00
-other								0,00
Decreases	43 740,60							43 740,60
- sale								0,00
- revaluation adjustments								0,00
- internal transfer								0,00
- resignation from option pricingi								0,00
- other	43 740,60							43 740,60
Closing balance	**2 346 490,95**	**306 844 967,05**		**306 834 967,05**		**10 000,00**		**309191458,00**
at purchase price	2 495 938,00	414 643 241,65		414 633 241,65		10 000,00		417139 179,65

11.2. Changes in long-term investments in 2019	Real property, intangible assets	Long-term financial assets	a) in related entities, of which:			b) in other entities, of which:		Total long-term investments
			Total	Shares or equities	Other long-term financial assets	Shares or equities	Other long-term financial assets	
Opening balance	**2 495 938,00**	**504 337 984,67**		**504 327 984,67**		**10 000,00**		**506 833 922,67**
at purchase price	2 495 938,00	504 337 984,67		504 327 984,67		10 000,00		506 833 922,67
Increases of which:		10 265 496,27		10 265 496,27				10 265 496,27
- acquisition		10 260 496,27		10 260 496,27				10 260 496,27
- revaluation adjustments		5 000,00		5 000,00				5 000,00
- internal transfer								0,00
- increase in capital								0,00
-other								0,00
Decreases	105 706,45	207 758 513,89		207 758 513,89				207 864 220,34
- sale		21 461 964,29		21 461 964,29				21 461 964,29
- revaluation adjustments		107 798 274,60		107 798 274,60				107 798 274,60
- internal transfer								0,00
- resignation from option pricingi		78 493 275,00		78 493 275,00				78 493 275,00
- depreciation	105 706,45	5 000,00		5 000,00				110 706,45
- other	2 390 231,55	306 844 967,05		306 834 967,05		10 000,00		309 235 198,60
Closing balance	**2 495 938,00**	**414 643 241,65**		**414 633 241,65**		**10 000,00**		**417 033 473,20**

Revaluation write-down on shares held

In addition, a write-down has been made in 2019 for the shares possessed by two companies: Work Express sp. z o.o. due to the expected closing of its operations and shares in Work Service SPV sp. z o.o. due to the planned sale of the German Group, 100% owned by this company, in 2020. A total write-down amounted to PLN 107,802,874.60 and fully charged the Issuer's financial costs in 2019.

There were no changes in the value of shares held in 2020.

Note 12. Inventories		
	31.12.2020	**31.12.2019**
a) materials	91 079,07	91 079,07
b) semi-finished goods and work in progress	567 519,51	734 815,33
c) goods		
Total inventories	**658 598,58**	**825 894,40**

The of semi-finished products and work-in-progress item is mainly costs related to the implementation of contracts invoiced in the next period.

The materials item consists mainly of the stocks of advertising materials stotred in the Issuer's warehouse.

Note 13. Trade and other receivables		
	31.12.2020	**31.12.2019**
a) from related entities	2 707 515,44	14 088 678,68
- trade receivables, due within 12 months	2 707 515,44	1 988 924,50
- other		12 099 754,18
b) receivables from other entities	33 182 695,87	43 580 982,17
- trade receivables, due within 12 months	27 552 195,43	38 088 156,46

Note 13. Trade and other receivables		
- in respect of taxes, subsidies, customs duties, social security, health insurance and other benefits		
- other	5 630 500,44	5 492 825,71
- claimed at court		
Total net current receivables	**35 890 211,31**	**57 669 660,85**

As of the balance sheet date of 31 December 2019, the balance of trade receivables from related and other entities amounts to PLN 35 890 211,31. The receivables revaluation write-offs were created in accordance with the best knowledge and experience of the Company and in accordance with IFRS 9. The costs and revenues associated with the creation and resolution of the write-offs are recognized in the profit and loss account as the remaining operating activities.

Note 14. Other financial assets

14.1. Other financial assets	**31.12.2020**	**31.12.2019**
in subsidiaries	10 061 912,47	55 281 192,57
in other entities	185 050,78	152 783,20
Total other financial assets	**10 246 963,25**	**55 433 975,77**

Under the Other financial assets item , the Company presents loans to related and unrelated entities. The amount of loans granted decreased in 2020 due to additional write-downs on loans received of nearly PLN 47 million.

14.2. Cash Other short-term assets	**31.12.2020**	**31.12.2019**
Cash and other monetary assets		
- cash in hand and at bank	8 715 726,39	1 337 975,65
- other cash		
- other monetary assets	-2 755,78	-120,00
Total cash and other monetary assets	**8 712 970,61**	**1 337 855,65**

Note 15. Prepayments

	31.12.2020	**31.12.2019**
- property insurance	105 303,71	103 736,99
- IT services	6 253,57	6 799,72
- trainings	269,80	269,80
- deferral fee	321 894,00	
- advertising	4 866,13	12 666,53
- other	31 533,22	189 560,51
- capital acquisition	275 849,45	273 431,45
- acquisitions	62 069,64	92 600,85
- prepaid finance costs	333 048,99	337 612,08
Total short-term prepayments	**1 141 088,51**	**1 016 677,93**
- deferral fee	6 336 567,00	
Total long-term prepayments	**6 336 567,00**	

Note 16. Share capital structure

16.1. Share capital (structure) as at 31 December 2020

Note 16. Share capital structure								
Series / emission	type of share	Type of preference of shares	Restrictions on shares	No. of shares	Value of series issued at nominal value	Coverage of capital	Date of registration	Right to dividend (since)
A	bearer shares	ordinary	-	750 000	75 000	cash	14.12.2000	14.12.2000
B	bearer shares	ordinary	-	5 115 000	511 500	cash	14.11.2002	01.01.2003
C	bearer shares	ordinary	-	16 655 000	1 665 500	cash	20.11.2006	20.11.2006
D	bearer shares	ordinary	-	100 000	10 000	cash	06.09.2007	06.09.2007
E	bearer shares	ordinary	-	100 000	10 000	cash	21.11.2007	21.11.2007
F	bearer shares	ordinary	-	7 406 860	740 686	compensation	20.05.2008	20.05.2008
G	bearer shares	ordinary	-	2 258 990	225 899	cash	26.06.2009	26.06.2009
H	bearer shares	ordinary	-	9 316 000	931 600	cash	13.01.2010	13.01.2010
K	bearer shares	ordinary	-	1 128 265	112 827,5	cash	26.01.2011	31.12.2011
L	bearer shares	ordinary	-	5 117 881	511 788,1	cash	26.04.2012	26.04.2012
N	bearer shares	ordinary	-	12 000 000	1 200 000	cash	30.04.2013	30.04.2013
P	bearer shares	ordinary	-	91 511	9 151,1	cash	14.10.2014	14.10.2014
S	bearer shares	ordinary	-	5 000 000	500 000	cash	28.11.2014	28.11.2014
T	bearer shares	ordinary	-	55 316	5 532	cash	06.08.2015	Starting from dividend for 2015
R	bearer shares	ordinary	-	171 750	17 175			
U	bearer shares	ordinary	-	225 750	22 575			
W	bearer shares	ordinary	-	98 315	9 832			
Total number of shares					**65 590 638**			
Total share capital in PLN					**6 559 063.80**			
The nominal value of one share in PLN					**0.1**			

Share capital in 2019

In 2019, the Issuer's share capital was increased by PLN 49,647.50 as a result of the issue of new series R, U, W shares.

Share capital in 2020

In 2020, there were no changes in the share capital of Work Service S.A.

Note 17. Major shareholders

As at the date of drawing up these statements, Work Service SA has not issued any preference shares, neither as to voting rights, nor as to the dividend. All shares in the Company are ordinary bearer shares. The share capital of Work Service SA amounts to PLN 6,575,088.80 and is divided into:

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

- 225.750 series U with the nominal value of 10 grosz each,
- 98.315 series W with the nominal value of 10 grosz each,
- 160.250 series Y with the nominal value of 10 grosz each.

The following table presents the shareholding structure as at the date of drawing up these statements, taking into account all notifications received by Work Service SA pursuant to Article 69 section 1 item 1 of the Act on Public Offering and the Terms and Conditions of Introducing Financial Instruments to an Organised System of Trading and on Public Companies.

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
GI International S.R.L.	33 261 010	50,59%	33 261 010	50,59%
Others	32 492 878	49,41%	43 492 878	49,41%
Total	**65 753 888**	**100,00%**	**65 753 888**	**100,00%**

Note 18. Other capital		
	31.12.2020	**31.12.2019**
a) supplementary capital	283 163 833,96	283 163 833,96
b) other reserves	5 664 115,29	5 664 115,29
Total other capital	**288 827 949,25**	**288 827 949,25**

18.1. Supplementary capital	**31.12.2020**	**31.12.2019**
Supplementary capital as at the beginning of the period	283 163 833,96	283 163 833,96
a) share premium	234 578 370,34	234 578 370,34
- share premium	234 578 370,34	234 578 370,34
- costs of issue	0,00	0,00
b) statutory capital from acquisition of companies	0,00	0,00
c) established according to statute/articles of association, above the statutory (minimum) value	0,00	0,00
d) from additional contribution of shareholders/partners	0,00	0,00
e) from profit	53 793 177,27	53 793 177,27
f) from redemption of shares	0,00	0,00
g) managers programme	0,00	0,00
h) other	-5 207 713,65	-5 207 713,65
Total supplementary capital	**283 163 833,96**	**283 163 833,96**

Note 19. Retained earnings		
	31.12.2020	**31.12.2019**
Retained earnings (IFRS adjustment)	-79 064 109,75	-79 136 302,17
Correction of previous years' financial result		-12 200 579,42
Przeniesienie wyniku from previous year	-186 752 040,47	12 272 771,84
Retained earnings	**-265 816 150,22**	**-79 064 109,75**

As at 31 December 2020 and 31 December 2019, shares in Work Service SA were not held by subordinated entities.

Nota 20. Provisions for other liabilities and other charges		
	31.12.2020	**31.12.2019**
a) short-term portion, of which:	**2 843 028,48**	**13 085 292,51**
- provision for not-mature liabilities towards the State Treasury		9 150 000,00
- provision for remuneration costs		
- provision for unused leaves	821 852,96	651 462,99
- other	2 021 175,52	3 283 829,52
b) long-term portion, of which:		
- other		
Total provisions for other liabilities and other charges	**2 843 028,48**	**13 085 292,51**
Deferred tax liabilities	**3 238 194,72**	**2 568 813,63**
Total provisions for liabilities	**6 081 223,20**	**15 654 106,14**

20.1. Change in provisions	31.12.2019	Increase	Utilisation	Reversal	31.12.2020
1. Deferred tax liabilities	2 568 813,63	669 381,09			3 238 194,72
2. Provision for unused leaves	651 462,99	170 389,97			821 852,96
3. Other provisions	12 433 829,52	7 836 136,61	17 206 317,12	1 042 473,49	2 021 175,52
Total	**15 654 106,14**	**8 675 907,67**	**17 206 317,12**	**1 042 473,49**	**6 081 223,20**

20.2. Change in deferred income tax liabilities	31.12.2020	31.12.2019
1. Deferred tax liabilities as at the beginning of the period, of which:	**2 568 813,63**	**3 792 972,93**
a) recognised in profit or loss	2 568 813,63	3 792 972,93
- unrealised interest on borrowings	2 355 989,86	2 355 989,86
- difference in the value of fixed assets	169 487,68	169 487,68
- other	43 336,09	1 267 495,39
b) recognised in equity		
c) recognised in goodwill		
2. Increases	**962 295,33**	
a) recognised in profit or loss	962 295,33	
- unrealised interest on borrowings		
- difference in the value of fixed assets	962 295,33	
- other		
b) recognised in equity		
c) recognised in goodwill		
3. Decreases	**292 914,24**	**1 224 159,30**
a) recognised in profit or loss	292 914,24	1 224 159,30
- unrealised interest on borrowings	249 578,15	
- difference in the value of fixed assets		
- other	43 336,09	1 224 159,30
b) recognised in equity		
c) recognised in goodwill		
4. Deferred tax liabilities as at the end of the period, of which:	**3 238 194,72**	**2 568 813,63**
a) recognised in profit or loss	3 238 194,72	2 568 813,63
- unrealised interest on borrowings	2 106 411,71	2 355 989,86
- difference in the value of fixed assets	1 131 783,01	169 487,68
- other		43 336,09
b) recognised in equity		
c) recognised in goodwill		

Note 21. Other long-term liabilities		
	31.12.2020	**31.12.2019**
a) to subsidiaries	30 416 913,00	51 995 835,67
- including loans	30 416 913,00	51 995 835,67
b) to other entities	111 331 030,04	7 358 636,07
- loans and borrowings	24 826 140,00	
- due to issue of debt securities		
- other financial liabilities	4 485 384,72	7 358 636,07
- other long-term liabilities	82 019 505,32	
Total long-term liabilities	**141 747 943,04**	**59 354 471,74**

Other financial liabilities are those under IFRS 16 - leasing, long-term part.

In 2019, an agreement was signed with the subsidiary Prohuman, in which it was agreed to extend the repayment of the loan received to 2021.

Note 22. Short-term liabilities		
	31.12.2020	**31.12.2019**
a) to subsidiaries	**193 107 069,63**	**104 960 546,92**
- trade payables	24 305 227,40	33 491 126,17
- loan	144 367 638,31	51 699 581,12
- other	24 434 203,92	19 769 839,63
b) to other entities	82 528 778,71	275 553 403,77
- loans and borrowings	22 300 320,89	109 021 609,77
- due to issue of debt securities		45 396 882,91
- other financial liabilities	8 821 999,63	8 229 882,26
- trade liabilities, due within 12 months	2 938 695,65	10 823 708,46
- advances received for deliveries	725 116,13	1 263 021,38
- in respect of taxes, customs duties, insurance and other benefits	38 169 804,26	87 079 950,82
- payroll liabilities	7 579 643,46	11 892 046,99
- other	1 993 198,69	1 846 301,18
c) special funds (by title)		
Total trade and other liabilities	**108 967 889,14**	**174 395 876,89**
Loans and borrowings	**166 667 959,20**	**206 118 073,80**
Total short-term liabilities	**275 635 848,34**	**380 513 950,69**

In 2020, the court arrangement with the banks was written off, leading to the cancellation of approximately 50% of the debt, and in June of this year a settlement was signed with the bondholders for partial cancellation of the debt. In fact, there was a write-down of over 80 million in debt at WSSA, which was recognized as finance income.

22.1. Nominal lease liabilities	**31.12.2020**	**31.12.2019**
Up to 1 year	3 585 537,01	4 358 166,44
1–5 years	4 494 167,76	7 358 636,07
More than 5 years		
Total	**8 079 704,77**	**11 716 802,51**

In 2020, office leases were terminated and facilities were liquidated in accordance with IFRS 16 for a gross consideration of over PLN 4 million.

Liabilities due to bonds

The table below presents data on the amount of liabilities arising from the issue of bonds in the value of the adjusted purchase price and the nominal value as on 31.12.2020.

Series	Number	Interest rate	Nominal price	Date of purchase	The nominal value of the bonds in PLN	Earlier purchase / purchase	The value of liabilities resulting from the adjusted purchase price
ICO **	7 750	zmienna (*)	1 000	2020-12-31	7 750 000,00	call option of the Issuer	8 208 180,00

variable interest rate (*) = WIBOR 3M + interest margin at 3.87 pp
bonds purchased by an affiliated company (**) – reported as a long-term liability from affiliated entities

Note 23. Loans and borrowings		
	31.12.2020	**31.12.2019**
a) loans	44 136 442,07	105 031 490,79
including: short-term loans	19 310 302,07	105 031 490,79
b) borrowings from other and related parties	177 774 570,14	107 685 535,77
including: short-term borrowings	147 357 657,14	55 689 700,10
Total loans and borrowings	**221 911 012,20**	**212 717 026,56**
Total long-term loans and borrowings	**55 243 053,00**	**51 995 835,67**
Total short-term loans and borrowings	**166 667 959,20**	**160 721 190,89**

Note 23.1. Loans by maturity		
	31.12.2020	**31.12.2019**
Up to 1 year	19 310 302,07	105 031 490,79
Total loans, of which:	44 136 442,07	105 031 490,79
- long-term	24 826 140,00	
Including 1-3 years	44 136 442,07	
- short-term	19 310 302,07	105 031 490,79

In 2019, after restructuring the 2018 debt, all liabilities from loans were transferred to the short-term part.
In 2020, a portion of loans of approximately 55 million were forgiven.

Liabilities due to credits as at 31 December 2020							
Name (business name) of the entity	**Credit/loan amount acc. to contract**		**Outstanding credit/loan amount**		**Terms of interest**	**Due date**	**Collaterals**
Credits:	currency	PLN	currency	PLN			
Bank BGŻ BNP Paribas	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	surety of GI Group S.P.A up to PLN 82,762,500.00, pledge on shares of Prohuman 2004 Kft, statement of Work Service SA on voluntary submission to enforcement up to PLN 165,525,000.00, statement of GI Group S.P.A on voluntary submission to enforcement up to PLN 82,762,500.00,
Bank Millennium S.A.	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
Bank Zachodni BZ WBK	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
Raiffeisen Bank Polska (taken over by BNP Paribas Bank Polska SA as a result of the spin-off of the entity with the registration number KRS 14540)	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
PKO Bank Polski	22 070 000	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	as above
Credit cards	None	PLN	1 082,07	PLN	None	None	None
Total credits			**44 136 442,07**				

Liabilities due to loans as at 31 December 2020							
Name (business name) of the entity	**Credit/loan amount acc. to contract**		**Outstanding credit/loan amount**		**Terms of interest**	**Due date**	**Collaterals**
Loans:	currency	PLN	currency	PLN			
Related entities, including:			**174 784 551,31**	**PLN**			
Finance Care Sp. z o.o.	1 000 000,00	PLN	949 684,83	PLN	WIBOR 1M + 3%	31.12.2022	None
Industry Personnel Servicese Sp. z o.o.	20 000 000,00	PLN	3 497 061,00	PLN	WIBOR 1M + 3%	31.12.2021	None
Sellpro Sp. z o.o.	47 141 000,00	PLN	43 468 185,76	PLN	WIBOR 1M + 3%	31.12.2022	None
Work Service Czech s.r.o.	2 000 000,00	PLN	337 027,65	PLN	3%	31.12.2021	None
Prohuman 2004 Kft.	4 143 737 244,00	HUF	50 431 995,86	PLN	8%, 6%	31.12.2021	Declaration on voluntary submission to enforcement

Liabilities due to loans as at 31 December 2020

Gi International S.R.L.	222 500 000,00	PLN	73 323 000,00	PLN	WIBOR 6M+1,75%, WIBOR 6M +2%	31.12.2025	Security under the financing agreement: 1. Declaration on voluntary submission to enforcement up to the amount of PLN 210,000,000.00, 2. registration pledge on assets (shares of subsidiaries) - the highest security amount is PLN 315,000,000.00. Security under the Bridge Loan Agreement no. 1 concluded between Sellpro Sp. z o.o. and GI International S.R.L: 1. Sellpro's declaration of voluntary submission to enforcement up to the amount of PLN 7,500,000.00, 2. pledges on German companies which were subsequently sold, Security under the Bridge Loan Agreement No. 2 concluded between Work Service SA and GI International S.R.L: 1. declaration of Work Service SA on voluntary submission to enforcement up to PLN 3,500,000.00, 2. pledge on shares in Krajowe Centrum Pracy Sp. - with the highest security amount is PLN 5,250,000.00, Security under the Bridge Loan Agreement No. 3 concluded between Work Service SA and GI International S.R.L: 1. declaration of Work Service SA on voluntary submission to enforcement up to PLN 9,000,000.00, 2. pledge on shares in Finance Care Sp. z o.o. - With the highest security amount is PLN 13,500,000.00
WS Support Sp. z o.o.	6 200 000,00	PLN	289 758,00	PLN	WIBOR 1M + 3%	31.12.2022	None
Work Service International Sp.z o.o.	2 250 000,00	PLN	523 097,00	PLN	WIBOR 1M + 3%	31.12.2022	None
Unrelated entities, including:			**2 990 018,83**	**PLN**			
YEZERO HOLDINGS LTD	4 090 000,00	PLN	1 490 018,83	PLN	8,5%	Under negotiations	no security on the Company's assets
IT Contract & Consulting Smela Marceli	1 500 000,00	PLN	1 500 000,00	PLN	8%	30.06.2021	no security on the Company's assets
Total loans			**177 774 570,14**				

23.2. Loans as at 31.12.2019

Name (business name) of the entity	Credit/loan amount acc. to contract		Outstanding credit/loan amount		Terms of interest	Due date	Collaterals
Credits:	PLN	currency	PLN	currency			

23.2. Loans as at 31.12.2019

Santander Bank Polska S.A.	32 000 000	PLN	21 733 298,06	PLN	WIBOR 1M + marża banku	30-09-2020	pledge on bank accounts, contract on assignment of rights under the insurance policy as collateral, security contracts on assets, security contracts on shares and stocks, statements on submission to enforcement
Bank Millennium S.A.	32 000 000	PLN	21 885 902,48	PLN	WIBOR 1M + marża banku	30-09-2020	as above
Bank BGŻ BNP Paribas S.A.	32 000 000	PLN	17 861 785,96	PLN	WIBOR 1M + marża banku	30-09-2020	as above
Raiffeisen Bank Polska S.A. (przejęty przez BNP Paribas Bank Polska S.A. w wyniku podziału podmiotu o numerze KRS 14540)	32 000 000	PLN	21 449 015,65	PLN	WIBOR 1M + marża banku	30-09-2020	as above
Powszechna Kasa Oszczędności Bank Polski S.A.	55 000 000	PLN	22 070 200,00	PLN	WIBOR 1M + marża banku	30-09-2020	as above
Credit cards		PLN	3 501,22	PLN		immediately	
Total Credits			**105 000 277,18**	**PLN**			
ADJUSTMENT TO ADJUSTED ACQUISITION PRICE			**-**	**PLN**			
Total Credits			**105 031 590,94**	**PLN**			

Note 24. Earnings per share		
	31.12.2020	**31.12.2019**
Calculation of basic earnings per share		
Earnings	**-35 637 287,10**	**-186 752 040,47**
(A) Profit attributable to the shareholders of the Company	-35 637 287,10	-186 752 040,47
Number of shares		
(B) Number of ordinary shares of the Company for the purposes of calculating earnings per share	65 590 638,00	65 590 638,00
Basic earnings per share in PLN = (A)/(B)	**-0,54**	**-2,85**
Book value		
(C) Shareholders' equity	-6 066 424,27	29 570 862,83
Book value per share in PLN = (C)/(B)	**-0,09**	**0,45**
(D) Number of diluted shares	66 332 644,00	66 332 644,00
Diluted earnings per share in PLN =(A)/(D)	**-0,54**	**-2,82**

- 2019 data after correction of a fundamental error

The book value per share is calculated by dividing the shareholders' equity by the number of shares as at the balance sheet date.

Diluted profit per one share is calculated by dividing net profit for the period per ordinary shareholders (after deducting interest on redeemable preferred shares, convertible to ordinary shares) by the mean weighed number of the issued ordinary shares present within the period (adjusted by the effect of diluting options and diluting redeemable preferred shares convertible to ordinary shares).

Note 25. Long-term financial assets of Work Service SA

The table below presents shares held by Work Service SA in subsidiaries as at 31 December 2020 and 31 December 2019. Acquisitions made in 2020 are described in Note 11 of these financial statements.

	31.12.2020		31.12.2019	
Company name	**Value of shares held**	**Percentage of share capital held**	**Value of shares held**	**Percentage of share capital held**
Finance Care Sp. z o.o.	5 107 331,00	100%	5 107 331,00	100%
Industry Personnel Services Sp. z o.o.	40 001 490,00	100%	40 001 490,00	100%
Antal Sp. z o.o.	0,00	0%	0,00	100%
Virtual Cinema Studio Sp. z o.o.	25 000,00	50,00%	25 000,00	50,00%
Work Service International Sp. z o.o.	22 660 328,80	100%	22 660 328,80	100%
Sellpro Sp. z o.o.	57 599 597,20	100%	57 599 597,20	100%
WS Support Sp. z o.o.	17 487 500,00	100%	17 487 500,00	100%
Krajowe Centrum Pracy Sp. z o.o.	2 799 915,20	75,00%	2 799 915,20	75,00%
WS East	55 643,89	100%	55 643,89	100%
Work Express*	0,00	100%	0,00	100%
Prohuman 2004 Kft	144 338 978,29	80,22%	144 338 978,29	80,22%
Work Service SPV Sp. z o.o.*	0,00	100%	0,00	100%
Work Service Czech Republic s.r.o.	16 759 182,67	100%	16 759 182,67	100%
Fundacja Work Service S.A.	10 000,00	100%	10 000,00	100%
TOTAL	**306 844 967,05**		**306 844 967,05**	

* - after 100% revaluation write-off

Note 26. Assets intended for sale

Only assets available for immediate sale in their current condition, which are highly likely to be sold, are classified as held for sale, i.e. it was decided to sell the asset, an active program to find a buyer and complete the sale plan was initiated. In addition, such an asset is offered for sale at a price that is reasonable in relation to its current fair value and the sale is expected to be included as a completed sale within one year of the date of the asset's classification in that category.

As at the balance sheet date, 31 December 2020, the Issuer planned to sell Czech and Slovak companies in accordance with the information provided in point 9 "Information on the continuation of the Company's operations"

Note 27. Risk associated with financial instruments and method for managing the risk

In addition to the risks described in this note, specific of Work Service S. A. operations we point out to to the strategic situation description, including the information on key risks presented in point 9 hereof.

The Company's business is exposed to various financial risks — credit risk, liquidity risk and market risk, including to exchange rates and interest rates fluctuations. The Company manages all elements of financial risks described below that may have a significant impact on its business in the future, with the greatest focus on the management of market risks, including particularly the exchange rate risk.

Credit risk

The Company's primary credit risk management practice is to seek to enter into transactions only with entities of proven reliability. Potential customers are subjected to verification procedures by the Company before a trade credit limit is granted. Ongoing monitoring of the level of trade receivables by counterparty serves to reduce the level of credit risk associated with these assets.

The Company has built a model to estimate expected losses on its receivables portfolio. For trade receivables, a simplified version of the model was used assuming a loss calculation for the entire life of the instrument. The other assets model assumes for instruments for which the increase in credit risk since initial recognition has not been significant or the risk is low, the recognition of default losses for the next 12 months first. For loans granted, the Company considers them to have low credit risk if they are not past due at the date of assessment and the borrower has confirmed the outstanding balance. With respect to listed debt securities for which financial data of the issuers of the securities is available, the Company assumes that credit risk is low if the financial condition of the issuers of the securities, assessed on the basis of available financial statements, is not of concern. The Company has assumed that a significant increase in risk occurs, among other things, when overdue payments exceed 90 days. The Company considers an item to be in default when it is 180 days past due or there are other circumstances indicating this, such as (e.g. going into liquidation) Items for which the debtor is found to be in default as described above are treated by the Group as financial assets impaired due to credit risk. With respect to items that have been written off.

Within trade receivables, the most significant asset class exposed to credit risk, the Company is not exposed to credit risk in relation to a single significant counterparty. As a result, allowance estimates are made on a pooled basis and receivables have been grouped by past due period and geographic location of the debtor. The estimate of the allowance is based primarily on historical past due amounts and a link between delinquencies and actual repayments over the past 5 years. In addition, the model incorporates forward-looking information including: the GDP forecast for the next year and the industry situation.

Write-off estimates were as of December 31, 2020.

	Trade receivables					
	Current	0 – 30 days	31 – 90 days	91 – 180 days	181 – 360 days	above 360 days
Write-down index						
related	6%	29%	37%	43%	58%	100%
unrelated	1%	31%	45%	55%	67%	100%

In 2020, the Company did not negotiate or make arrangements that would result in a significant increase in credit risk that would change the timing of payments or otherwise modify the expected flows from its trade receivables and contract assets.

The Company does not accept hedges for trade receivables.

In its operations, the Company does not acquire financial assets that are impaired due to credit risk.

For all financial assets, as well as for contract assets, their carrying amount best reflects the Company 's maximum exposure to credit risk.

Liquidity risk

The Company is exposed to liquidity risk, that is the risk of losing the ability to timely meet financial liabilities. The Company manages its liquidity risk by monitoring payment terms and cash requirements to service short-term payments (current transactions monitored on a weekly basis) and long-term cash requirements based on cash flow projections updated monthly. Cash requirements are compared with available sources of funds (in particular by evaluating the ability to obtain loan financing) and confronted with the investment of free funds.

Furthermore, we draw your attention to the restructuring measures taken with respect to Work Service S.A.'s current debt, described in detail in point 9 of this report.

At the balance sheet date, the Company 's financial liabilities, other than derivatives, were within the following maturity ranges:

	Short-term:		**Long-term**			**Total flows before discount**
	up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	over 5 years	
Balance as at 31.12.2020 in thousand PLN						
Lines in credit account						
Lines in current account	11 033 840,00	8 275 380,00	24 826 140,00			44 135 360,00
Loans		147 357 657,14	30 416 913,00			177 774 570,14
Debt securities		8 544 732,00				8 544 732,00
DiU liabilities and other		45 126 593,66				45 126 593,66
Financial liabilities		8 821 999,63	4 485 384,72			13 307 384,35
Exposure to liquidity risk total	**11 033 840,00**	**215 136 343,60**	**59 728 437,72**			**285 898 621,32**

The table does not include tax liabilities (mainly ZUS), which under the April 2020 agreement are not immediately due anymore.

Other market risks

In the context of other market risks, the Management Board of the Company identifies and monitors the following:

- risk of increased costs of employment,
- risk of entering into agreements with dishonest/unreliable client,
- economic risk resulting from the application of provisions of the Law on Temporary Employment Agencies,
- the risk of the COVID-19 pandemic.

Foreign exchange/currency risk

Most transactions at the Company are carried out in PLN. The Company's exposure to foreign currency risk arises from foreign sales and purchases transactions, which are primarily conducted in EUR and USD.

The Company does not use forward contracts or foreign currency options due to the minimal amount of contracts being executed in foreign currency at this time.

The Company's financial assets and liabilities other than derivatives denominated in foreign currencies, translated into PLN at the closing rate as at the balance sheet date, are as follows:

	Note	Value expressed in currency (in thousands):							Value after conversion
		EUR	USD	GBP	RUB	RON	CZK	HUF	
As at 31.12.2020									
Financial assets (+):									
Loans	9.2	11 436 241,55			167 875 730,92		19 644,70		61 789 984,31
Trade receivables and other financial receivables	12	736 219,62				60 907,00			3 455 240,05
Other financial assets	9.4								
Cash and cash equivalents	13								
Financial liabilities (-):									
Loans, borrowings and other debt instruments	9.5						2 083 363,00	4 143 737 244,00	52 576 302,81
Lease liabilities	7.1								
Trade and lease liabilities other financial liabilities	18	11 642,32	1 368,56	455,62			391 429,00	3 132 924,00	169 301,48
Total exposure to currency risk		**12 160 818,85**	**-1 368,56**	**-455,62**	**167 875 730,92**	**60 907,00**	**-2 455 147,30**	**-4 146 870 168,00**	**117 990 828,65**

The sensitivity analysis assumes a 10% increase or decrease in the EUR/PLN and USD/PLN exchange rates vs. the closing rates at the balance sheet dates.

	Rate fluc-tuations	Impact on the financial result:							
		EUR	USD	GPB	RUB	RON	CZK	HUF	**Total**
As at 31.12.2020									
Increase in the exchange rate	10%	12 539 871,57	-514,36	-233,86	901 057,31	5 773,37	-39 939,43	-5 225 056,41	**8 180 958,20**
The decline in the exchange rate	-10%	-12 539 871,57	514,36	233,86	-901 057,31	-5 773,37	39 939,43	5 225 056,41	**-8 180 958,20**

The exposure to foreign currency risk fluctuates during the year depending on the volume of transactions carried out in the currency. Nevertheless, the above sensitivity analysis can be regarded as representative of the Group's exposure to currency risk at the balance sheet date.

In order to hedge against the currency risk, the Company uses internal instruments, i.e. natural hedging, such as combining several smaller transactions into a larger one.

Interest rate risk

The Company has financial assets in bank accounts, receivables from borrowings granted, as well as liabilities under factoring, leasing, bank credit and bonds issued. Interest rate risk is related to interest payments resulting from financial instruments for which interest rate is based on a variable interest rate.. This risk relates mainly to factoring which the company uses and liabilities to Banks.

Financial instruments by maturities as at 31 December 2020

27.1. Specification	< 1 year	1-5 years	>5 years	Total
Variable interest rate				
- cash and cash equivalents	8 712 970,61			
- borrowings granted	10 246 963,25			
- borrowings received	144 367 638,31	30 416 913,00		
- loans taken	19 309 220,00	24 826 140,00		
- bonds	8 544 732,00			

Financial risk management

Financial risk factors

Activities of the Company are associated with certain financial risks, which include market risk (including the risk of changes in cash flows due to changes in interest rates), credit risk and liquidity risk. As regards risk management, Work Service focuses on minimising potential adverse effects of these risks on its financial performance.

Market risk

The Company is exposed to risk of changes in cash flows as a result of changes in interest rates, which applies mainly to financial liabilities. In its ongoing operations, the Company uses external sources of financing, primarily in the form of working capital loans which bear interest at variable interest rate based on WIBOR 1M and 3M plus a bank margin, therefore a change in the above interest rates results in cash flow fluctuations.

Credit risk

Credit risk can be defined as the possibility of default by the other party of the contract, which means that the party exposed to the risk will not receive the payment in the expected term, specified by the provisions of the contract. In other words, it is the ability to decrease or increase the market value of equity of the company as a result of changes in the creditworthiness, in particular the transition to the insolvency or bankruptcy of debtors. A reflection of the maximum exposure of the Company to credit risk is the value of trade receivables, loans and deposits held. In terms of credit risk associated with trade receivables — in order to minimise this risk, and in order to maintain the lowest level of working capital, the Company implemented procedures for granting trade credit limit and specific forms of collateral for these limits. Receivables from counterparties are monitored regularly by the financial services, and in case of even minor delinquency the recovery procedure is started. Credit risk is further limited by the use of such instruments of credit risk management as insurance of a substantial part of claims of the Company. In addition, due to the nature of the services provided by the Company, the recipients pay particular attention to timely meeting of their obligations, hence the relatively low proportion of trade receivables which are subject to collection activities of the Company's financial services.

Moreover, as regards short-term financing, the Company also uses the tool which is non-recourse factoring. Non-recourse factoring (factoring with the acquisition of risk, factoring without recourse) consists in financing short-term receivables prior to maturity and the acquisition by the factor of risk of insolvency of the debtor (the recipient). Following the signing of the non-recourse factoring contract, the factor is able to assert claims against the debtor only, so if the debtor fails to comply with the payment obligation, the factor has no right to require payment from the factorer. The exception to this general rule is when the debtor does not pay, because it questions the existence of debt — because the factorer is responsible for the existence of debt. Non-recourse factoring enables the inflow of funds to the account of factorer up to 2 days after the transfer of information about an invoice, transfer of debtor's insolvency risk (the recipient's insolvency risk), obtaining current information about the status of receivables, which in turn helps to increase liquidity, hedge against the risk of non-payment by the recipient (the debtor), and also allows for verification of the customer (debtor) and executed transactions.

The Management Board believes that the risk of non-performing receivables is reflected by write-downs — information regarding the amount of write-downs, recognised in the income statement, is provided in notes describing these assets.

Liquidity risk

The Company is exposed to liquidity risk arising from the ratio of current liabilities to current assets. Liquidity risk of the Company may result from the mismatch of payment terms of short-term receivables and liabilities. The purpose of the Management Board of the Company in terms of liquidity risk management is to maintain a balance between continuity and flexibility of financing through the management of short-term receivables and liabilities and the use of diversified sources of financing (non-recourse factoring, revolving loan). In order to correlate the planned inflows with planned outflows, payment terms are always negotiated before signing the contract. Diversification of the supplier and customer portfolios is also of significant importance for protection against liquidity risk.

In addition, The Company has the instalment agreement with ZUS (Social Security), Tax Office and PFRON described in point 9 hereof. The Company is also a party to loan agreements and agreements with Banks described in point 9 of the report.

The Management Board draws attention that, with absence of the ensured necessary funding level, the Company can be additionally exposed to the liquidity loss risk. The financing of the current operations of the Company (mainly based on the Financing Agreement with Gi International) is described in point 9 of this report.

The following table presents main financial instruments used by the Company in the years 2020-2019.

27.1.1. Categories of financial instruments:	31.12.2020	31.12.2019
Financial assets	54 850 145,17	114 441 612,27
cash and cash equivalents	8 712 970,61	1 337 975,65
trade and other receivables	35 890 211,31	57 669 660,85
borrowings granted.	10 246 963,25	55 433 975,77
Financial liabilities	417 383 791,38	424 258 092,66
bank loans	44 136 442,07	105 031 590,94
loan liabilities	174 784 551,31	107 685 535,77
bonds	8 544 732,00	53 605 062,91
factoring	5 245 246,74	3 872 042,81
leasing liabilities	8 062 137,61	11 716 475,52
trade and other liabilities	176 610 681,65	142 347 384,71

27.1.2.			Contracted cash flows 2020		
Financial assets	**Present value**	**Total**	**up to 1 year**	**1–5 years**	**>5 years**
Measured at fair value through profit or loss	0,00	0,00	0,00	0.00	0,00
Measured at amortised cost	54 850 145,17	54 850 145,17	54 850 145,17	0.00	0.00

27.1.3.			Contracted cash flows 2020		
Financial liabilities	**Present value**	**Total**	**up to 1 year**	**1–5 years**	**>5 years**
Measured at fair value through profit or loss	0,00	0,00	0,00	0,00	0,00
Measured at amortised cost	417 383 791,38	417 383 791,38	417 383 791,38	0.00	0.00

27.1.4.			Contracted cash flows 2019		
Financial assets	**Present value**	**Total**	**up to 1 year**	**1–5 years**	**>5 years**
Measured at fair value through profit or loss	0,00	0,00	0,00	0,00	0,00
Measured at amortised cost	114 441 612,30	114 441 612,30	114 441 612,30	0,00	0,00

27.1.5.			Contracted cash flows 2019		
Financial liabilities	**Present value**	**Total**	**up to 1 year**	**1–5 years**	**>5 years**
Measured at fair value through profit or loss	0,00	0,00	0,00	0,00	0,00
Measured at amortised cost	503 979 407,36	503 979 407,36	503 979 407,36	0,00	0,00

Note 28 Transactions with related entities

	IPS	KAR	FC	WSI	SEL	CLEAN	KCP	fiegSPV	skWS	skoutWS
Revenue	471 465,6	119 434,4	386 864,2	8 298 361,3	7 272 763,6	51 030,4	241 317,2	4 494 122,0	12 416,9	0,0
Costs	3 784 716,0	0,0	45 565,6	1 427 897,7	2 272 955,7	2 510 588,2	1 885 322,9	1 778 165,9	7 278,2	0,0
Receivables	0,0	300 776,3	0,0	2 862 268,3	0,0	0,0	5 189 755,7	50 095 564,5	159 236,1	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	24 461 191,5	0,0	2 264 946,3	523 097,0	65 394 031,0	3 466 622,5	0,0	0,0	29 819,8	0,0
Borrowings granted	0,0	0,0	0,0	0,0	0,0	0,0	5 044 676,4	36 096 966,1	15 658,1	0,0

	skWSK	czWS	ger24WS	fiegGP	fiegWS	fiegOUT	fiegKG	fiegWSF	gerKON	antGER
Revenue	287 265,9	11 471,9	776 610,3	0,0	95 541,7	0,0	3 841 404,0	0,0	0,0	0,0
Costs	2 946 539,6	54 904,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Receivables	0,0	16 759 182,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	0,0	1 217 464,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Borrowings granted	0,0	26 114,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

	antSK	presWS	presLOG	presOSP	humPRO	humOUT	humEXI	natSLV	natCR	humHR
Revenue	0,0	915 182,6	252 382,5	191 115,9	4 423 868,4	0,0	0,0	599 118,7	0,0	0,0
Costs	78 905,0	928 541,5	428 466,5	592 872,3	24 713,2	0,0	0,0	0,0	0,0	0,0
Receivables	0,0	0,0	0,0	0,0	144 338 978,3	0,0	0,0	0,0	0,0	0,0
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	388 924,4	0,0	0,0	0,0	52 450 455,7	0,0	0,0	0,0	0,0	0,0
Borrowings granted	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

	humFIE	humFC	rsAPT	hrAPT	bAPT	fbAPT	ukr2WS
Revenue	0,0	0,0	0,0	0,0	0,0	0,0	150,0
Costs	0,0	0,0	0,0	0,0	0,0	0,0	9 170,0
Receivables	0,0	0,0	0,0	0,0	0,0	0,0	184,5
Long-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Short-term liabilities	0,0	0,0	0,0	0,0	0,0	0,0	4 430,0
Borrowings granted	0,0	0,0	0,0	0,0	0,0	0,0	0,0

* Table excludes loans received from GI International, which are described in Note 23.

Glossary — Work Service Capital Group Companies

ABBREVIATION	NAME
WSSA	Work Service S.A.
IPS	Industry Personnel Services Sp. z o.o.
FC	Finance Care Sp. z o.o.
WSI	Work Service International Sp. z o.o.
SEL	Sellpro Sp. z o.o.
CLEAN	WS Support Sp. z o.o.
KCP	Krajowe Centrum Pracy Sp. z o.o.
KAR	Kariera.pl Sp. z o.o.
fiegSPV	Work Service SPV Sp. z o.o.
presWS	WorkExpress Sp. z o.o.
presLOG	Support and Care Sp. z o.o.
presOSP	Outsourcing Solutions Partner Sp. z o.o.
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
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
antSK	Work Service 2000 s.r.o. (Slovakia)
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.

Note 28.1. Transactions with personally related entities

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

2019	Maciej Witucki	Paul Christodoulou	Prologics Uk	Tomasz Ślęzak	Iwona Szmitkowska	Mizyak Corp Tomasz Misiak	Tomasz Wojciech Misiak	Tomasz Hanczarek
REVENUES	0,00	47,18	341 573,60	0,00	0,00	182 768,52	0,00	0,00
COSTS	0,00	53 015,41	0,00	4 738,01	63 501,64	428 971,92	175 580,07	17 730,33
RECEIVABLES	2 500,99	460 679,62	8 547 221,51	0,00	725,67	242 514,48	0,00	11 124,47
PAYABLES	0,00	0,00	0,00	0,00	749,20	74 665,00	0,00	0,00

2019	Tomasz Hanczarek Doradztwo	Thm Sp. Z O.O.	Everett Kamin	Jarosław Dymitruk	TOTAL
REVENUES	32 385,74	7 090,83	0,00	0,00	**563 865,87**
COSTS	356 477,65	0,00	0,00	0,00	**1 100 015,03**
RECEIVABLES	38 178,96	8 721,72	33 569,18	0,00	**9 345 236,60**
PAYABLES	0,00	0,00	0,00	16 500,00	**91 914,20**

Note 29. Explanation of differences between data disclosed in financial statements and previously prepared and published data

The correction relates to the result of the tax audit in corporate income tax for 2018. The correction of the error includes tax arrears (PLN 7,737,084.00) + interest (PLN 500,000.00) + adjustment of deferred tax assets from tax losses (PLN 9 370 381.62).

As at 01.01.2019

Correction title	Report item	Correction amount	Published	After correction
Deferred tax assets	Deferred tax assets	-3 142 281,99	32 643 399,50	29 501 117,51
	TOTAL ASSETS	**-3 142 281,99**	**768 569 688,40**	**765 427 406,41**
Adjustment for deferred tax	Profit (loss) from previous years	-3 142 281,99	-79 136 302,17	-90 015 668,16
Adjustment for tax liability	Profit (loss) from previous years	-7 737 084,00		
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	7 737 084,00	105 504 494,49	113 241 578,49
	TOTAL EQUITY AND LIABILITIES	**-3 142 281,99**	**768 569 688,40**	**765 427 406,41**

As at 31-12-2019

Correction title	Report item	Correction amount	Published	After correction
Adjustment for deferred tax	Deferred tax assets	-9 370 381,62	47 954 420,82	38 584 039,20
	TOTAL ASSETS	**-9 370 381,62**	**502 978 419,67**	**493 608 038,05**
Adjustment for deferred tax	Profit (loss) from previous years	-3 142 281,99	-68 184 743,76	-79 064 109,75
Adjustment for tax liability	Profit (loss) from previous years	-7 737 084,00		
Tax interest adjustment for 2019	The current result	-500 000,00	-180 023 940,84	-186 752 040,47
Adjustment for deferred tax	The current result	-6 228 099,63		
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	7 737 084,00	87 079 950,82	95 317 034,82
Tax interest	Liabilities in respect of taxes, customs duties, insurance and other benefits	500 000,00		
	TOTAL EQUITY AND LIABILITIES	**-9 370 381,62**	**502 978 419,67**	**493 608 038,05**

Note 30. List of off-balance sheet liabilities

Title of contingent liability	Type of security	31/12/2020	31/12/2019
Loan collateral	Statement of GI Group S.P.A on voluntary submission to the enforcement of art. 777	82 762 500,00	
	surety of GI Group S.P.A	82 762 500,00	
	Statement of Work Service SA on voluntary submission to the execution, art. 777	165 525 000,00	66 210 000,00
	surety of subsidiaries		360 000 000,00
	registered pledge on assets - Prohuman 2004 Kft shares	221 200 000,00	277 500 000,00
Lease collateral	blank promissory note with a promissory note declaration	4 621 782,30	4 621 782,30
Factoring security	blank promissory note with a promissory note declaration and suretyship of subsidiaries	34 450 000,00	39 105 000,00
Performance guarantee	surety	1 354 370,88	1 354 370,88
Bond collateral	Pledge on shares of subsidiaries: Work Service Slovakia s.r.o and entities controlled by Work Service Slovakia s.r.o, as well as Work Service Czech s.r.o.		120% of outstanding bonds
Commitment to repurchase additional Prohuman shares from Profolio	-	86 000 000,00	86 000 000,00
Contingent liability for repayment of loan in case of default of court settlement	-	55 168 856,85	
Loan security from GI International S.R.L under the Financing Agreement	Statement of voluntary submission to the execution, art. 777	210 000 000,00	
	registered pledge on assets (shares of subsidiaries)	315 000 000,00	
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 2	Statement of voluntary submission to the execution, art. 777	3 500 000,00	
	pledge on shares in Krajowe Centrum Pracy Sp. z o.o.	5 250 000,00	
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 3	Statement of voluntary submission to the execution, art. 777	9 000 000,00	
	pledge on shares in Finance Care Sp. z o.o.	13 500 000,00	

Data on off-balance sheet positions, especially on contingent liabilities, including on guarantees and sureties granted by the Capital Group

No.	Surety on behalf of	Promissory note beneficiary	Surety subject	Agreement date	Agreement expiry date	Amount covered by the surety (gross)
1.	Industry Personnel Services Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 04.12.2018	Indefinite period	14 000 000,00
2.	Sellpro Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 04.12.2018	Indefinite period	14 000 000,00
3.	Finance Care Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 04.12.2018	Indefinite period	14 000 000,00
4.	Sellpro Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	Annex increasing the limit of 07.08.2018	Indefinite period	20 000 000,00
5.	Industry Personnel Services Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 07.08.2018	Indefinite period	20 000 000.00
6.	Work Service International Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 10.06.2019	Indefinite period	20 000 000.00

Note 31. Information on average employment by occupational group

Average employment in each year	2020	2019
White collar employees	138	172
Blue-collar workers	0	0
Total	138	172

Note 32. Total value of remuneration and awards (in cash and in kind) paid or payable separately to managerial and supervisory staff of the Company and for performing functions in the entity's bodies (separately for each group)

Remuneration	2020	2019
- Management Board	719 192,27	3 216 585,98
- Supervisory Board	580 883,53	287 806,42
Total	**1 300 075,58**	**3 504 392,40**

In the period covered by the financial statements, the Company did not pay any benefits for the key management personnel in the form of:

- other long-term benefits,
- payments in the form of own shares.

NOTE 33. Significant litigation as on 31 December 2020

1) Litigation with minority Shareholders.

a) Action brought by a minority shareholder of the Company, Investment Mizyak Corp sp. z o.o. S.K.A. with its registered office in Wrocław ("Mizyak") against Work Service S.A.

Minority shareholder of Investment Mizyak Corp sp. z o.o. S.K.A. ("Shareholder") brought an action for declaring invalid, or alternatively for revoking resolution no. 3 on: (i) increasing the Company's share capital by the amount of PLN 2,820,512.80 through the issue of new series X ordinary bearer shares in the number of 28,205,128 shares, the exclusion in full of the pre-emptive rights of existing shareholders to all new series X shares, (ii) dematerialisation and applying for the admission and introduction to trading on the regulated market of the Warsaw Stock Exchange of new series X shares, and (iii) amending the Company's Articles of Association once Resolution No. 7 on the adoption of the consolidated text of the Articles of Association of the General Meeting of Shareholders of the Company dated 27.11.2020. ("General Meeting"). On 18 December 2020, the Court issued a decision granting security to the Shareholder's claims by suspending the enforceability of Resolutions No. 3 and No. 7 of the General Meeting, and by suspending the proceedings or proceedings for entry in the National Court Register of amendments to the Company's data on the basis of the above resolutions, as well as the proceedings aimed at filing the uniform text of the Company's Articles of Association - until the judgment in the case becomes final ("Order").

The Company sees no grounds to question the validity of the resolutions of the General Meeting, recognizing the claims of Investment Mizyak Corp sp. z o.o. S.K.A. as unfounded. In view of the above, on 21 January 2021, the Company filed a complaint against the Order, challenging it in its entirety and requesting dismissal of the motion to secure the claim of Investment Mizyak Corp sp. z o.o. S.K.A. On 4 February 2021, the Company filed a response to the lawsuit filed by Investment Mizyak Corp sp. z o.o.

S.K.A. , requesting that the claim be dismissed in its entirety. The proceedings are pending, the Company intends to oppose the claims of Investment Mizyak Corp sp. z o.o. S.K.A. by taking appropriate legal action.

b) Action of 3 minority shareholders of the Company against Work Service S.A.

Three minority shareholders of the Company holding in total: 1,750,180 shares, representing approximately 2.67% of the Company's share capital ("Shareholders") have commenced court proceedings against the Company to declare invalid or, alternatively, to revoke Resolution No. 3 of the Extraordinary General Meeting of Shareholders of the Company dated 27.11.2020 on: (i) increasing the Company's share capital by the amount of PLN 2,820,512.80 through the issue of new series X ordinary bearer shares in the number of 28,205,128 shares, excluding in full the pre-emptive rights of existing shareholders to all new series X shares, (ii) dematerialising and applying for the admission and introduction to trading on the regulated market of the Warsaw Stock Exchange of new series X shares, and (iii) amending the Company's Articles of Association ("Resolution No. 3"). On 18 December 2020, the Court issued a decision to secure the Shareholders' claim for the annulment or revocation of Resolution No. 3 by suspending the execution and effectiveness of Resolution No. 3 until the judgment concerning the case becomes final and by prohibiting the Company from taking any action to register the share capital increase and the amendment of the Articles of Association in connection with Resolution No. 3 until the judgment concerning the case becomes final.

The Company sees no grounds to question the validity and correctness of the passing of Resolution 3 and considers the Shareholders' claims to be unfounded.

The Company filed a complaint against the Order, challenging it in its entirety and requesting that the motion to secure the claim of the Shareholders be dismissed. The Company filed a reply to the statement of claim with the Court requesting that the Shareholders' claims be dismissed in their entirety. The proceedings are pending. The Company intends to oppose the Shareholders' claims by taking appropriate legal action.

2) Other court cases.

The table below shows the litigation in which the company of the Work Service Group is a party, and the value of the subject matter is more than PLN 50,000.

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
Work Service S.A	Halibut sp. z o.o.	62 081,60 zł	Case concerning a payment of outstanding VAT invoices
Work Service S.A.	Matras S.A.	114 940,58 zł	Case for the payment of invoices. Suspended proceedings due to deficiencies in the composition of the defendant's management board - an application for appointment of a probation officer was submitted.
Work Service S.A.	Dominik U. Lechosław O. Maciej C.	366 029,98 zł	Case concerning a payment, pursuant to Article 299(1) CCC, following a previous ineffective execution against the company in which the defendants were members of management board. Case at the stage of enforcement proceedings.
Work Service S.A.	Pielle sp. z o.o.	122 465,49 zł	Case concerning a payment, at the stage of enforcement proceedings
Haitong Bank	Work Service S.A.	790 135,35 zł	Case concerning a payment of remuneration in respect of bond issue
Monika P.	Work Service S.A., Samsung Electronics Poland Manufacturing Sp. z o.o.	65 335,33 zł	Case concerning a compensation and damages for an accident suffered by the contractor during the performance of the contract
Work Service S.A.	PAYPRO S.A. Intercash Polska sp. z o.o.	97 821,73 zł	Case concerning a payment of outstanding invoices issued for the remuneration of the provided service of temporary work (interim order).
Work Service S.A.	Agencja Ochrony Osób i Mienia Inter – Pol Security sp. z o.o.	130 099,87 zł	Case concerning a payment for unpaid invoices issued in respect of the provision of service directed to the customer of temporary employees by Industry Personnel Services sp. z o.o. Although the service was performed, the customer did not pay the invoices – a company affiliated with Vision Group

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
Work Service S.A.	Alma Market S.A.	74 100,68 zł	Insolvency proceedings
Work Service S.A.	Conbelts S.A.	153 822,37 zł	Sanative procedure is under way
Work Service S.A.	Wioletta K., Karolina K.	81 079,32 zł	Case concerning a payment, pursuant to Article 299(1) CCC, following a previous ineffective execution against the company in which the defendants were members of management board.
Work Service S.A.	Fashion Marketing Investments Group sp. z o.o.	1 027 357,10 zł	Case at the stage of enforcement proceedings. Work Service S.A. won the case in court and is currently trying to enforce the debt in the enforcement procedure.
Work Service S.A.	Dynaminds sp. z o.o.	895 220,90 zł	The case concerning a payment of outstanding invoices; a court settlement has been concluded in the case, which is at the stage of implementation
Work Service S.A.	Skyline Investment S.A. .	61 811,66 zł	Case concerning a payment of invoices for outstanding rent fees
Work Service S.A.	Jakub P.	58 291,66 zł	A criminal case in which the victim Work Service S.A. seeks compensation for its material loss
Work Service S.A.	Valmet Sp. z o.o.	142 631,42 zł	Case concerning a payment
PFRON	Work Service S.A.	423 722,26 zł	Case concerning a reimbursement of co-financing of remuneration of disabled persons for the reporting periods of: June and July 2014; March, April, June – September and November 2016; February, March, August – December 2017 and January and February 2018

Note 34. Significant events after the balance sheet date

Providing information to the public

On 11 January 2021 the Management Board of Work Service S.A. has received from a proxy of Gi International SRL with its seat in Milan, Italy - notification, the basis of which is the GI's receipt of the decision of the District Court in Warsaw of 30 December 2020 on granting security in the form of prohibiting the GI to exercise all rights from 6,231,111 shares of the Issuer, acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak, in particular: voting rights from these shares and all rights from shares, in relation to which the law or the Company's Articles of Association requires the shareholder to have a specified amount of shares in the share capital or the total number of votes at the Company's general meeting of shareholders, including the convening of the Company's general meetings of shareholders based on art. 399 §3 of the Act of September 15, 2000, Code of Commercial Companies, to the extent that GI may exercise these rights with shares acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak.

In the Notification, the GI also indicated that:

(i) before receiving the Decision, held directly 33,261,010 Issuer's shares representing 50.71% of the Issuer's share capital and entitling to 33,261,010 votes at the Issuer's general meeting, representing 50.71% of the total number of votes;

(ii) as a result of the receipt of the Decision, the ownership of the Issuer's shares by GI has not changed, however, GI may currently exercise voting rights from 27,029,899 shares, representing 41.22% of the Issuer's share capital and entitling to 27,029,899 votes at the Issuer's general meeting, representing 41.22% of the total number of votes;

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

Providing information to the public

On 11 January 2021 the Management Board of Work Service S.A. has received from the beneficial owner of Gi International SRL with its seat in Milan, Italy - notification, the basis of which is the GI's receipt of the decision of the District Court in Warsaw of 30 December 2020 on granting security in the form of prohibiting the GI to exercise all rights from 6,231,111 shares of the Issuer, acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak, in particular: voting rights from these shares and all rights from shares, in relation to which the law or the Company's Articles of Association requires the shareholder to have a specified amount of shares in the share capital or the total number of votes at the Company's general meeting of shareholders, including the convening of the Company's general meetings of shareholders based on art. 399 §3 of the Act of September 15, 2000, Code of Commercial Companies, to the extent that the GI may exercise these rights with shares acquired under the agreement of August 19, 2020 concluded with Tomasz Misiak.

In the Notification, the Beneficial Owner also indicated that:

(i) prior to the receipt of the Decision, held indirectly through GI, 33,261,010 Issuer's shares, representing 50.71% of the Issuer's share capital and entitling to 33,261,010 votes at the Issuer's general meeting, representing 50.71% of the total number of votes;

(ii) as a result of receiving the Decision, the ownership of the Beneficial Owner has not changed indirectly through the GI, however, the Beneficial Owner may currently exercise indirectly through GI the voting rights from 27,029,899 shares, constituting 41.22% of the Issuer's share capital and entitling to 27,029,899 votes at the Issuer's general meeting of shareholders, representing 41.22% of the total number of votes;

(iii) GI is the only subsidiary of the Beneficial Owner that holds directly the Company's shares.

Receipt by the Issuer's attorney of the legal decision on approval of the partial arrangement adopted in the proceedings for approval of the arrangement

On 11 January 2021 the Work Service S.A.'s attorney has received a copy of the legal decision on the approval of the partial arrangement with the Banks adopted in the proceedings for approval of the arrangement issued by the District Court for Wrocław-Fabryczna, 8th Commercial Division for bankruptcy and restructuring cases. The Issuer informed about the issuance of the Decision in the current report no. 107/2020. In accordance with the provisions of this Decision, the Court fully granted the Issuer's motion, about which the Issuer informed in the current report no. 102/2020.

At the same time, the Issuer informs that the Decision is not legally valid yet.

Information on filing a lawsuit by a shareholder for annulment or repealing of resolutions of the general meeting and on granting a security by the court in the form of suspension of the execution of the challenged resolutions

On 15 January 2021 the Management Board of Work Service S.A. has received a message from the Company's attorney that yesterday, i.e. on January 14, 2021, a letter from the District Court in Wrocław, containing a copy of the lawsuit filed by the shareholder Investment MIZYAK Corp Sp. z o.o. SKA with its seat in Wrocław in a case for annulment or repealing of:

• Resolution No. 3 of the Extraordinary General Meeting of Shareholders of the Company of November 27, 2020 on: (i) increasing the share capital of the Company by PLN 2,820,512.80 by issuing new ordinary series X bearer shares in the number of 28,205,128 shares, exclusion of the entire pre-emptive right of the existing shareholders to all new series X shares, (ii) dematerialization and applying for admission and introduction to trading on the regulated market of the Warsaw Stock Exchange. a share of a new series X issue, and (iii) amendments to the Company's Articles of Association;

• Resolution No. 7 of the Extraordinary General Meeting of Shareholders of the Company of November 27, 2020 on the adoption of the consolidated text of the Company's Articles of Association.

Along with the copy of the lawsuit, the District Court in Wrocław delivered to the Company's attorney the decision of the District Court in Wrocław of 18/12/2020 on securing the claim for annulment or repealing Resolution No. 3 and Resolution No. 7 by suspending the enforceability of Resolution No. 3 and Resolution No. 7 - until the judgment in the case becomes final and by suspending the proceedings for entry in the National Court Register of changes to the Company's data on the basis of the above-mentioned resolutions and proceedings, the subject of which is the filing of the consolidated text of the Company's Articles of Association - until the judgment in the case becomes final.

The Management Board of the Issuer informs that it sees no grounds for questioning the validity and correctness of the adoption of Resolution No. 3 and Resolution No. 7 and considers the Shareholder's claims to be groundless. The company will demonstrate this by taking appropriate procedural steps.

Information on filing a lawsuit by shareholders for annulment or repealing of resolution of the general meeting and on granting a security by the court in the form of suspension of the execution of the challenged resolution

On 18 January 2021 the Management Board of Work Service S.A. has received a letter from the District Court in Wrocław, containing a copy of the lawsuit filed by three shareholders – who during the General Meeting of Shareholders of 27/11/2020 owned in total a number of 1,750,180 shares, representing approx. 2.67% of registered capital of the Company - in a case for annulment or repealing of resolution No. 3 of the Extraordinary General Meeting of Shareholders of the Company of November 27, 2020 on: (i) increasing the share capital of the Company by PLN 2,820,512.80 by issuing new ordinary series X bearer shares in the number of 28,205,128 shares, exclusion of the entire pre-emptive right of the existing shareholders to all new series X shares, (ii) dematerialization and applying for admission and introduction to trading on the regulated market of the Warsaw Stock Exchange shares of a new series X issue, and (iii) amendments to the Company's Articles of Association.

Along with the copy of the lawsuit, the District Court in Wrocław delivered to the Company the decision of the District Court in Wrocław of 05/01/2021 on securing the claim for annulment or repealing Resolution No. 3 by suspending the enforceability and suspending the effectiveness of Resolution No. 3 - until the judgment in the case becomes final and by forbidding the Company to take any actions aimed at registering a capital increase and changing the Articles of Association of the Company with relation to Resolution No. 3 - until the judgment in the case becomes final.

The Management Board of the Issuer informs that it sees no grounds for questioning the validity and correctness of the adoption of Resolution No. 3 and considers the Shareholders' claims to be groundless. The Company will demonstrate this by taking appropriate procedural steps.

Conclusion by the Issuer of an installment agreement with the State Fund for Rehabilitation of Disabled Persons

On 4 February 2021 the Management Board of Work Service S.A. has received an information about the signing by the State Fund for Rehabilitation of Disabled People with its seat in Warsaw - and thus about the entry into force - of an agreement on the distribution of payments into installments regarding the reimbursement of subsidies to the remuneration of disabled employees.

The Agreement covers the Issuer's obligation to return the subsidy to the remuneration of disabled employees resulting from the decision of the President of the Management Board of SFRDP of 21 November 2019, maintained in force by the decision of the President of the Management Board of SFRDP of 29 October 2020, in the part concerning the return of SFRDP's funds provided to the Issuer as a subsidy for the remuneration of disabled employees for the reporting periods: March-April, June -September, November 2016, February-March, August-December 2017, January-February 2018 and repealing the contested decision in the part concerning the return of subsidies to the remuneration of employees with disabilities for the reporting periods June-July 2014. The obligation covered by the Agreement consists of:

1) the principal amount of PLN 6 226 032.13 (say: six million two hundred twenty six thousand thirty two zlotys and thirteen groszy);

2) interest in the amount of PLN 1 821 894.25 (say: one million eight hundred twenty one thousand eight hundred ninety four zlotys and twenty five groszy).

The above decision of the President of the Management Board of SFRDP of 29 October 2020 was appealed by the Issuer with a complaint to the Provincial Administrative Court in Warsaw in the part related to the reporting period: August 2016 (refund amount: PLN 423 722.26). Pursuant to the provisions of the Agreement, if the court issues a legally binding decision which will indicate that the Issuer is not obliged to pay to SFRDP all or part of the receivables covered by the Agreement, the Agreement regarding the receivables covered by such a settlement will cease to be binding on the parties.

Pursuant to the Agreement, the Issuer's liability shall be paid in 60 installments, starting from February 2021 to January 2026.

Making public of delayed confidential information concerning the Issuer's intention to pursue a transaction consisting the sale of the Issuer's subsidiaries, i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o. to GI International SRL

On 10 February 2021 pursuant to Art. 17(1) and (4) of Regulation no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR Regulation"), The Management Board of Work Service S.A., communicates the confidential information, the public disclosure of which was delayed by the Company on 21 December 2020 pursuant to Art. 17(4) of the MAR Regulation, with the following wording:

The Management Board of the Company, at the meeting held on 21 December 2020, announced its intention to execute transactions consisting of sale of all shares of the Issuer's subsidiaries, i.e. WS Czech s.r.o. and WS Slovakia s.r.o. to GI International SRL(wholly owned by Gi Group SpA with its registered office in Milan).

The implementation of the Transaction is a result of the conclusion of an operating cooperation agreement within the Gi Group, about which the Issuer announced in current report 91/2020. The effect of the Transaction anticipated by the Issuer is the achievement of mutual synergies, economies of scale and reduction of operating costs of the capital group of the Issuer and GI Group SpA, which is indirectly the parent company of the Issuer.

In order for the Management Board of the Company to commence works aimed at implementing the Transaction, it is necessary to obtain the approval of the Supervisory Board of the Company; should such approval be obtained, the Issuer shall promptly publish information to that effect in a relevant current report.

Obtaining the approval of the Issuer's Supervisory Board for the implementation of the intended sale transactions of the Issuer's subsidiaries, i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o. to GI International SRL

On 10 February 2021 the Supervisory Board of the Work Service S.A. has agreed to the Issuer to carry out transactions consisting in the sale of all shares of the Issuer's subsidiaries, i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o. to GI International

SRL (wholly owned by Gi Group SpA, based in Milan). At the same time, the Supervisory Board accepted the key terms of the Transaction specified in the draft of the relevant framework agreement, which includes in particular the determination of the selling price of the shares of the above-mentioned subsidiaries for the total amount of PLN 29,200,000.00, the payment of which may be made in cash or by setting off the Issuer's claims against GI International SRL or by settling part of the amount in cash and the remaining amount by a deduction.

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

Receipt by the Issuer's attorney of information on the legal validity of the decision on the approval of the partial arrangement with the Banks adopted in the proceedings for approval of the arrangement

On 19 February 2021 the Work Service S.A.'s litigation attorney has received information about the legal validation on January 22, 2021 of the decision on the approval of the partial agreement with the Banks adopted in the proceedings for approval of the agreement issued by the District Court for Wrocław - Fabryczna, VIII Commercial Division for cases bankruptcy and restructuring.

Conclusion of an agreement on the sale of the Issuer's subsidiaries, i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o. to GI International SRL and agreeing the repayment terms and settling part of the loan amount received under the Financing Agreement

On 24 February 2021 the Work Service SA and two of the Work Service SA 's subsidiaries, i.e. Industry Personnel Services sp. z o.o. and Work Service International sp. z o.o., as the seller, concluded with GI International SRL, based in Milan (wholly owned by Gi Group SpA based in Milan), as the purchaser: (i) framework acquisition agreement specifying the terms of the sale transaction to the Purchaser of all shares in the Issuer's subsidiaries held by the Sellers, i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o. and - in the performance of the Agreement - (ii) two agreements for the sale of these shares (in accordance with their templates constituting appendices to the Agreement).

The total selling price of all shares in the Issuer's subsidiaries is PLN 29,200,000.00 ("Sale Price"), including:

1) for shares in Work Service Czech s.r.o. - PLN 20,300,000.000

2) for shares in Work Service Slovakia s.r.o. - PLN 8,900,000.000

The parties to the Agreement agreed that the Sale Price will be settled in two instalments as follows:

1) The amount of PLN 19,200,000.00 due from the Purchaser will be deducted on March 1, 2021 from the Part of the Loan Amount, about which the Issuer informed in the current report No. 110/2020, which was granted by the Purchaser to the Issuer under the Financing Agreement (described in the current report No. 54/2020). As a result of the set-off, the due Part of the Loan Amount will be reduced to PLN 10,800,000.00.

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

Pursuant to the Agreement, the parties may change the method of payment of the Sale Price by using one of the following payment options: (i) in full in cash, or (ii) in full by setting off the Issuer's receivables against the Purchaser, or (iii) by settling part of the amount in cash and amounts by deduction.

In the event of any breach by any of the Sellers of the obligations resulting from the prohibition specified in the Agreement to conduct activities competitive to the Issuer's subsidiaries sold, the given Seller will be obliged to pay the Purchaser a contractual penalty in the amount of EUR 25,000 for each infringement; payment of the contractual penalty does not exclude the possibility for the Purchaser to seek compensation for the damage beyond the amount of this penalty. The other conditions, specified in the Agreement, on which the Transactions are to be made, do not differ from the conditions applied for this type of agreements on the market. The Agreement has not been concluded subject to a condition or time limit.

The Issuer informs that the completion of the Transaction results from the adopted strategy of the Company, assuming to focus more on the development of operations in Poland and on obtaining additional funds for the reduction of liabilities. The Issuer's Management Board considered the sale of companies in the Czech Republic and Slovakia at the stage of selecting strategic options at the beginning of 2019, which resulted from the lack of sufficient synergies with foreign companies operating independently. In addition, the completion of the Transaction is the result of concluding an operational cooperation agreement within the Gi Group, about which the Issuer informed in the current report No.91/2020.

With reference to the current report No. 110/2020, in which the Issuer informed about the lack of repayment on time of Part of the Loan Amount received under the Financing Agreement, the Issuer informs that GI International SRL and the Issuer have agreed the repayment date of the Remaining Part of the Loan Amount until July 31, 2021.

Registration of the changes in Articles of Association of the Company

On 26 February 2021 the Management Board of Work Service S.A., has received information on entry, , by the District Court for Wrocław-Fabryczna in Wrocław, VI Commercial Division of the National Court Register, in the Register of Entrepreneurs of the National Court Register changes in the Company's Articles of Association.

The above amendment to the Articles of Association, adopted on the basis of Resolution no. 35/2020 of the Ordinary General Meeting of Shareholders dated 15/10/2020, consists in:

1) amend the existing § 10 par. 1 clause e) of the Company's Articles of Association by giving it a new wording:

"e) appointment and dismissal of the members of the Supervisory Board;"

2) amend the existing § 10 par. 1 of the Company's Articles of Association and replace in clause q) full stops with a semicolon and add subsequent clauses r) and s) of the following wording:

"r) adoption of the remuneration policy of the members of the Management Board and the Supervisory Board;

s) evaluation of the Supervisory Board's report on the remuneration of the Management Board and the Supervisory Board."

3) amend the existing § 12 par. 1 of the Company's Articles of Association by giving it a new wording which shall read as follows:

"1. The Supervisory Board consists of 5 to 10 members, including the Chairman and the Deputy Chairman. The number of members of the Supervisory Board of a given term of office shall be established by the General Meeting. Until the Company's shares are admitted to trading in the regulated market in the territory of the Republic of Poland, at least two members of the Supervisory Board shall meet the criteria of independence of the Company and entities being materially related to the Company resulting from the rules of corporate order applicable in the regulated market in the territory of the Republic of Poland in which the Company's share are or are to be listed ("Independent Member of the Supervisory Board")."

4) amend the existing § 12 par. 2 of the Company's Articles of Association by giving it a new wording which shall read as follows:

"2. In the case of resignation prior to the lapse of the term of office or in the case of death of a member of the Supervisory Board, the remaining members of the Supervisory Board, irrespective of their number, shall have the right to co-opt a new member in the place of the resigning or deceased member of the Supervisory Board. The number of members of the Supervisory Board co-opted and not approved by the General Meeting of the Shareholders shall not exceed one-fourth of the number of the members of the Supervisory Board of a given term of office. The co-opted members of the Supervisory Board shall be approved by the next General Meeting of the Shareholders and their term of office expires along with the lapse of the term of office of the Supervisory Board. If the General Meeting of the Shareholders has not approved the co-opted members of the Supervisory Board, their term of office expires along with the closing of the session of the General Meeting of the Shareholders referred to above."

5) delete the existing § 12 par. 3, par. 4 and par. 6 of the Company's Articles of Association and to amend the existing § 12 par. 5 by giving it number § 12 par. 3 and the new wording which shall read as follows:

"3. Members of the Supervisory Board shall be appointed by the General Meeting."

6) change numeration of § 12 of the Company's Articles of Association so that:

- the existing content of § 12 par. 7 shall constitute § 12 par. 4,
- the existing content of § 12 par. 8 shall constitute § 12 par. 5,
- the existing content of § 12 par. 9 shall constitute § 12 par. 6,
- the existing content of § 12 par. 10 shall constitute § 12 par. 7,
- the existing content of § 12 par. 11 shall constitute § 12 par. 8,
- the existing content of § 12 par. 12 shall constitute § 12 par. 9,
- the existing content of § 12 par. 13 shall constitute § 12 par. 10.

7) amend the existing § 13 par. 5 of the Company's Articles of Association by giving it a new wording which shall read as follows:

"5. Resolutions of the Supervisory Board can be passed if at least half of its members are present at the session and all its members have been invited at least 3 days prior to the planned session. Resolutions of the Supervisory Board shall also be valid when its member notified within the shorter period of time than the period of time referred to in the preceding sentence declares in writing that they give consent to the content of the resolution of the Supervisory Board or arrive at the session of the Supervisory Board."

8) delete the existing § 13 par. 6, par. 7, par. 10 and par. 14 of the Company's Articles of Association and to amend the existing § 13 par. 9 by giving it number § 13 par. 7 and the new wording which shall read as follows:

"7. The session of the Supervisory Board can be attended personally or with the use of means of distance communication. The Supervisory Board can pass resolutions at the session or in lieu of the session in writing or with the use of means of distance communication. A resolution of the Supervisory Board passed in lieu of the session is valid on condition that all its members have been notified of the content of the draft resolution and at least half of its members took part in passing the resolution. Voting in lieu of the session of the Supervisory Board can be ordered by the Chairman or Deputy-Chairman of the Supervisory Board upon their own initiative or upon a request of a member of the Supervisory Board or of the Management Board."

9) amend the existing § 13 par. 11 of the Company's Articles of Association by giving it number § 13 par. 8 and the new wording which shall read as follows:

"8. Resolutions of the Supervisory Board are passed with the ordinary majority of votes cast."

10) amend the existing § 13 par. 13 of the Company's Articles of Association by giving it number § 13 par. 10 and the new wording which shall read as follows:

"10. If the specific resolution in the form and of the content presented in the invitation to the session of the Supervisory Board has not been adopted, then such resolution can be put to the vote again at the next session of the Supervisory Board which shall be held no sooner than after the lapse of forty two (42) and not later than after the lapse of forty five (45) days of the date of the session of the Supervisory Board that has not adopted such resolution."

11) change numeration of § 13 of the Company's Articles of Association so that:

- the existing content of § 13 par. 8 shall constitute § 13 par. 6,

- the existing content of § 13 par. 12 shall constitute § 13 par. 9.

12) amend the existing § 16 par. 2 clause b) of the Company's Articles of Association by giving it new wording which shall read as follows:

"b) appointment and dismissal of the members of the Management Board, subject to § 17 section 3 and 4;"

13) amend the existing § 16 par. 2 of the Company's Articles of Association by replacing in clause ee) a full stop with a semicolon and by adding subsequent clauses ff), gg) and hh) of the following wording:

"ff) specification of the elements of the remuneration policy of the members of the Management Board and the Supervisory Board if the Supervisory Board has been authorised to perform such actions by the General Meeting;

gg) deciding on temporary withdrawal from the application of the remuneration policy of the members of the Management Board and the Supervisory Board in cases and on the terms specified by the General Meeting in this document;

hh) preparation of the annual report on the remuneration of the members of the Management Board and the Supervisory Board."

14) amend the existing § 17 par. 2 of the Company's Articles of Association by giving it a new wording which shall read as follows:

"2. The Management Board consists of one to seven members appointed by the Supervisory Board, subject to par. 3 and 4 of this § 17. The Supervisory Board specifies the number of the members of the Management Board of a given term of office."

15) delete the existing § 17 par. 3 and par. 4 of the Company's Articles of Association and change numeration of § 17 so that:

- the existing content of § 17 par. 5 shall constitute § 17 par. 3,

- the existing content of § 17 par. 6 shall constitute § 17 par. 4,

- the existing content of § 17 par. 7 shall constitute § 17 par. 5,

- the existing content of § 17 par. 8 shall constitute § 17 par. 6.

16) amend the existing § 27 of the Company's Articles of Association by giving it a new wording which shall read as follows:

"Provisions of § 12 par. 1 and 2, concerning Independent Members of the Supervisory Board shall be applied for the first time in relations to the Independent Members of the Supervisory Board appointed in the Company after the date of entry by the registration court in the register of entrepreneurs of the Nation al Court Register of the amendments in the Company's Articles of Association, covering implementation of such provisions in the content of the Articles of Association."

17) amend the existing § 28 of the Company's Articles of Association by giving it a new wording which shall read as follows:

"Business Plan refers to the Company's business plan for years 2013 – 2017 which has been approved by the resolution of the Supervisory Board no. 1 of 6 February 2013 or changed by the Supervisory Board on the basis of powers listed in § 16 par. cc)."

The WSE resolution regarding the admission and introduction to exchange trading of the Company's Y-series shares

On 16 March 2021, the Management Board of Work Service S.A., it learned about adoption on 15/03/2021 by the Management Board of the Warsaw Stock Exchange S.A. a resolution no. 275/2021, regarding the admission and introduction to exchange trading on the WSE's Main List, a 163,250 ordinary bearer Y-series shares, with a nominal value of PLN 0.10 each, on the basis of which resolution:

1) The Shares are admitted to trading on the Main Market;

2) Introduction of the Shares, in the ordinary course to public trading on the main market, takes place on 18/03/2021, provided that the National Depository for Securities S.A., on 18/03/2021, register the Shares on deposit and mark them with code "PLWRKSR00019".

KDPW's communication regarding the date of registration of the Company's Y-series shares

On 18 March 2021 the Management Board of Work Service S.A. informs about registration of the 163,250 ordinary bearer Y-series shares, with a nominal value of PLN 0.10 each shall take place in the securities depository, marked with the ISIN code PLWRKSR00019, in accordance with the KDPW Statement No. 946/2019 dated 06/11/2019, to which current report No. 84/2019 is related to.

In connection with the above, the condition of registering the Shares in the abovementioned day specified in the Resolution No. 275/2021 of the Warsaw Stock Exchange Management Board, S.A. regarding the admission and introduction of Shares in the ordinary course to public trading on the main market, which Company related to in current report no 14/2021 dated 16/03/2021, has been fulfilled.

Issue of Y-series shares of the Company within the conditional share capital increase

On 19 March 2021 the Management Board of Work Service S.A. informs that in connection with dematerialisation, through registration on March 18, 2021 in the depository for securities maintained by the National Depository for Securities of 163,250 ordinary bearer Y-series shares with a nominal value of PLN 0.10 each, the Shares were recorded on securities accounts of eligible persons (including member of the Management Board and key management staff members) who acquired the Shares in the exercise of rights attached to F-series subscription warrants as part of a conditional increase in the share capital of the Company, in accordance with the terms of the Management Stock Options Programme adopted by Resolution No. 24/2013 of the Extraordinary General Meeting of the Company of 27 June 2013, as amended. The recording of dematerialised shares of a public company on a securities account constitutes an equivalent of issuing share documents within the meaning of the second sentence of Article 451 § 2 of the Commercial Companies Code.

Pursuant to the provisions of the Commercial Companies Code, together with the recording of the Shares on the above accounts, the rights attached to the Shares were acquired and the Company's share capital was increased from PLN 6,559,063.80 by the total amount equal to the nominal value of the Shares, i.e. by the amount of PLN 16,325.

After the Shares have been recorded in the accounts referred to above:

1) The Company's share capital amounts to PLN 6,575,388.80 and is divided into 65,753,888 shares with a nominal value of PLN 0.10 each, including:

a) 750,000 (in words: seven hundred and fifty thousand) series A shares,

b) 5,115,000 (in words: five million one hundred and fifteen thousand) series B shares,

c) 16,655,000 (sixteen million six hundred and fifty-five thousand) series C shares,

d) 100,000 (in words: one hundred thousand) series D shares,

e) 100,000 (in words: one hundred thousand) series E shares,

f) 7,406,860 (seven million four hundred and sixty thousand eight hundred and sixty) series F shares,

g) 2,258,990 (two million two hundred and fifty-eight thousand nine hundred and ninety) series G shares,

h) 9,316,000 (nine million three hundred and sixteen thousand) series H shares,

i) 1,128,265 (one million one hundred and twenty-eight thousand two hundred and sixty-five) series K shares,

j) 5,117,881 (five million one hundred and seventeen thousand eight hundred and eighty-one) series L shares,

k) 12,000,000 (twelve million) series N shares,

l) 91,511 (ninety-one thousand five hundred and eleven) series P shares,

m) 5,000,000 (five million) series S shares,

n) 55,316 (fifty-five thousand three hundred and sixteen) series T shares,

o) 171,750 (one hundred and seventy-one thousand seven hundred and fifty) series R shares;

p) 225,750 (two hundred and twenty-five thousand seven hundred and fifty) series U shares;

q) 98,315 (ninety-eight thousand, three hundred and fifteen) series W shares;

r) 163,250 (one hundred sixty-three thousands two hundred fifty) series Y shares,

2) the total number of votes attached to all issued shares of the Company is: 65,753,888 votes;

3) the amount of the conditional share capital increase after issuance of Shares is: PLN 0.

Pursuant to Art. 452 § 4 of the Commercial Companies Code, the Management Board will, within the time limit provided for, submit to the registry court a list of the acquired Shares in order to update the entry of the Company's share capital in the Register of Businesses of the National Court Register.

The total costs which were included in the costs of the issue of the Shares include the preparation and conduct of the issue, and amounted to PLN 16,890.00. The average cost of conducting the issue of the Shares per share was approx. PLN 0.10. The costs related to the issue will be settled in the accounting books and recognised in the Company's financial statements pursuant to Article 36 paragraph 2b of the Accounting Act, i.e. the costs of the issue of the Shares incurred upon the increase of the share capital will reduce the Company's reserve capital to the amount of the surplus of the issue value over the nominal value of the shares, while the remaining part will be classified as financial costs.

Management Board's assessment of the loss of control over the Prohuman subsidiary in accordance with IFRS 10

On 31 March 2021 the Management Board of Work Service S.A., with reference to the current report No. 109/2020 of December 31, 2020 regarding the assessment of events taking place in the subsidiary Prohumán 2004 Munkaerő Szolgáltató és Tanácsadó Kft. With its seat in Budapest, in which the Issuer holds shares in the number representing the majority (80.22%) of votes to the Shareholders' Meeting, informs that the continuing - as a result of the ongoing corporate dispute in Prohumán, caused by the unfavorable attitude of Profólió Projekt Tanácsadó Kft. with its seat in Budapest, which is a minority shareholder of Prohumán and the related three (out of four) Managing Directors in Prohumán - difficulties in the possibility of effective ownership and management influence on Prohumán, as well as on the capital group it creates , The Issuer is convinced that there has been an actual loss of control over Prohumán in accordance with the International Financial Reporting Standards.

To date, the Issuer has carried out a number of activities, including in the course of appropriate proceedings, described in the current report No. 109/2020, aimed at restoring, in the manner prescribed by law, full rights related to having the status of a majority shareholder in Prohumán. Despite the utmost diligence, the actions taken by the Issuer did not bring the expected results, therefore the conditions of IFRS 10, which determined the loss of the Issuer's control over Prohuman, were fulfilled.

Pursuant to IFRS 10, the discussed loss of control will result in the fact that, starting from the consolidated financial statements of the Work Service group for the financial year 2020, until the situation changes, i.e. regaining control, the Issuer:

1) Exclude from the consolidated balance sheet the assets (including goodwill related to the Prohuman group) and liabilities of the Prohumán group (as a former subsidiary) that were consolidated until September 30, 2020, together with minority interests and the result on exchange differences related to the translation of the Prohuman group statements;

2) Recognize the value of the Prohuman group in the consolidated balance sheet in the amount corresponding to the fair value of this group;

3) Recognizes receivables and liabilities towards the Prohuman group;

4) Included in the annual consolidated income statement for 2020, revenues and costs of the Prohuman group for the 9-month period ended September 30, 2020;

5) Valuation of shares in the Prohuman group using the equity method, i.e. the consolidated financial result of the Prohuman group for the fourth quarter of 2020 will be included in the annual consolidated profit and loss account, provided that such data is obtained in a form that will enable the inclusion of these data in the annual consolidated profit and loss account Work Service SA Group

6) Present all the data and adjustments described in items 1-5 above in the financial statements in the part relating to continuing operations, together with financial data of other entities that do not constitute discontinued operations.

The Issuer will continue to take all possible measures to restore the operation of Prohumán in accordance with the law and the Articles of Association of Prohumán.

The Issuer also points out that the described situation does not affect the financial situation, including the Issuer's liquidity, or the individual data of Work Service S.A. The Issuer shows the value of shares in Prohuman in the amount of PLN 144 million in its accounting books and on the date of publication of this current report there are no reasons to make a write-off of this value.

The impact of the loss of control in accordance with IFRS 10 on the consolidated financial results is estimated and will be presented by the Issuer in a separate current report.

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

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

I. Information on the Call for Subscription

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

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

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

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

II. Grounds for the Management Board's position

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

a) content of the Call for Subscription,

b) market prices of the Company's shares, resulting from the quotations of the shares on the regulated market, in the period of six months preceding the announcement of the Call for Subscription,

c) publicly available information on the operation and financial condition of the Company, including the financial statements of the Company,

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

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

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

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

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

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

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

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

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

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

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

iii. Financing Agreement between the Caller and the Company

As at the date of the Call for Subscription:

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

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

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

The Loan Amount shall become due and payable as follows:

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

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

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

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

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

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

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

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

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

As stated in the Invitation:

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

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

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

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

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

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

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

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

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

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

ii Other significant factors influencing the Management Board's position

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

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

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

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

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

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

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

b) Debt restructuring:

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

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

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

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

c) Investor acquisition process

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

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

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

V. Reservations

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

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

c) The Position does not constitute any recommendation to acquire or dispose of shares within the meaning of generally applicable legislation, including Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, and constitutes only the performance of the Board's duty under Article 80 of the Act.

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

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

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

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

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

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

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

Providing information to the public

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

In the Notification, the GI also indicated that:

(i) before receiving the Decision, held directly 33,261,010 Issuer's shares representing 50.71% of the Issuer's share capital and entitling to 27,029,899 votes at the Issuer's general meeting, representing 41.22% of the total number of votes;

(ii) as a result of the Decision, the ownership of the Issuer's shares by GI has not changed, however, GI may currently exercise voting rights from 33,261,010 shares, representing 50.71% of the Issuer's share capital and entitling to 33,261,010 votes at the Issuer's general meeting, representing 50.71% of the total number of votes;

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

Note 35. Financial statements adjusted for inflation rate

There was no need to adjust the financial statements of Work Service SA for inflation rate.

Note 36. Significant changes in financial and economic position of the Company — a description of any significant change in the financial or economic position of the company which has occurred since the end of the last reporting period for which either audited financial information or interim financial information have been published, or provision of an appropriate negative statement

All significant changes in the financial and economic situation (including restructuring progress, assessment of the current financial situation and all events of unusual nature are described in detail in item 9 hereof.

Note 37. Changes in accounting principles (policy) applied and in the method of preparation of financial statements, made as compared with the previous financial year

The accounting principles (policies) applied in the preparation of these separate financial statements for the financial year ended 31 December 2020 are consistent with those applied in preparing the separate financial statements for the financial year ended 31 December 2019. The same principles were applied for the current and comparative period, unless the applicable standard or interpretation required exclusively prospective application.

Note 38. Remuneration of the statutory auditor or entity entitled to audit financial statements, paid or due for the audit of financial statements for the financial year 2020

Specification	Net value in 2020	Net value in 2019
Statutory audit of the separate annual financial statements and interim review of the separate financial statements	57 500,00	56 400,00
Half-yearly review	33 000,00	33 000,00
Total	**90 500,00**	**89 400,00**

PREPARED BY:

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Anna Kropielnicka
Main Accountant

SIGNATURES:

....	....	
Iwona Szmitkowska	**Paolo Caramello**	**Nicola Dell'Edera**
President of the Board of Directors	Vice-President	Vice-President