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Independent Auditor's Report on Annual Consolidated Financial Statements

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For the Shareholders of Work Service Spółka Akcyjna

Report on the Annual Consolidated Financial Statements

Opinion

We have audited the annual consolidated financial statements of the Group (the Group), in which the parent entity is Work Service Spółka Akcyjna (the Parent) with its registered office in Wrocław, 66 Gwiaździsta Street, which comprise the consolidated statement of financial position of December 31, 2018, and the, consolidated statement of profit or loss and statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year from January 1, 2018 to December 31, 2018, and notes, comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying annual consolidated financial statements:

- give a true and fair view of the financial position of the Group as of December 31, 2018 and of its financial performance and of its cash flows for the financial year from January 1, 2018 to December 31, 2018 in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations and adopted accounting principles (policy),
- comply with the laws affecting the content and form of the annual consolidated financial statements and the provisions of the Parent's articles of association.

The audit opinion is consistent with the additional report to the Audit Committee submitted on the same day as this audit report.

Basis for Opinion

We conducted our audit in accordance with

- the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (Journal of Laws of 2017, item 1089 as amended) (the Act on Statutory Auditors),
- National Standards on Auditing (NSA) consistent with International Standards on Auditing adopted by the National Council of Statutory Auditors' resolutions No. 2039/37a/2018 of February 19, 2018 and 2041/37a/2018 of March 5, 2018 and
- Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April,16 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77 and OJ L 170, 11.6.2014, p. 66) (the Regulation 537/2014).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements* section of our report.
We are independent of the entities comprising the Group in accordance with the International Federation of Accountants' *Code of Ethics for Professional Accountants* (IFAC Code) adopted by the National Council of Statutory Auditors' resolution No. 2042/38/2018 of March 13, 2018 together with the ethical requirements that are relevant to our audit of the financial statements in Poland. In particular, in conducting the audit the Key Audit Partner and the Audit Firm remained independent of the entities comprising the Group in accordance with the provisions of the Act on Statutory Auditors and the Regulation 537/2014. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

The Management Board, in note 1.3 to the consolidated financial statement, described the restructuring actions being conducted, concluded agreements with institutions financing the Group, commenced review of strategic options and actions to secure working capital to finance the Group. The circumstances described by the Management Board indicate existence of a material uncertainty, which can raise significant doubts as to the possibility for the Group to continue as a going concern. In the opinion of the Parent Company's Management Board, these actions create possibility to eliminate the Group's debt over the next several quarters, acquire new financing in 2019 and gradually improve the Group's financial performance, but it is not certain whether the actions conducted and planned by the Management Board will be successful, because they are related to future events. In addition, we draw attention to the fact that the Group has recognized, in the statement of financial situation, the deferred income tax assets in the amount of PLN 44 million and goodwill in the amount of PLN 351 million. Recoverability analysis conducted for deferred income tax assets and performed impairment tests of investment in subsidiaries/goodwill are based on the financial plans and assumptions, given the success of the Group's restructuring process. Our opinion does not include modifications regarding these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the annual consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including assessed risk of material misstatement due to fraud. These matters were addressed in the context of the audit of the annual consolidated financial statements as a whole, and in forming the auditor's opinion thereon. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. Below, we provided a summary of our response to those risks and where relevant, key observations arising with those risks. We do not provide a separate opinion on these matters.

Goodwill	**How our study referred to this matter**
In the consolidated financial statement drawn up as at 31 December 2018, the Group presented goodwill of 351 million Polish zlotys**.** Goodwill recognized in the consolidated financial statements is subject to annual impairment testing. the Management Board conducted impairment tests which did not demonstrate the need to recognize impairment write-downs for the carrying value of investment in dependent entities. Due to a significant share of goodwill in the balance sheet total (66%) and significant judgements and estimates of the Board being the assumptions underlying the impairment test, we have recognized this matter as the key matter of the audit. Disclosures concerning investment in dependent entities and the impairment tests are presented in note 2 to the consolidated consolidated financial statement.	Within the audit procedures we have completed, we conducted evaluation of the performed impairment tests, including: • an analysis of the process of identifying the premises for impairment of investment in dependent entities, • verification of the grounds for the adopted methodology of preparing the impairment tests, • evaluation of the assumptions and financial projections adopted by the Management Board, • verification of correctness of the calculations, • correctness of the assumed estimates within the valuation, • evaluation of the Management Board's conclusions drawn on this basis.

Trade receivables	**How our audit referred to this matter**
As at 31 December 2018, trade receivables reached 72 million Polish zlotys and accounted for 9% of the balance sheet total. Since 2018, the Group has determined write-downs under the expected credit losses according to International Financial Reporting Standard 9 *Financial instruments* (IFRS 9). For trade receivables, the Group applies a simplified approach, assuming a calculation of these write-downs for the whole life of the instrument. 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. The risk of a significant distortion refers to correctness of valuation of the completed impairment write-downs. Disclosures concerning this matter have been presented in note 8 to the consolidated financial statement.	Within the conducted audit, we have completed the following procedures: • age breakdown analysis of receivables to identify overdue receivables not covered by the write-down, • evaluation of the accounting policy in the scope of creating the receivable impairment write-downs, including conformity of the accounting policy with IFRS 9, • recalculation of the receivable impairment write-downs.

Deferred income tax assets	How our study referred to this matter
In the consolidated financial statement as at 31 December 2018, deferred income tax assets amounted to 44 million Polish zlotys, including 10 million Polish zlotys being assets on credit losses subject to deduction in the period 2019-2023. Disclosures concerning this matter have been presented in note 6 to the consolidated financial statement.	Within the conducted audit, we have completed the following procedures: • we have verified the correctness of calculating the deferred income tax, • for assets on credit losses, we have verified their recoverability by analysing the budgets and evaluating the probability of them being realized.

Responsibilities of Management Board and Supervisory Board of the Parent for the Annual Consolidated Financial Statements

The Management Board of the Parent is responsible for the preparation of these annual consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, adopted accounting principles (policy), legal regulations, and the Parent's articles of association. The Management Board of the Parent is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of annual consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual consolidated financial statements, the Management Board of the Parent is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Parent either intends to liquidate the Group or to cease the operations, or has no realistic alternative but to do so.

In accordance with the Accounting Act of September 29, 1994 (uniform text: Journal of Laws of 2019, item 351) (the Accounting Act), the Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the annual consolidated financial statements with the requirements of the Accounting Act. The Supervisory Board of the Parent is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual consolidated financial statements.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the Management Board of the Parent has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent.
- Conclude on the appropriateness of the Management Board of the Parent's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board of the Parent with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From matters communicated with the Supervisory Board of the Parent, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information including the Report on the Group's operations

The other information comprises the Report on the Group's operations for the financial year ended December 31, 2018, the Corporate Governance Statement and the Statement on non-financial information specified in Article 49b clause 1 and Article 55 clause 2b of the Accounting Act which are separate parts of the Report on the Group's operations and the Annual Report for the year ended December 31, 2018 (but does not include the consolidated financial statements and our auditor's report thereon).

Responsibilities of the Management Board and the Supervisory Board of the Parent

The Management Board of the Parent is responsible for the preparation of the other information in accordance with the Accounting Act and other legal regulations. The Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the Report on the Group's operations with the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the annual consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the annual consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Additionally, according to the Act on Statutory Auditors, our responsibility is to express an opinion on whether the Report on the Group's operations has been prepared in accordance with legal regulations and whether information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, we are obliged to report on whether the Parent prepared the Statement on non-financial information and to express an opinion on whether the Parent included the required information in the Corporate Governance Statement. We obtained the Report on the Group's operations prior to the date of this auditor's report, while the remaining parts of the Annual Report will be delivered later. If we conclude that there is a material misstatement in the Annual Report, we are required to communicate the matter to the Supervisory Board of the Parent.

Opinion on the Report on the Group's operations

In our opinion, the Report on the Group's operations has been prepared in accordance with the applicable legal regulations, i.e. Article 49 and Article 55 clause 2a of the Accounting Act and the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent of the information required by law of a non-member state (Journal of Laws of 2018, item 757) (the Regulation on current and periodic information), and information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, taking into account our knowledge of the Group and its environment obtained during the audit of the annual consolidated financial statements, we state that we have not identified any material misstatements in the Report on the Group's operations.

Opinion on the Corporate Governance Statement

In our opinion, the Corporate Governance Statement includes the information required by Paragraph 70 clause 6 point 5 of the Regulation on current and periodic information. The information specified in Paragraph 70 clause 6 point 5 letters c-f, h and i of the Regulation on current and periodic information included in the Corporate Governance Statement complies with applicable regulations and is consistent with the information included in the annual consolidated financial statements.

As required by the Act on Statutory Auditors, we report that the Parent has prepared the Statement on non-financial information specified in Article 49b clause 1 and Article 55 clause 2b of the Accounting Act and presented it as a separate part of the Report on the Group's operations.

Report on Other Legal and Regulatory Requirements

Statement on non-audit services

To the best of our knowledge and belief we confirm that we have not provided non-audit services prohibited in accordance with the provisions of Article 136 of the Act on Statutory Auditors and Article 5 clause 1 of the Regulation 537/2014 to the entities comprising the Group.

Appointment of the Audit Firm

We were appointed to audit the annual consolidated financial statements of the Group by the Parent's Supervisory Board's resolution of 24th May 2018. We have been auditors of the Group since the financial year ended 31st December 2018, i.e. for one year.

Jan Letkiewicz

Statutory Auditor No. 9530
Key Audit Partner
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, April 30, 2019.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.