



**WORK
SERVICE**



WORK SERVICE Capital Group

SUMMARY INTERIM HALF-YEAR REPORT

for the first half of 2020

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

Wrocław, September 30, 2020

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Consolidated selected financial data

SPECIFICATION	01.01.- 30.06.2020	01.01.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019
Work Service Capital Group	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	619 554	755 785	139 498	176 038
EBITDA (operating profit + depreciation and amortisation)	9 553	35 348	2 151	8 233
Profit on sales	1 009	13 850	227	3 226
Operating profit (EBIT)	3 240	28 283	730	6 588
Gross profit (loss)	-19 567	21 314	-4 406	4 964
Net profit (loss)	-29 999	14 139	-6 755	3 293
Net cash flows from operating activities	13 642	-34 410	3 072	-8 015
Net cash flows from investing activities	-3 274	3 353	-737	779
Net cash flows from financing activities	3 785	16 121	852	3 748
Total net cash flows	14 152	-14 937	3 186	-3 479
Number of ordinary shares of the Company for the calculation of earnings per share	65 590 638	65 590 638	65 590 638	65 590 638
Earnings per share	-0,45	-0,18	-0,10	-0,05
Number of diluted shares for the calculation of diluted earnings per share	65 836 829	65 836 829	65 590 638	65 836 829
Diluted profit per share	-0,46	-0,18	-0,10	-0,05
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Assets	613 836	658 791	137 446	153 145
Liabilities and provisions for liabilities	588 641	586 448	131 805	136 327
Long-term liabilities	18 145	17 768	4 063	4 130
Short-term liabilities	528 428	516 578	118 322	120 085
Equity	25 195	72 396	5 642	16 829
Share capital	6 559	6 559	1 469	1 525
Supplementary capital	352 781	353 211	78 993	82 109

The presented financial data for the period 01.01.2020-30.06.2020 applies to the entire Capital Group: continued and discontinued operations and comparable data for 2019.

Selected separate financial data

SPECIFICATION	01.01.- 30.06.2020	01.01.- 30.06.2019	01.01.- 30.06.2020	01.01.- 30.06.2019
Work Service SA	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	118 403	168 741	26 660	39 254
EBITDA (operating profit + depreciation and amortisation)	-5 492	9 060	-1 237	2 110
Profit on sales	- 8 591	-14 170	-1 934	-3 300
Operating profit (EBIT)	-9 650	4 046	-2 173	942
Gross profit (loss)	-26 110	-28 016	-5 879	-6 526
Net profit (loss)	-26 358	-23 377	-5 935	-5 445
Net cash flows from operating activities	-3 801	-62 014	-856	-14 444
Net cash flows from investing activities	-6 874	21 704	-1 548	5 055
Net cash flows from financing activities	14 358	40 091	3 233	9 338
Total net cash flows	3 684	-219	829	-51
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Assets	493 608	493 608	108 344	114 746
Liabilities and provisions for liabilities	480 653	464 070	107 625	107 872
Long-term liabilities	56 421	59 354	12 633	13 798
Short-term liabilities	412 997	388 784	92 476	90 378
Equity	3 212	29 538	719	6 867
Share capital	6 559	6 559	1 469	1 525
Supplementary capital	283 164	283 164	63 404	65 825

Consolidated financial statements of the Capital Group

Consolidated report from the financial standing of the Capital Group

as at June 30, 2020

The balance sheet presents assets, equity, and liabilities of the Capital Group as at 30.06.2020, as at 31.12.2019, and as at 30.06.2019.

“Assets classified as available for sale” and “Liabilities related directly to assets classified as held for sale” include assets, equity and liabilities of Work Service GMBH & Co.KG, as well as assets, equity, and liabilities of entities controlled by Work Service GMBH & Co.KG;

	as at 30.06.2020	as at 31.12.2019 after adjustment	as at 30.06.2019 after adjustment	as at 01.01.2019 after adjustment
FIXED ASSETS	331 251 890,89	375 303 622,53	164 996 098,36	441 824 762,98
Intangible assets	12 187 312,52	26 525 375,02	14 912 831,30	35 115 236,93
Goodwill	258 857 140,89	281 848 281,08	80 041 332,05	351 096 736,76
Property, plant and equipment	15 686 887,83	18 294 439,39	19 302 609,82	11 722 887,65
Investment properties	2 368 361,25	2 390 231,55	2 690 484,05	2 690 484,05
Financial assets	347 160,16	351 374,34	0,00	248 155,07
Other long- term financial assets	0,00	0,00	154 521,62	0,00
Deferred tax assets	40 807 685,64	45 232 916,84	46 836 712,68	40 868 598,65
Prepayments	997 342,60	661 004,31	1 057 606,84	82 663,87
CURRENT ASSETS	242 251 101,36	283 487 141,76	193 600 882,81	433 361 475,88
Inventories	4 609 365,34	7 462 767,36	1 078 362,08	7 871 700,12
Trade and other receivables	171 040 522,94	231 558 202,28	155 398 302,98	322 192 786,82
Other financial assets	4 084 859,86	1 084 257,76	13 071 639,82	40 789 190,37
Other short-term assets	0,00	0,00	0,00	0,00
Cash and cash equivalents	51 467 112,46	38 139 438,00	19 582 741,56	56 486 007,74
Prepayments	11 049 240,75	5 242 476,36	4 469 836,37	6 021 790,83
Assets classified as available for sale	40 332 998,16	0,00	430 571 540,30	0,00
TOTAL ASSETS	613 835 990,41	658 790 764,29	789 168 521,47	875 186 238,86
EQUITY	25 195 071,25	72 396 256,66	167 772 783,82	104 732 581,11
Share capital	6 559 063,80	6 559 063,80	6 559 063,80	6 509 482,30
Supplementary capital	352 780 966,23	353 211 033,43	315 907 451,77	236 084 819,51
The other reserve capital (funds)	-92 172 703,31	-92 276 850,89	-92 106 141,79	-92 106 141,79
Profit (loss) brought forward	-203 000 380,60	-78 680 417,68	-57 975 593,33	-63 501 920,10
Net profit (loss)	-32 624 518,69	-124 040 111,98	-14 875 985,02	8 147 732,57
Foreign exchange differences	-39 320 759,36	-22 736 333,60	-17 722 390,45	-15 119 961,09
Capital held by non-controlling shareholders	32 973 403,18	30 359 873,58	27 986 378,85	24 718 569,71
LIABILITIES	552 807 402,95	586 447 550,32	434 082 288,31	770 413 418,74
Provisions for other liabilities and other charges	28 638 718,20	40 642 999,62	19 722 606,95	48 454 913,40
Deferred tax liabilities	2 315 462,01	3 868 849,44	2 786 353,55	4 459 965,97
Provision for pensions and similar benefits	3 427 791,02	11 556 757,32	9 179 596,93	14 084 136,03
Other current provisions (short-term)	22 895 465,18	25 217 392,86	7 756 656,47	29 910 811,40
Long-term liabilities	15 911 710,70	17 767 549,55	9 691 090,85	160 398 045,53
Long-term loans and borrowings	528 604,57	374 271,95	0,00	109 331 275,46
Issue of debt securities	0,00	0,00	0,00	43 988 109,50
Other financial liabilities	6 414 279,85	7 513 099,63	9 691 090,85	4 707 761,91

Other liabilities	8 968 826,28	9 880 177,97	0,00	2 370 898,66
Short-term liabilities	498 599 393,84	516 577 928,27	400 685 419,93	541 756 972,81
Liabilities in respect of the issue of debt securities	45 971 120,02	45 396 882,91	44 684 796,22	0,00
Other financial liabilities	10 115 757,21	11 951 056,67	13 130 659,47	4 534 620,58
Loans and borrowings	148 348 838,40	135 714 592,25	115 310 158,16	47 538 834,56
Trade liabilities	14 314 574,82	27 930 312,16	18 208 932,88	53 324 306,95
Advances for supplies received	79 334,71	1 863 218,27	0,00	34 416,34
Liabilities in respect of taxes, customs duties, insurance and other benefits	193 508 220,51	187 730 600,05	146 985 333,89	206 548 772,42
Payroll liabilities	36 365 538,40	57 220 612,83	33 101 978,99	67 325 679,53
Other liabilities	49 434 941,34	48 765 048,90	28 820 348,67	162 450 342,43
Special funds	461 068,43	5 604,23	443 211,65	0,00
Accruals	9 657 580,20	11 459 072,88	3 983 170,58	19 803 487,00
Liabilities from assets classified as held for sale	35 833 516,21	0,00	187 313 449,35	0,00
TOTAL LIABILITIES	613 835 990,41	658 790 764,29	789 168 521,47	875 186 238,86

Consolidated total income statement of the Capital Group

for 6 months ended on June 30, 2020

The financials presented refer to the 6-month period ended on June 30, 2020, and the 6-month period ended on June 30, 2019.

The table also presents the result on discontinued operations:

- the financial data for discontinued operations for the period 01.01.2020–30.06.2020 include the German group, i.e. the financials of Work Service GMBH & Co.KG and of the entities controlled by Work Service GMBH & Co.KG

- the financial data for discontinued operations for the period 01.01.2019–30.06.2019 also include the German group described above, plus, in addition, the financials of Antal Sp. z o.o., as well as the financials of the entities controlled by Antal Sp. z o.o.

Antal Sp. z o.o. was sold in Q4 2019, and the transaction was described in the Group Report for 2019.

CONTINUED OPERATIONS	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Revenue	580 533 588,80	755 785 100,72
Net trade revenue	583 631 315,83	755 219 950,45
Change in receivables	-3 097 727,03	565 150,27
Manufacturing cost of products for entity's own needs	0,00	0,00
Net revenues from sales of goods and materials	0,00	0,00
Costs of operations	573 570 615,34	741 934 732,69
Amortisation and depreciation	6 252 514,16	7 065 315,73
Consumption of materials and energy	2 215 828,06	2 511 024,47
External services	46 123 999,61	64 085 405,35
Taxes and charges	933 330,05	1 764 875,77
Remuneration	435 221 716,77	544 983 927,27
Social security and other benefits	79 192 374,46	116 477 598,59
Other costs by type	3 630 852,23	5 046 585,52
Value of goods and materials sold		0,00
Sales profit (loss)	6 962 973,46	13 850 368,03
Other operating revenue	21 227 079,36	40 618 296,87
Other operating expenses	20 827 026,60	26 185 657,95
Profit (loss) from operations	7 363 026,23	28 283 006,95
Finance income	6 613 946,27	1 000,50
Finance costs	13 766 157,84	7 220 356,97
Gross profit (loss)	210 814,66	21 063 650,48
Income tax	10 405 258,46	7 174 893,74

Net profit (loss) from continuing operations	-10 194 443,80	13 888 756,73
DISCONTINUED OPERATIONS		
Net profit (loss) on discontinued operations	-19 804 636,97	-25 746 932,62
Net profit (loss)	-29 999 080,77	-11 858 175,89
Valuation of shares using the equity method		
Minority profit (loss)	2 625 437,92	3 267 809,13
Net profit falling to:		
- Shareholders of the dominating entity	-32 624 518,69	-15 125 985,02
- Non-controlling shares	2 625 437,92	3 267 809,13
Net profit	-29 999 080,77	-11 858 175,89
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods:		
- none		
Items that may be reclassified to profit or be reclassified to profit or loss in subsequent periods:		
- Foreign entity foreign exchange differences	-16 584 425,77	-2 450 605,30
- structural changes	-479 164,85	0,00
Total other comprehensive income	-17 063 590,62	-2 450 605,30
Comprehensive income for the period	-47 062 671,39	-17 576 590,32
- Including income attributable to minority capitals	4 118 796,94	4 843 657,48
- Including income attributable shareholders of the dominating entity	-51 181 468,33	-22 420 247,80
Earnings per share from continuing and discontinued operations attributable to shareholders of the dominating entity during the year (in PLN)		
From continuing operations:		
- basic	-0,15	-0,22
- diluted	-0,15	-0,22
From discontinued operations:		
- basic	-0,30	-0,39
- diluted	-0,30	-0,39

Consolidated cash flow statement of the Capital Group

for 6 months ended on June 30, 2020

	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Net profit (loss)	-32 624 518,69	-15 125 985,02
Total adjustments	46 266 062,53	-19 783 847,28
Amortisation and depreciation	6 312 612,23	7 332 531,00
Foreign exchange (profit) losses	0,00	-1 267 586,06
Interest and shares in profits (dividends)	7 262 429,79	3 926 967,38
(Profit) loss on investment operations	444 889,22	-39 435,88
Change in provisions	-8 232 866,16	-1 045 141,57
Change in inventories	2 853 402,02	1 085 630,20
Change in receivables without income tax receivables	31 834 158,81	43 707 935,39
Change in short-term liabilities, except for loans, borrowings and corporate income tax	16 652 731,15	-128 999 362,15
Change in prepayments, accruals and deferred income	5 627 555,21	-22 003 815,87
Other adjustments	-16 488 849,72	78 018 430,30
Net cash flows from operating activities	13 641 543,84	-34 409 832,30
Cash flows from investing activities		
Inflows	0,00	15 712 917,93
Disposal of intangible assets and property, plant and equipment	0,00	75 268,59
Disposal of investments in real property and intangible assets	0,00	0,00
From financial assets, including:	0,00	15 637 649,34
a) in related entities	0,00	0,00
Interest	0,00	0,00
b) in other entities	0,00	15 637 649,34

Interest	0,00	6 711 328,85
purchase of financial assets	0,00	8 926 320,49
Other investment inflows	0,00	0,00
Outflows	3 274 035,62	12 360 382,76
Purchase of intangible assets and property, plant and equipment	444 889,22	12 360 382,76
Investments in real property and intangible assets	0,00	0,00
For financial assets, including:	2 829 146,40	0,00
a) in related entities	0,00	0,00
purchase of financial assets	0,00	0,00
b) in other entities	2 829 146,40	0,00
purchase of financial assets	2 829 146,40	0,00
Other investment outflows	0,00	0,00
Cash flows from investing activities	-3 274 035,62	3 352 535,18
Cash flows from financing activities		
Inflows	12 766 753,71	19 057 384,77
Loans and borrowings	12 634 246,15	19 007 803,27
Issue of debt securities	0,00	0,00
Net inflows from stock issue	0,00	49 581,50
Other financial inflows	132 507,56	0,00
Outflows	8 981 919,32	2 936 781,14
Purchase of shares (stocks)	0,00	0,00
Dividends and other payments to shareholders	0,00	0,00
Profit distribution other than payments to shareholders	458 427,18	0,00
Repayment of loans and borrowings	0,00	0,00
Redemption of debt securities	0,00	0,00
Due to other financial liabilities	1 835 299,46	0,00
Payments of liabilities under finance lease agreements	0,00	787 404,47
Interest	6 688 192,68	1 081 071,54
Other financial outflows	0,00	1 068 305,14
Net cash flows from financing activities	3 784 834,39	16 120 603,63
Total net cash flows	14 152 342,61	-14 936 693,50
Balance sheet change in cash, including:	14 152 342,61	-14 936 693,50
change in cash due to exchange differences		0,11
Cash as at the beginning of the period	38 139 438,36	56 486 007,74
Cash at the end of the period	52 291 780,97	41 549 314,25
Other adjustments include:		
change in exchange differences	-16 584 425,77	-2 450 605,30
other changes in capital funds	-479 164,85	0,00
minority profit	2 625 437,92	3 267 809,13
FR adjustment carried forward	166 676,91	-1 481 866,48
resignation from option valuation	0,00	78 493 275,00
Work Port 24 adjustment	0,00	144 521,62
liquidation of CLEAN24	0,00	44 734,33
fundamental error	-17 607 465,62	0,00
Write-off for discontinued operations	15 402 000,00	0,00
resignation from agreement with Kariera	-11 908,31	0,00
Total	-16 488 849,72	78 018 430,30

Consolidated statement of changes in equity of the Capital Group

01.01.2020-30.06.2020	Share capital	Supplementary capital	Reserve capital	Previous years' result	Exchange differences	Net result	Equity attributable shareholders of the dominating entity	Capital held by non-controlling shareholders
As at 31 December 2019	6 559 063,80	353 211 033,43	-92 276 850,89	-67 801 051,69	-22 736 333,61	-117 279 375,35	59 676 485,70	30 359 873,58
Fundamental error adjustment*				-17 607 465,62			-17 607 465,62	
As at 31 December 2019 after transformations	6 559 063,80	353 211 033,43	-92 276 850,89	-85 408 517,31	-22 736 333,61	-117 279 375,35	42 069 020,08	30 359 873,58
Capital increase						-32 624 518,69	-32 624 518,69	
Net profit (loss) for the financial year					-16 584 425,77		-16 584 425,77	
Exchange differences due to the translation of financial statements of foreign entities		-430 067,20	104 147,59				-325 919,61	
Distribution of the result for previous years:				166 676,91			166 676,91	
Adjustment of the 2019 result								2 625 437,92
Minority result				-117 279 375,35		117 279 375,35	0,00	
Profit carried forward				-479 164,85			-479 164,85	
Structural changes								-11 908,32
KCP-Kariera.pl annulment of the contract	6 559 063,80	352 780 966,23	-92 172 703,31	-203 000 380,60	-39 320 759,36	-32 624 518,69	-7 778 331,93	32 973 403,18
As at 30 June 2020	6 559 063,80	353 211 033,43	-92 276 850,89	-67 801 051,69	-22 736 333,61	-117 279 375,35	59 676 485,70	30 359 873,58

* - adjustment related to the tax control of income tax, described in note 6

Consolidated statement of changes in equity (comparatives)

01.01.2019-31.12.2019	Share capital	Supplementary capital	Reserve capital	Previous years' result	Exchange differences	Net result	Equity attributable shareholders of the dominating entity	Capital held by non-controlling shareholders
As at 31 December 2018	6 509 482,30	236 084 819,51	-92 106 141,79	-52 622 554,11	-15 119 961,09	8 147 732,57	90 893 377,39	24 718 569,71
Fundamental error adjustment				-10 879 365,99			-10 879 365,99	
As at 31 December 2019 after transformations	6 509 482,30	236 084 819,51	-92 106 141,79	-63 501 920,10	-15 119 961,09	8 147 732,57	78 492 797,97	24 718 569,71
Capital increase	49 581,50	-	-	-	-	-	49 581,50	-
Net profit (loss) for the financial year	-	-	-	-	-	-124 007 474,98	-124 007 474,98	-
Exchange differences due to the translation of financial statements of foreign entities	-	-	-	-	-7 616 372,52	-	-7 616 372,52	-
Distribution of the 2018 result:	-	10 855,11	-	-	-	-	10 855,11	-
Adjustment of the 2018 result	-	-102 025,59	23 836,95	-8 502 459,68	-	-	-8 580 648,32	-
Including WSSA adjustment of liabilities to ZUS*	-	-	-	-1 521 213,43	-	-	-	-
Including WS Deutschland asset adjustment for deferred tax**	-	-	-	- 6 981 246,25	-	-	-	-
Minority result	-	-	-	-	-	-	-	5 641 303,87
Profit carried forward	-	-1 401 044,66	-	9 548 777,23	-	-8 147 732,57	-	-
Structural changes	-	-	-	352 450,48	-	-	352 450,48	-
Cancellation of the valuation of the Prohuman option	-	94 948 356,00	-	-16 455 081,00	-	-	78 493 275,00	-
Adjustment of option valuation	-	23 670 007,06	-	-	-	-	23 670 007,06	-
Other	-	66,00	-194 546,05	-122 184,60	-	-	-316 664,65	-
As at 31 December 2019	6 559 063,80	353 211 033,43	-92 276 850,89	-78 680 417,68	-22 736 333,61	-124 007 474,98	42 069 020,08	30 359 873,58

*- correction results from the balance of ZUS calculation liabilities to ZUS Agreement

** - correction results from accounting error and correction of this in 2019

*** - adjustment related to the tax control of income tax, described in note 6

Additional information about the Summary Report of the Capital Group for the first half of 2020

1. General information about the Work Service Capital Group

1.1. Dominating Entity

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

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

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

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

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

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

Work Service SA operates under the Polish law. The legal basis for the Company's activity: the Code of Commercial Companies and regulations of the General Meeting, Supervisory Board and Management Board.

1.2. Basic information about the Work Service Capital Group

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

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

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

STRATEGIC DESCRIPTION

The condensed separate financial statements of the Parent and the consolidated financial statements of its Capital Group were prepared based on the assumption that the Parent and the Capital Group companies will continue as a going concern in an unchanged form and scope for at least 12 months after the date of the financial statements.

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:

- 1) The risk related to the prolonged COVID-19 pandemic – as at the date of publication of this report, it is not possible to precisely assess the final effects of the situation on the market where the Issuer's Group is present;
- 2) Uncertainty as to the final date of an arrangement with the Banks, based on which Work Service S.A. will be able to redeem half of its bank debt (as at the date of publication of this report, Work Service S.A. is working towards the arrangement);

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
- Information on new instalment arrangements concluded with the Social Insurance Institution (ZUS);
- Information related to the impact of the COVID-19 pandemic on the Group's situation in 2020;

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 S.A.
2. PLN 10,825,000.00 on August 27, 2020, to Work Service S.A.
3. PLN 8,451,000.00 on September 24, 2020 to Work Service SA

These funds were used, among others, to: repay the bonds described in item D of this subchapter and partly repay the transaction costs.

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.

2) Conclusion of new, longer-term instalment arrangements with the Social Security Institution (ZUS);

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.

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**
- **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. 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 intends 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.

C. Withdrawal from the sale of Czech and Slovak entities in connection with the restructuring of bonds described in item 3 of this chapter.

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.

As debt towards the bondholders was repaid, the process of selling Czech and Slovak entities as at the date of this report is not active.

4) Financial data for the first quarter 2020

The financials presented refer to the 6-month period ended on June 30, 2020, and the 6-month period ended on June 30, 2019.

The table also presents the result on discontinued operations:

- the financial data for discontinued operations for the period 01.01.2020–30.06.2020 include the German group, i.e. the financials of Work Service GMBH & Co.KG and of the entities controlled by Work Service GMBH & Co.KG

- the financial data for discontinued operations for the period 01.01.2019–30.06.2019 also include the German group described above, plus, in addition, the financials of Antal Sp. z o.o., as well as the financials of the entities controlled by Antal Sp. z o.o.

Antal Sp. z o.o. was sold in Q4 2019, and the transaction was described in the Group Report for 2019.

CONTINUED OPERATIONS	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Revenues	580 533 588,80	755 785 100,72
Net revenues from sales of products	583 631 315,83	755 219 950,45
Variation in stocks of products	-3 097 727,03	565 150,27
Manufacturing cost of products for entity's own purposes		
Net income on sale of goods and materials		
Operating costs	573 570 615,34	741 934 732,69
Depreciation	6 252 514,16	7 065 315,73
Consumption of materials and energy	2 215 828,06	2 511 024,47
Outside services	46 123 999,61	64 085 405,35
Taxes and charges	933 330,05	1 764 875,77
Remuneration	435 221 716,77	544 983 927,27

Social insurance and other benefits	79 192 374,46	116 477 598,59
Other generic expenses	3 630 852,23	5 046 585,52
Value of goods and materials sold	0,00	0,00
Profit (loss) on sales	6 962 973,46	13 850 368,03
Other operating incomes	21 227 079,36	40 618 296,87
Other operating costs	20 827 026,60	26 185 657,95
Profit (loss) on operating activities	7 363 026,23	28 283 006,95
Financial incomes	6 613 946,27	1 000,50
Financial costs	13 766 157,84	6 970 356,97
Gross profit (loss)	210 814,66	21 313 650,48
Income tax	10 405 258,46	7 174 893,74
Net profit (loss) from continued operations	-10 194 443,80	14 138 756,73

DISCONTINUED OPERATIONS	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Net revenues from sales of products	39 020 152,32	84 476 349,17
Operating costs	44 973 834,47	89 812 378,27
Other operating incomes	1 930 955,08	261 230,06
Other operating costs	100 168,49	245 417,57
Financial incomes	0,00	378,71
Financial costs	15 655 320,37	27 409 767,24
Gross profit (loss)	-19 778 215,93	-32 729 605,13
Income tax	26 421,04	-6 982 672,51
Profit for the financial year from discontinued operations	-19 804 636,97	-25 746 932,62

Comment on financial data of the continued operations.

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

However, as a result of the problems related to the still large debt in the Group, 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 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 described in item 5 of this chapter. At the same time, in the opinion of the Management Board, the tool for achieving this goal is changing. The Company and its entities plan to 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 will be sourcing new orders and gradually improving sales revenues.

The Management Board of the Company notes that despite the COVID-19 pandemic described in paragraph 5 of this chapter, 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.

The Management Board notes that in the operating result on continued operations for H1 2020 (as presented in item 4), a number of unusual events were identified, including:

I. Unusual events and factors improving the operating result in the total amount of PLN 6.1 million, including:

1. Recognition of unusual other operating income in the total amount of PLN 6.3 million, including:
 - Recognition of other operating income in connection with the release of restructuring provisions in the total amount of approx. PLN 1.2 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 0.7 million;
 - Recognition of operating income related to the government subsidy for COVID-19 in the total amount of approx. PLN 0.9 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 0.9 million;
 - Recognition of other operating income in connection with the release of provision for estimated liabilities to PFRON in the amount of PLN 2.4 million.

II. Unusual events and factors worsening the operating result in the total amount of PLN 7.1 million, including:

1. Costs of third-party services related, among others, to i) advisory services (covered and not covered by restructuring provisions), ii) settlement of cooperation with a subcontractor, and (iii) other costs in the total amount of approx. PLN 2.5 million;
2. Recognition of unusual other operating costs in the amount of PLN 4.6 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 1.9 million.
 - Other operating costs related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 2.1 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 setting-up of new reserves for court cases costs in the total amount of approx. PLN 0.3 million.

In connection with the above (the balance of item I and item II in total), the impact of the identified unusual events included in the operating result in item 4 is negative and amounts to approx. PLN 1 million.

The comparative amounts for H1 2019 for continuing operations presented in item 4 also include unusual events improving the operating profit in the total amount of approx. PLN 3.6 million. These events were also presented in the published Report of the Capital Group for 2019.

The data presented above refer to the Polish Group only.

5) Information on the impact of COVID-19 on the 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.

The Work Service Group recorded a decrease in orders mainly in Q2. At the same time, as at the date of publication of this report, Work Service is unable to assess more accurately the impact of the pandemic on the sales revenues in 2020 (a decrease in relation to the pre-pandemic planned sales budget).

In relation to uncertainty about the length of the period of potential recession, it is not possible to estimate precisely its impact on the results and financial condition of the Work Service Group at the date of this report.

The Company's Management Board considers that the changes observed are a challenge for the Work Service Group primarily in the short and medium term. In the long term, the Work Service business model is tailored to support customers in flexible employee solutions, including during periods of possible economic downturn.

Directors of Work Service SA as at June 30, 2020:

- Iwona Szmitkowska – President
- Jarosław Dymitruk – Vice-President
- Marcus Preston - Vice-President

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.

As at the date of the report, the changes had not yet been included in the National Court Register.

With reference to the resolution of the Supervisory Board No. 1 of June 19, 2020 on the delegation of the Vice-Chairman of the Supervisory Board - Mr. Marcus Preston to temporarily perform the duties of a Member of the Management Board, about which the Issuer informed in the current report No. 38/2020, the Issuer's Supervisory Board on August 20, 2020, 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.

Composition of the Supervisory Board of Work Service SA as at June 30, 2020:

- Przemysław Schmidt – Chairman of Supervisory Board
- Marcus Preston – Vice-Chairman of the Supervisory Board
(delegated to fulfil the duties of the Member of the management Board)
- Pierre Mellinger – Member of the Supervisory Board
- Paweł Ruka – Member of the Supervisory Board
- Tomasz Bujak – Member of the Supervisory Board
- Piotr Żegleń – Member of the Supervisory Board
- Tomasz Wojtaszek – Member of the Supervisory Board
- Robert Oliwa – Member of the Supervisory Board
- Andrzej Witkowski – Member of the Supervisory Board

On 25 August 2020 the Management Board received letters of 25 August 2020 containing information about:

- 1) resignation of Tomasz Jakub Wojtaszek from the function of a Member of the Supervisory Board of Work Service S.A. with immediate effect. The reasons for the resignation were not given.
- 2) resignation of Pierre Mellinger from the function of a Member of the Supervisory Board of Work Service S.A. with immediate effect. The reasons for the resignation were not given.

As at the date of the report, the changes had not yet been included in the National Court Register.

The following business entities were a part of the Work Service Capital Group as at June 30, 2020:

Companies in which Work Service SA holds direct capital share

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Finance Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.12.2005	100.00%	100.00%	Full
Industry Personnel Services sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.11.2003	100.00%	100.00%	Full
Work Service International Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	06.07.2006	100.00%	100.00%	Full
WS Support Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	19.02.2010	100.00%	100.00%	Full
Sellpro Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.03.2009	100.00%	100.00%	Full
Virtual Cinema Studio Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.12.2002	50.00%	50.00%	Non-consolidated
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	16.05.2011	75.00%	75.00%	Full
Prohuman 2004 Kft.	H-1146 Budapest, Hungaria korut 140-144.	21.12.2013	80.22%	80.22%	Full
Work Express Sp. z o.o.	40-064 Katowice, ul. Kopernika 6	02.01.2014	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	100.00%	100.00%	Full
Work Service Czech s.r.o.	Anglická 140/20, Vinohrady, 120 00 Praha 2	30.01.2004	100.00%	100.00%	Full
Work Service East Lcc	Kharkov, ul. Sumska 50, Kharkov area, Kharkov voivodship, Ukraine	03.02.2017	100.00%	100.00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	53.50%	53.50%	Full
Workport24 GmbH	An den Treptowers 1 D-12435 Berlin	19.08.2011	100.00%	100.00%	Non-consolidated

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

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

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Outsourcing Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.09.2011	100.00%	100.00%	Full
Work Service SK s.r.o.	831 03 Bratislava, Škultétyho 1	01.06.2016	100.00%	100.00%	Full
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 share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Prohuman Outsourcing Kft.	H-1146 Budapest, Hungaria korut 140-144	21.12.2013	100.00%	100.00%	Full
Human Existence Kft.	3525 Miskole, Arany Janos ter.1. mfsz 18.	08.07.2014	100.00%	100.00%	Full
Naton kadrovsko svetovanje d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100.00%	100.00%	Full
HR Rent Kft	H-7624 Pecs, Ferencesek utcoja 52	10.12.2015	100.00%	100.00%	Full
Finance Sales Hungary Kft (Profield 2008 Kft)	2724 Ujlengyel, Ady Endre utca 41	17.12.2015	100.00%	100.00%	Full
APT Resources&Services s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full
APT Human Resources s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full
APT Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full
APT Finance Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full

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

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

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Outsourcing Solutions Partner Sp. z o.o.	ul. Kopernika 6, 40-064 Katowice	02.01.2014	100.00%	100.00%	Full
Support and Care Sp. z o.o.	ul. Warszawska 1, 42-350 Koziegłowy	02.01.2014	100.00%	100.00%	Full

Companies related through Work Service GmbH & Co.KG

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

Work Service Professionals GmbH	Berlin, An den Treptowers 1, 12435	21.11.2014	100.00%	100.00%	Full
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Companies related through Work Service SPV Sp. z o.o.

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

Companies related through Work Service Deutschland GmbH

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Fahrschule GmbH	Domhof 8, 48268 Greven	29.07.2015	100,00%	100,00%	Full

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

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

Companies related through Profield 2008 Kft

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

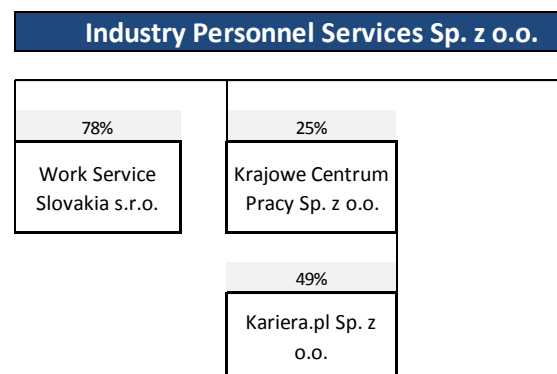
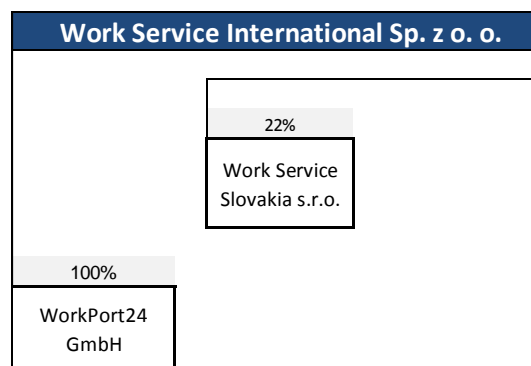
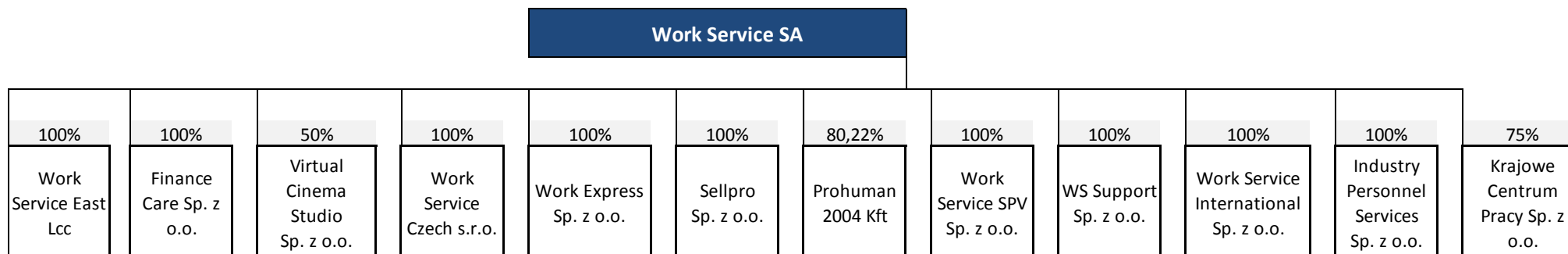
Disclosures concerning material subjective appraisals and assumptions (and changes of such appraisals and assumptions), adopted during assessment:

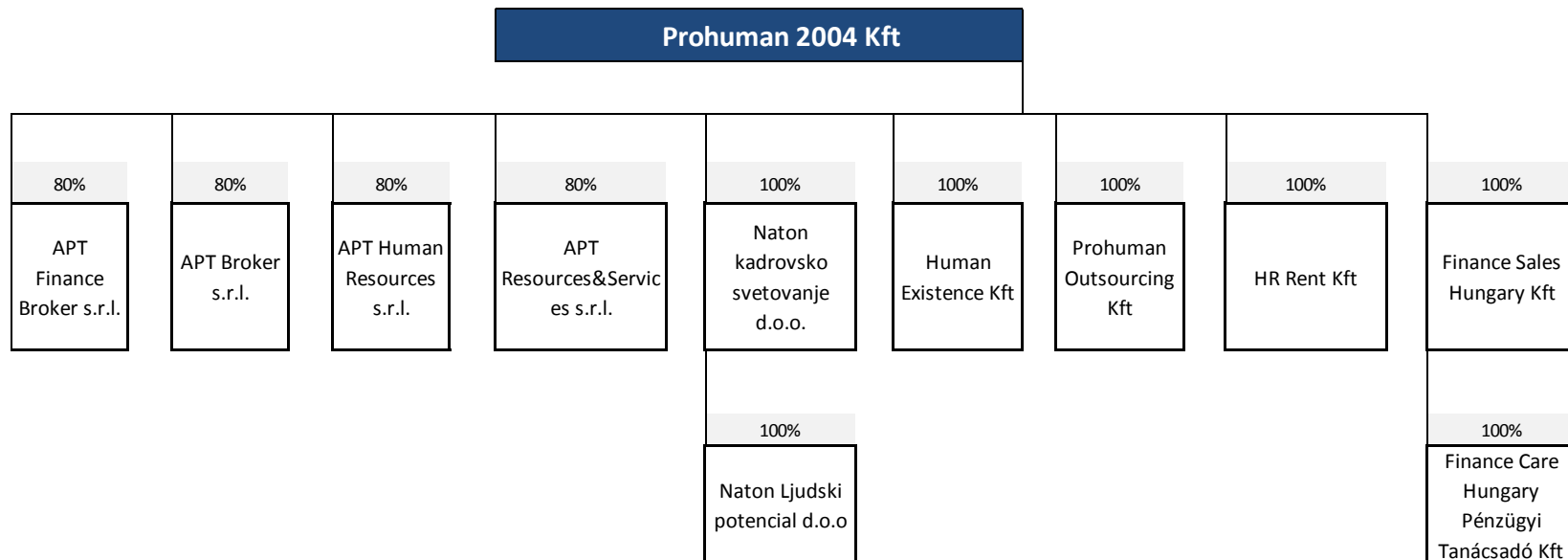
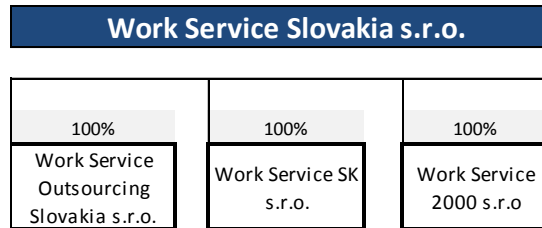
Related entities of the Parent Company are the entities included in the consolidated financial statements, i.e. all Capital Group companies except for Virtual Cinema Studio sp. z o.o and WorkPort24 GmbH.

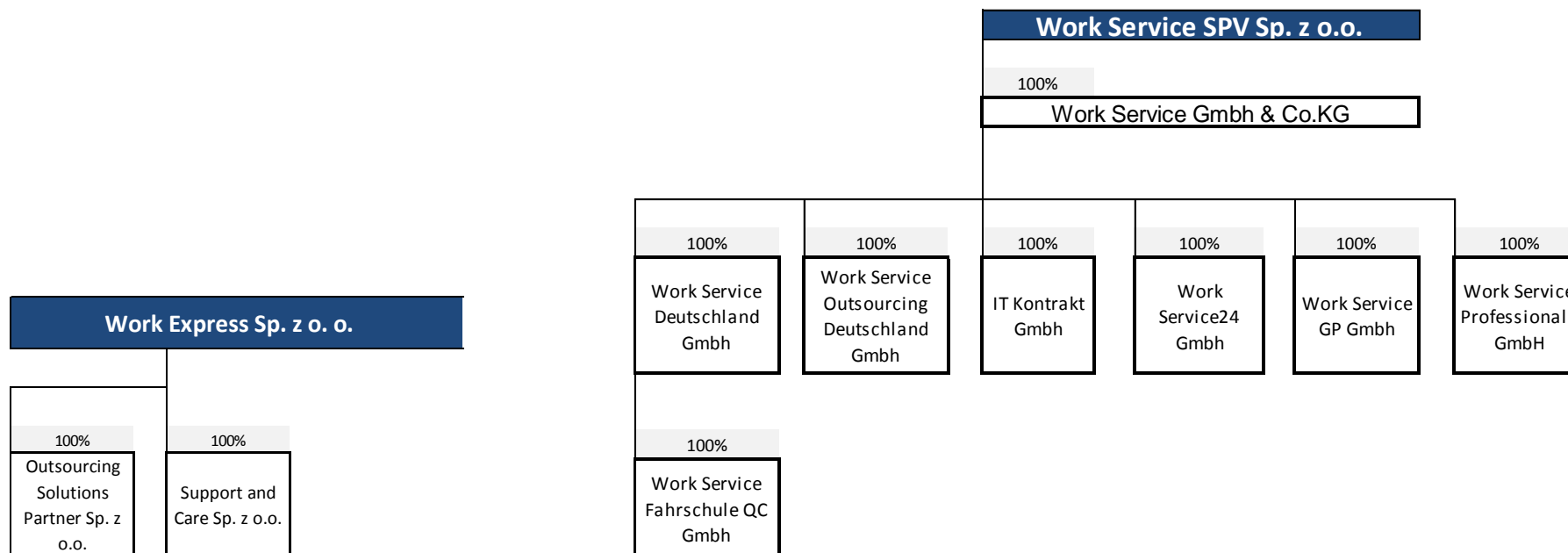
Due to the fact that Work Service SA does not have control over Virtual Cinema Studio sp. z o.o., (since it holds only 50% of the voting rights according to art. 5 and 6 IFRS 10), does not consolidate it.

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

Structure of the Work Service Capital Group as at 30.06.2020







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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Work Service 2000 s.r.o. (Slovakia) – the company's business is equivalent to that of Antal Sp. z o.o. on the Slovak market. The equity of the company was assumed in full by Work Service Slovakia s.r.o, which is indirectly subordinated to Work Service SA.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Directors' statement of compliance with accounting rules

Directors of Work Service SA represent that, according to their best knowledge, these interim condensed consolidated financial statements and individual statements of Work Service SA as well as the comparative data were compiled in line with accounting

rules in force and that these statements truly, reliably and clearly reflect the economic and financial position of the Work Service Capital Group.

3. Applied accounting principles

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

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

The interim condensed consolidated financial statements as at 30 June 2020 were compiled on the basis of financial statements of entities being a part of the Capital Group in line with the historical cost principle.

Both the summary consolidated financial statements and the individual financial statements contain data as at 30 June 2020 and for the period from January 1, 2020 to June 30, 2020. Comparative data are presented as at 31 December 2019 for the consolidated statement of the financial standing, individual statement of the financial standing, consolidated statement of changes in equity and the individual statement of changes in equity and for the period from January 1, 2019 to June 30, 2019 for the consolidated total income statement, consolidated cash flow statement, consolidated statement of changes in equity and the individual total income statement, individual cash flow statement and individual statement of changes in equity.

The interim condensed consolidated financial statement does not contain all information that is disclosed in the annual consolidated financial statement drawn up in accordance with IFRS. This interim condensed consolidated financial statement shall be read together with the consolidated financial statements of the Capital Group for 2019.

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

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

	Average EUR exchange rate in the period	EUR exchange rate as at the last day of the period
01.01-30.06.2020	4,4413	4,4660
01.01-31.12.2019	4,3018	4,2585
01.01-30.06.2019	4,2933	4,2520

Accounting rules (policy) adopted in these consolidated financial statements were applied in a continuous manner and comply with accounting rules applied in the last audited annual consolidated financial statements compiled according to the International Financial Reporting Standards (IFRS) approved by the European Union for the year ended on December 31, 2019 except for changes resulting from the entry into force of new standards, interpretations and modifications of standards.

- 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 amendment did not affect the data reported in the Group's existing financial statements. However, the amendment was relevant to the merger which was carried out in the first half of 2020 and described in note 7.

- 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.). 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 Group uses IRS instruments in hedge accounting to hedge the interest rate of concluded loans, the amendment allowed hedge accounting to continue despite uncertainty about the replacement of existing reference rates.

- 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. The simplification is available for financial statements for annual periods beginning on or after 1 June 2020, but its earlier application has been allowed. Using this possibility, the Group applied simplification to some of the contracts meeting the conditions: PKO Leasing agreement 16/027509. The amendments were treated as the use of the terms of the already existing agreements. The amount recognized in the result amounted to + PLN 11.8 thousand.

4. Significant events and transactions

During the period covered by the interim condensed consolidated financial statement COVID-19 had a significant impact on the Group's operations.

Below are data on the impact of COVID-19 on the Work Service Group in the first half of 2020:

- amendments to the schedule of commitments — no significant changes,
- amendments to lease agreements - the effects of amendments to lease agreements amount to PLN 11.9 thousand;
- loss of hedging relationships - none;
- infringement of covenants – none;
- loss of goodwill, fixed assets, inventory, receivables - did not occur;
- unused capacity - does not occur;
- provisions for penalties, restructuring, severance payments for employees – no significant change;
- adjustments to the valuations of revenue contracts recognized over time — no change;
- impairments of deferred tax assets - no significant changes;
- recognition of government assistance – government assistance amounted to PLN 940 thousand;
- decrease in operating income in second quarter 2020

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

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

6. In these financial statements, the Group made adjustments to the presentation of the 2018 data previously published

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 of 01.01.2019

Correction title	Report item	Correction amount	Published	After correction
Deferred tax assets	Deferred tax assets	-3 142 281,99	44 010 880,64	40 868 598,65
	TOTAL ASSETS	-3 142 281,99	878 328 520,85	875 186 238,86
Adjustment for deferred tax	Profit (loss) from previous years	-3 142 281,99	-52 622 554,11	-63 501 920,10
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	198 811 688,42	206 548 772,42
	TOTAL EQUITY AND LIABILITIES	-3 142 281,99	878 328 520,85	875 186 238,86

As of 31-12-2019

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

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

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which the separate financial information is available.

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

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

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

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

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

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

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

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

Tables below present the revenue and costs of individual industry segments of the Group for the first half of the year ended on June 30, 2020 and comparative data for the first half of the year ended on June 30, 2019.

The presented financial data for the period from 01.01 to 30.06.2020 relate to the continued operations of the Capital Group in 2020 and comparable data for 2019 are presented

	30.06.2019		30.06.2020	
	Temporary work	Other	Temporary work	Other
Sales to external clients	678 814 158	76 970 943	521 622 887	58 910 702
Internal sales	44 585 123	11 946 884	43 498 430	7 644 820
Costs from external suppliers	665 912 267	76 022 466	511 260 965	62 309 650
Results	12 901 891	948 477	10 361 922	-3 398 948
Other operating revenue	40 618 297		21 227 079	
Other operating costs	26 185 658		20 827 027	
Results	28 283 007		7 363 026	

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

Net revenue	2020	[%]	2019	[%]
	H1	share	H1	share
Poland	212 372 201	36,6%	321 994 672	42,6%
Foreign	368 161 387	63,4%	433 790 429	57,4%
Total	580 533 588	100%	755 785 101	100%

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

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

COUNTRY	2020	share [%]	2019	share [%]
Poland	212 372 201	36,6%	321 994 672	42,6%
Czech Republic	21 088 201	3,6%	36 210 215	4,8%
Slovakia	8 560 033	1,5%	14 598 297	1,9%
Slovenia	22 049 125	3,8%	33 656 380	4,5%
Croatia	67 083	0,01%	443 340	0,1%
Hungary	238 610 151	41,1%	301 189 086	39,9%
Romania	77 786 795	13,4%	47 682 381	6,3%
Ukraine			10 730	0,001%
TOTAL	580 533 589	100,0%	755 785 101	100,0%

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

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

Sector	H1 2020	Share %
Call center	22 541 648	3,9%
Automotive	21 627 003	3,7%

Financial and Insurance Services	20 061 484	3,5%
Automotive	16 569 304	2,9%
Other services	11 861 141	2,0%
Industry other	7 091 963	1,2%
Electronics	6 722 404	1,2%
Electronics	5 852 220	1,0%
Electronics	4 046 296	0,7%
Industry other	3 815 026	0,7%

Individual financial statements of Work Service SA

Statement of financial position of Work Service S.A.

as at June 30, 2020

	as at 30.06.2020	as at 31-12-2019 after adjustment	as at 30.06.2019 sfter adjustment	as at 01.01.2019 sfter adjustment
FIXED ASSETS	372 557 466,46	377 323 973,45	339 562 406,86	576 588 131,81
Intangible assets	14 325 552,33	15 547 471,09	17 124 925,65	34 057 152,60
Property, plant and equipment	12 007 736,18	13 957 264,56	16 962 385,09	6 195 939,03
Investment properties	2 368 361,25	2 390 231,55	2 495 938,00	2 495 938,00
Other non-current assets	306 844 967,05	306 844 967,05	270 257 936,07	504 337 984,67
Deferred tax assets	37 010 849,65	38 584 039,20	32 721 222,05	29 501 117,51
CURRENT ASSETS	111 307 713,85	116 284 064,60	290 763 173,19	188 839 274,60
Inventories	442 650,02	825 894,40	567 518,86	704 789,85
Trade and other receivables	48 799 922,91	57 669 660,85	75 254 782,48	87 197 199,96
Other financial assets	49 440 363,37	55 433 975,77	57 818 740,94	99 949 542,18
Cash and cash equivalents	5 021 561,46	1 337 855,65	82 130,02	301 214,19
Prepayments	7 603 216,09	1 016 677,93	1 151 029,69	686 528,42
Assets held for sale	0,00	0,00	155 888 971,20	0,00
TOTAL ASSETS	483 865 180,31	493 608 038,05	630 325 580,05	765 427 406,41
EQUITY	3 212 482,51	29 538 225,83	192 946 059,07	217 794 469,23
Share capital	6 559 063,80	6 559 063,80	6 559 063,80	6 509 482,30
Supplementary capital	283 163 833,96	283 163 833,96	283 163 833,96	283 163 767,96
Reserve capital	5 664 115,29	5 664 115,29	5 664 115,29	5 664 115,29
Net profit (loss)	-265 816 150,22	-186 784 677,47	-23 626 844,23	-90 015 668,16
Profit (loss) brought forward	-26 358 380,32	-79 064 109,75	-79 064 109,75	12 472 771,84
LIABILITIES AND PROVISIONS	480 652 697,80	464 069 812,22	437 379 520,98	537 425 485,39
Provisions for liabilities	11 235 015,86	15 654 106,14	6 643 986,61	24 803 586,63
Deferred tax liabilities	1 243 801,29	2 568 813,63	2 373 979,81	3 792 972,93
Provision for pensions and similar benefits	651 462,99	651 462,99	1 173 173,23	617 796,51
Other current provisions (short-term)	9 339 751,58	12 433 829,52	3 096 833,57	20 392 817,19
Long-term liabilities	56 421 160,13	59 354 471,74	17 622 159,39	164 248 042,85
1. To related entities	50 126 361,90	51 995 835,67	7 987 382,50	7 987 382,50
2. To other entities	6 294 798,23	7 358 636,07	9 634 776,89	156 498 042,85
Long-term loans and borrowings	0,00	0,00	0,00	108 256 275,59
Issue of debt securities	0,00	0,00	0,00	43 988 109,50
Other financial liabilities	6 294 798,23	7 358 636,07	9 634 776,89	4 253 657,76
Short-term liabilities	412 996 521,81	388 783 771,84	413 113 374,98	348 373 855,91
1. To related entities	116 805 828,60	104 960 647,07	126 527 738,04	120 879 119,05
2. To other entities	296 190 693,21	283 823 124,77	286 585 636,94	227 494 736,86
Issue of debt securities	45 971 120,02	45 396 882,91	44 684 796,22	0,00
Other financial liabilities	7 184 752,92	8 229 882,26	9 493 425,80	1 776 418,88
Loans and borrowings	117 560 803,96	109 021 609,77	114 672 073,13	1 500 000,00
Trade liabilities	5 006 071,05	10 823 708,46	12 828 037,23	15 533 216,04
Liabilities in respect of taxes, customs duties, insurance and other benefits	113 591 839,22	95 349 671,82	91 166 993,2	113 241 578,49
Payroll liabilities	6 049 823,56	11 892 046,99	12 304 629,78	15 705 183,74
Other liabilities	826 282,48	1 846 301,18	1 685 681,30	80 026 974,25
Accruals	0,00	277 462,50	0,00	10 207 451,79
Liabilities directly related to assets classified for sale	0,00	0,00	0,00	0,00
TOTAL EQUITY AND LIABILITIES	483 865 180,31	493 608 038,05	630 325 580,05	765 427 406,41

Total income statement of Work Service SA for 6 months

ended on June 30, 2020

	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Revenue	118 402 526,53	168 740 641,17
Net trade revenue	118 882 891,58	168 528 643,92
Change in receivables	(480 365,05)	211 997,25
Manufacturing cost of products for entity's own needs	0,00	0,00
Net revenues from sales of goods and materials	0,00	0,00
Costs of operations	126 993 615,94	182 910 712,13
Amortisation and depreciation	3 987 709,12	5 014 640,54
Consumption of materials and energy	775 050,25	1 052 794,37
External services	14 688 040,65	30 768 449,76
Taxes and charges	218 841,04	320 384,05
Remuneration	88 494 317,58	120 437 143,24
Social security and other benefits	18 176 966,50	24 233 902,91
Other costs by type	652 690,80	1 083 397,26
Value of goods and materials sold	0,00	0,00
Sales profit (loss)	-8 591 089,41	-14 170 070,96
Other operating revenue	6 080 070,90	24 831 563,28
Other operating expenses	7 139 211,58	6 615 911,86
Profit (loss) from operations	-9 650 230,09	4 045 580,46
Finance income	4 730 780,96	3 600 013,78
Finance costs	21 190 753,98	35 911 536,13
Gross profit	-26 110 203,11	-29 309 805,23
Income tax	248 177,21	-4 639 097,66
Net profit (loss)	-26 358 380,32	-23 626 844,23
Comprehensive income for the period	-26 358 380,32	-23 626 844,23
Net profit (loss) attributable to shareholders:	-26 358 380,32	-23 626 844,23

Work Service SA cash flow statements for 6 months

ended on June 30, 2020

	01.01.2020-30.06.2020	01.01.2019-30.06.2019
A. Cash flows from operating activities		
I. Net profit / (loss)	-26 358 380,32	-23 626 844,23
II. Total adjustments	22 557 347,91	-38 377 591,92
1. Amortisation and depreciation	3 987 709,12	5 014 640,54
2. Foreign exchange gains (losses)	-2 693 212,52	-1 267 586,06
3. Interest and shares in profits (dividends)	3 043 116,29	4 620 032,33
4. Profit (loss) on investing activities	45 246,99	-205 000,00
5. Change in provisions	-4 419 090,28	-18 159 600,02
6. Change in inventories	383 244,38	137 270,99
7. Change in receivables	6 091 518,95	11 942 417,48
8. Change in short-term liabilities, except for loans and borrowings	4 979 447,69	-27 156 326,42
9. Change in prepayments, accruals and deferred income	4 079 570,51	-13 892 057,60
10. Other adjustments	7 059 796,78 -9	578 616,84
III. Net cash flows from operating activities (I+II)	-3 801 032,41	-62 014 436,15
B. Cash flows from investing activities		
I. Inflows	445,93	82 892 506,75
1. Disposal of intangible assets and property, plant and equipment	0,00	65 009,32
2. Disposal of investments in real property and intangible assets	0,00	0,00
3. From financial assets, including:	445,93	82 827 497,43
a) in related entities	0,00	74 002 045,98
b) in other entities	445,93	8 825 451,45
- disposal of financial assets	0,00	0,00
- dividends and profit sharing	0,00	0,00
- repayment of long-term borrowings granted	0,00	2 114 169,49
- Interest	445,93	6 711 281,96
- other inflows from financial assets	0,00	0,00
4. Other investment inflows	0,00	0,00
II. Outflows	6 873 987,47	61 188 157,20
1. Purchase of intangible assets and property, plant and equipment	379 776,06	2 801 188,79
2. Investments in real property and intangible assets	0,00	0,00
3. For financial assets, including:	6 494 211,41	58 386 968,41
a) in related entities	6 472 113,00	58 386 968,41
b) in other entities	22 098,41	0,00
- purchase of financial assets	4 689,50	0,00
- long-term borrowings granted	17 408,91	0,00
4. Other investment outflows	0,00	0,00
III. Net cash flows from investing activities(I-II)	-6 873 541,54	21 704 349,55
C. Cash flows from financing activities		
I. Inflows	26 253 494,43	90 987 124,15
1. Net inflows from issue of shares and other equity instruments and additional contributions to equity	0,00	49 581,50
2. Loans and borrowings	24 144 446,25	89 802 018,68
3. Issue of debt securities	0,00	0,00
4. Other financial inflows	2 109 048,18	1 135 523,97
II. Outflows	11 895 214,67	50 896 121,72
1. Purchase of treasury shares	0,00	0,00

2. Dividends and other payments to shareholders	0,00	0,00
3. Outflows in respect of appropriation of profit other than payments to shareholders	0,00	0,00
4. Repayment of loans and borrowings	11 071 892,64	49 450 493,43
5. Redemption of debt securities	0,00	0,00
6. Due to other financial liabilities	0,00	0,00
7. Payments of liabilities under finance lease agreements	0,00	652 583,14
8. Interest	823 322,03	793 045,15
9. Other financial outflows	0,00	0,00
III. Net cash flows from financing activities (I-II)	8 414 708,59	40 091 002,43
D. Total net cash flows (A.III.+B.III+C.III)	3 683 705,81	-219 084,17
E. Balance sheet change in cash, including:	3 683 705,81	-219 084,17
- change in cash due to exchange differences		0,11
F. Cash as at the beginning of the period	1 337 855,65	301 214,19
G. Cash at the end of the period (F+D), including	5 021 561,46	82 130,02
- restricted access		0,00

Work Service S.A. statement of changes in equity

01.01.2020-30.06.2020	Share capital	Supplementary capital	Reserved capital	Retained earnings	Financial result	Equity
As at 1 January 2020	6 559 063,80	283 163 833,96	5 664 115,29	(68 184 743,76)	(180 023 940,84)	47 178 328,45
Fundamental error adjustment				(17 607 465,62)		(17 607 465,62)
As at after fundamental error adjustment	6 559 063,80	283 163 833,96	5 664 115,29	(85 792 209,39)	180 023 940,84)	29 570 862,83
Net profit (loss) for the financial year					(26 358 380,32)	(26 358 380,32)
Distribution of the 2019 result to supplementary capital				-180 023 940,84	180 023 940,84	0,00
Issue of shares						
Distribution of result for 2019						
Other						
As at 30 June 2020	6 559 063,80	283 163 833,96	5 664 115,29	(68 184 743,76)	(180 023 940,84)	47 178 328,45

01.01.2019-31.12.2019	Share capital	Other capital / supplementary capital	Retained earnings	Equity
As at 1 January 2019	6 509 482,30	288 827 883,25	-79 136 302,17)	228 673 835,22
Adjustment of retained profit/loss			(10 879 365,99)	(10 879 365,99)
As at 31 December 2019 after adjustment	6 509 482,30	288 827 883,25	-90 015 668,16	217 794 469,23
Net profit (loss) for the financial year			-186 752 040,47	-186 752 040,47
Capital increase	0,00	0,00	12 472 771,84	0,00
Fundamental error adjustment	49 581,50	66,00		49 647,50
correction due to ZUS			-1 521 213,43	-1 521 213,43
As at 31 December 2019	6 559 063,80	288 827 949,25	(79 064 109,75)	29 570 862,83

01.01.2019-30.06.2019	Share capital	Supplementary capital	Reserved capital	Retained earnings	Equity
As at 1 January 2019	6 509 482,30	283 163 767,96	5 664 115,29	-79 136 302,17)	228 673 835,22
Fundamental error adjustment				(10 879 365,99)	(10 879 365,99)
As at after fundamental error adjustment	6 509 482,30	283 163 767,96	5 664 115,29	-90 015 668,16	217 794 469,23
Net profit (loss) for the financial year	0,00	0,00	0,00	0,00	-23 626 844,23
Distribution of the 2018 result to supplementary capital	0,00	0,00	0,00	12 472 771,84	0,00
correction due to ZUS				-1 521 213,43	-1 521 213,43
Issue of shares	49 581,50	0,00	0,00	0,00	49 581,50
Other		66,00			66,00
As at 30 June 2019	6 509 482,30	283 163 767,96	5 664 115,29	(79 064 109,75)	192 696 059,07

Explanation of the Interim Report of the Capital Group for the first half of 2020

1. Material achievements of failures of the company in H1 2020 with the list of major related events

The presented financial data for the period of 01.01.2020-30.06.2020 applies to the entire Capital Group: continued and discontinued operations and comparable data for 2019.

Selected items of the income statement (PLN)	2020 – 1H	2019 – 1H	Dynamics 2020/2019
Sales revenue	619 554	840 261	0,74
Costs of operations	618 544	831 747	0,74
Sales profit (loss)	1 009	8 514	0,12
Profit (loss) from operations	3 240	22 963	0,14
EBITDA	9 493	30 295	0,31
Gross profit (loss)	-19 567	-11 416	1,71
Net profit (loss)	-29 999	-11 608	2,58

The table below presents selected items of the income statement relating to continued activities for the Work Service Capital Group for the following periods: 01.01.2020-30.06.2020 and comparable data for the period from 01.01.2019 to 30.06.2019.

Selected items of the income statement (PLN)	2020 – 1H	2019 – 1H	Dynamics 2020/2019
Sales revenue	580 534	755 785	0,76
Costs of operations	573 571	741 935	0,77
Sales profit (loss)	6 963	13 850	0,50
Profit (loss) from operations	7 363	28 283	0,26
EBITDA	13 616	35 348	0,39
Gross profit (loss)	211	21 314	0,01
Net profit (loss)	-10 194	14 139	-0,72

In the first half of 2020, the Work Service Capital Group achieved financial results at a lower level than in the same period of 2019, which was mainly due to the COVID-19 pandemic.

Additionally, one-off events described in item 2 of this chapter were identified in the result of operations of H1 2020.

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

Unusual events and factors are described in the "Additional information to the Condensed Group Report for the first half of 2020" in the item "Basic information about the Work Service Capital Group".

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

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

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

4.1 Issue, repurchase and repayment of debt securities

Work Service SA did not issue any non-equity securities in H1 2020.

4.2 Issue of equity securities

Work Service SA did not issue any equity securities in H1 2020.

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

After approving the financial statements for 2019, the General Meeting of Shareholders did not decide to pay dividends and left the financial result in the Company.

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

Meeting all of the conditions precedent under the Restructuring Agreement and entry into force of the Restructuring Agreement and Annex No. 8

On 28 August 2020 all other conditions precedent of entry into force of the Restructuring Agreement, about which the Company informed in points (g) and (h) of the current report no. 42/2020 and point (b) of the current report no. 55/2020, have been fulfilled. As a result, the Restructuring Agreement and Annex No. 8 came into force today.

At the same time, the Issuer informs that as a consequence of entry into force of the Restructuring Agreement, its parties are obliged to carry out the target debt restructuring on the basis of the partial agreement, which the Company and the Banks plan to conclude in the following weeks as part of the procedure to approve the agreement within the meaning of the restructuring law.

The Restructuring Agreement provides for partial repayment and partial reduction (haircut) under the Agreement of the Bank's receivables towards the Company under the Loan Agreement in the amount of the principal receivable of approximately PLN 110,350,000.00 to the amount corresponding to 50% of the principal receivable. The Repayment Amount will be repaid by the Company to the Banks in quarterly instalments in accordance with a fixed repayment schedule, whereby the first payment shall take place by 30 September 2020 and the last by 30 June 2023. Interest on the Repayment Amount will be charged in the amount of WIBOR 3M + 200 bps per year. Detailed conditions of the Restructuring Agreement are described in current report no. 42/2020.

Notifications about the sale of shares in Work Service S.A.

On 27 August 2020 the Management Board of Work Service S.A. received from the company Prologics UK LLP headquartered in London, a notification of August 26, 2020 containing information about the sale of the Company's shares.

Prologics in the Notification indicated that on August 20, 2020, sold 10,060,113 shares of the Company, corresponding to approximately 15.34% of the Issuer's share capital, giving in total the right to exercise 10,060,113 votes at the Company's general meeting, which corresponds to approximately 15.34% of the total number of votes at the general meeting of the Company, and thus the share of Prologics in the total number of votes at the general meeting of the Company changed by at least 2% and fell below 10%. The sale of the above shares took place under an over-the-counter transaction (OTC) concluded on August 20, 2020.

At the same time, Prologics in the Notification indicated that:

- 1) after the settlement of the Transaction and as at the date of the Notification, Prologics does not hold any shares of the Company;
- 2) as at August 26, 2020, following the Transaction, Prologics does not directly or indirectly hold any votes at the Company's general meeting.

Repayment of W, X and Z series bonds, and fulfilment of the Conditions Precedent under the Restructuring Agreement

On 27 August 2020 the conditions precedent to the entry into force of the Restructuring Agreement, of which the Company informed in point (e) of current report No. 42/2020 and in point (a) of current report No. 55/2020, have been fulfilled, i.e.:

(a) in accordance with the Bond Sale Agreement, the Company fully repaid all the Company's bonds of series W, X and Z of the total nominal value of PLN 35,250,000.00, for amount of PLN 10,575,000.00 and paid the interest due on account of the Bonds; and

(b) on the basis of the financing agreement of August 10th 2020 the Investor paid out financing to the Company and its subsidiaries in the amount of at least PLN 30,000,000.00.

Acquisition by the Company and redemption of all SHB series bonds

On 26 August 2020 the Company has acquired all the SHB series bonds and paid the interest due on account of the Bonds. Thus, the Company has settled all liabilities resulting from the Bonds, which were redeemed as a result of their acquisition by the Company.

Information on announcement of a tender offer to subscribe for the sale of shares of Work Service S.A.

On 25 August 2020 the Management Board of Work Service S.A. informs that today it has received information about the announcement on 25 August 2020 by GI International s.r.l. with its registered office in Milan, Italy (address: Piazza IV Novembre 5, 20124 Milan, Italy), a tender offer to subscribe for the sale of 10,029,311 (in words: ten million twenty-nine thousand three hundred and eleven) ordinary bearer shares, dematerialised, with a nominal value of PLN 0.10 (in words: ten groszy) each, entitling to one vote at a General Meeting of the Company, constituting 15.29% of the total number of the Company's shares.

The entity purchasing all the Shares under the Tender Offer is the Inviting Entity.

After conducting the Tender Offer, the Inviting Entity intends to achieve a total of up to 43,289,821 (in words: forty-three million two hundred and eighty-nine thousand eight hundred and twenty-one) votes at the General Meeting, constituting up to 66.00% of the total number of votes at the General Meeting, which corresponds to 43,289,821 (forty-three million two hundred and eighty-nine thousand eight hundred and twenty-one) shares of the Company, constituting up to 66.00% of the total number of shares of the Company.

The shares covered by the Tender Offer shall be purchased at PLN 0.62 (in words: sixty-two groszy) per Share.

Pursuant to Article 79 section 4 of the Act, the Inviting Entity and Tomasz Misiak holding 3,316,440 (in words: three million three hundred and sixteen thousand four hundred and forty) Shares constituting 5.06% of the Company's share capital and a share in the total number of votes decided that the purchase price of the Shares from the Substantial Shareholder is lower than the Purchase Price and amounts to PLN 0.21 (twenty one groszy) per one Share covered by subscriptions placed by the Substantial Shareholder.

In the case the period for accepting subscriptions for the sale of the Shares in the Tender Offer is not extended, the acceptance of subscriptions for the Shares shall commence on 14 September 2020 and shall end on 28 September 2020.

Resignations of the supervisors persons

On 25 August 2020 the Management Board received letters of 25 August 2020 containing information about:

- 1) resignation of Tomasz Jakub Wojtaszek from the function of a Member of the Supervisory Board of Work Service S.A. with immediate effect. The reasons for the resignation were not given.
- 2) resignation of Pierre Mellinger from the function of a Member of the Supervisory Board of Work Service S.A. with immediate effect. The reasons for the resignation were not given.

Notification of a change in share ownership

On 24 August 2020 the Management Board of Work Service S.A. received from the shareholder Tomasz Misiak and separately from the shareholder Tomasz Hanczarek - notifications containing information about the change in the share ownership in the share capital of the Company.

Tomasz Misiak indicated in the Notification TM (of August 24, 2020) that on August 20, 2020 he sold 6,231,111 shares of the Company corresponding to 9.50% of the share capital of the Company, giving in total the right to exercise 6,231,111 votes at the general meeting of the Company, which corresponded to 9.50% of the total number of votes in the Company, and thus Tomasz Misiak's share in the total number of votes in the Company changed by at least 2% and fell below 10%.

At the same time, in the Notification TM, Tomasz Misiak indicated that before the Transaction TM he held 9,547,551 shares of the Company corresponding to 14.56%, giving in total the right to exercise 9,547,551 votes at the general meeting of the Company, which corresponded to 14.56% of the total number of votes at the general meeting of the Company the meeting of the Company.

According to the Notification TM, after the settlement of the Transaction TM and as at August 24, 2020, Tomasz Misiak indicated that he holds 3,316,440 Company shares corresponding to 5.06% of the Company's share capital, giving in total the right to exercise 3,316,440 votes at the Company's general meeting which corresponds to 5.06% of the total number of votes at the Company's General Meeting.

Tomasz Hanczarek indicated in the Notification TH (of August 20, 2020) that on August 14, 2020 he found out about the change in his shareholding in the share capital of the Company. The change that Tomasz Hanczarek found out about is the reduction of Tomasz Hanczarek's shareholding by 81,420 shares corresponding to 0.12% of the share capital of the Company, giving in total the right to exercise 81,420 votes at the general meeting of the Company, which corresponds to 0.12% of the total number of votes in the Company, and thus the share of Tomasz Hanczarek in the total number of votes in the Company decreased below 5%.

At the same time, in the Notification TH, Tomasz Hanczarek indicated that the decrease in the share in the total number of votes in the Company resulted from the sale under transactions on the regulated market concluded on November 19 and 20, 2019. Tomasz Hanczarek announced that he found out about the fact that the conclusion of the Transactions TH resulted in a decrease in his share in the share capital of the Company, he learned only during the course of work on another transaction, as part of which he sold the remaining shares in the Company and an analysis of the ownership status made in connection with this transaction.

Tomasz Hanczarek indicated in particular that, prior to the Transactions TH, he had held 3,336,420 shares of the Company corresponding to 5.09% of the share capital of the Company, giving the total right to exercise 3,336,420 votes at the general meeting of the Company, which corresponded to 5.09% of the total number of votes at the general meeting the meeting of the Company.

Tomasz Hanczarek in the Notification TH indicated that after the settlement of the Transactions TH, Tomasz Hanczarek owned 3,255,000 shares of the Company corresponding to 4.96% of the share capital of the Company, giving a total right to exercise 3,255,000 votes at the general meeting of the Company, which corresponded to 4.96% of the total number of votes at the general meeting of the Company.

Notification on indirect acquisition of Work Service S.A. shares and fulfilment of the conditions precedent under the Restructuring Agreement and the Financing Agreement

On 25 August 2020 the Management Board of Work Service S.A) informs of receiving from GI International S.R.L. with its seat in Milan, Italian Republic - a notice containing information on the indirect acquisition of shares in the share capital of the Company. The Notification is based on the conclusion, on August 21, 2020, of an agreement for the sale of shares representing 100% of the share capital of WorkSource Investments S.á r.l. between PineBridge New Europe Partners II, L.P. as the seller and GI as the buyer, where GI indicated in the Notification that:

- 1) WorkSource holds 13,714,286 shares of the Company representing 20.91% of the share capital of the Company and entitling to 13,714,286 votes at the general meeting of the Company, representing 20.91% of the total number of votes in the Company,
- 2) the Transaction was performed upon the conclusion of the share sale agreement, therefore, as a result of the Transaction, 13,714,286 shares of the Company were indirectly acquired by GI.

In the Notification, GI also indicated that before the Transaction, GI held directly 19,546,224 shares of the Company representing 29.8% of the share capital of the Company and entitling to exercising 19,546,224 votes at the general meeting of the Company, representing 29.8% of the total number of votes in the Company.

As a result of the Transaction, GI currently holds 33,260,510 shares of the Company, of which:

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

representing 50.71% of the share capital of the Company and authorizing to exercise 33,260,510 votes at the general meeting of the Company, constituting 50.71% of the total number of votes of the Company.

A subsidiary of GI is WorkSource, which holds 13,714,286 shares in the Company, representing 20.91% of the Company's share capital.

Consequently and given the above, in relation to the current reports:

- (i) No. 1/2020 on beginning negotiations with creditors and shareholders of the Company and its subsidiaries with regard to the ongoing process of reviewing of strategic options;
- (ii) No. 4/2020 on conclusion of negotiations with key shareholders of the Company on business conditions of sale of shares of the Company to the industry international investor;
- (iii) No. 9/2020 on changing business conditions of sale of shares of the Company through key shareholders of the Company to the industry international investor;
- (iv) No. 12/2020 and No. 12/2020 K, on the conclusion with the company under the name GI International S.R.L., with its registered office in Milan, Italian Republic, owned by Gi Group S.P.A. ("Investor"), investment agreement of 13 February 2020 ("Investment

Agreement”) specifying, among other things, the terms and conditions of granting financing to the Company by the Investor for the purposes of restructuring the Company's existing debt to the Banks and financing the current operations of the Company's Capital Group;

(v) No. 13/2020 concerning the conclusion of agreements between the Company's shareholders and the Investor granting the Investor the right to acquire from the shareholders at minimum 55.89% of the Company's shares;

(vi) No. 42/2020 on conclusion of a cooperation agreement on debt restructuring between the Company and the Issuer's lending banks (“Restructuring Agreement”);

(vii) No. 54/2020 on conclusion of a financing agreement between the Company and the Investor (“Financing Agreement”);

(viii) No. 61/2020 on notice on purchase of 29.8% of the total number of shares of the Company by the Investor;

the Issuer hereby informs that in connection with the acquisition by the GI of 50.71% of the total number of the Company's shares, today one of the conditions precedent to the entry into force of the Restructuring Agreement, of which the Company informed in item (c) of current report No. 42/2020, has been fulfilled, and (ii) the last of the conditions precedent to the entry into force of the Financing Agreement, of which the Company informed in item (a) of current report No. 54/2020, as a result of which the Financing Agreement entered into force.

Notification of an event resulting in a decrease in the share in the Company's share capital

On 24 August 2020 the Management Board of Work Service S.A. informs of receiving from Pinebridge New Europe Partners II, L.P. notifications. The Notification contains information about the sale of 100% shares in WorkSource Investment S.a.r.l. based in Luxembourg outside the regulated market as a result of the conclusion of a share purchase agreement between PineBridge as the seller and GI International S.R.L. as a buyer. In the Notification, PineBridge in particular indicated that before the settlement of the Transaction, PineBridge held - indirectly through WorkSource (being a direct subsidiary of PineBridge) 13,714,286 shares in the share capital of the Company, representing 20.91% of the share capital of the Company and entitling to 13,714,286 votes at the general meeting of the Company, constituting 20.91% of the total number of votes in the Company. PineBridge also indicated that prior to the Transaction it held directly 30,462,084 shares of WorkSource representing 100% of the share capital of WorkSource and entitling to 30,462,084 votes at the meeting of shareholders of WorkSource, representing 100% of the total number of votes in WorkSource. As a result of the settlement of the Transaction, which took place on August 21, 2020, Pinebridge does not hold directly or indirectly the Company's shares or votes at the Company's general meeting.

Notification of the indirect acquisition of shares in the Work Service S.A.

On 21 August 2020 the Management Board of Work Service S.A. received from the beneficial owner of GI International S.R.L. with its registered office in Milan, Italian Republic - notification of August 21, 2020 containing information on the indirect acquisition of shares in the share capital of the Company. The Notification is based on the acquisition by GI of the Company's shares as a result of the conclusion of share sale agreements with the Company's shareholders on August 14, 2020 (10,060,113 shares) and two agreements on August 19, 2020 (6,231,111 shares and 3,255,000 shares).

The Beneficial Owner indicated that the execution of the Transaction under the above sale agreements took place upon registration of the shares being the subject of the Transaction on the securities accounts kept for GI on August 20, 2020.

According to the Notification, the Beneficial Owner did not hold (directly or indirectly) any shares of the Company prior to the above Transactions. As a result of the Transactions concluded, the Beneficial Owner as at August 21, 2020 indirectly holds 19,546,224 shares of the Company, constituting 29.8% of the share capital of this Company and entitling to 19,546,224 votes, which constitutes approximately 29.8% of the total number of votes.

Conclusion by the Issuer of an annex no 2 to the Restructuring Agreement and an annex no 10 to the Credit Facility Agreement

On 21 August 2020 the amendment no. 2 to the Restructuring Agreement and the amendment no. 10 to the Credit Facility Agreement have been concluded.

By virtue of, respectively, the CFA Amendments and the RA Amendment (i) the Final Repayment Date (within the meaning of the Credit Facility Agreement) of credits, and (ii) the cut-off date for the fulfilment of conditions precedent and entry into force of the Restructuring Agreement, have been extended until 31 August 2020.

Changes in the management board of the Company

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.

With reference to the resolution of the Supervisory Board No. 1 of June 19, 2020 on the delegation of the Vice-Chairman of the Supervisory Board - Mr. Marcus Preston to temporarily perform the duties of a Member of the Management Board, about which the Issuer informed in the current report No. 38/2020, the Issuer's Supervisory Board on August 20, 2020, 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.

With the change in the Management Board of the Company, one of the Conditions Precedent specified in the Financing Agreement, about which the Issuer informed in the current report No. 54/2020, was met.

Notification of the purchase of shares in the Work Service S.A.

On 20 August 2020 the Management Board of Work Service S.A. received 20, 2020 from GI International S.R.L. with its registered office in Milan - notification of August 20, 2020 containing information on the acquisition of shares in the share capital of the Company. The acquisition of the Company's shares by GI took place as a result of the conclusion of agreements for the sale of the Company's shares with the Company's shareholders on August 14, 2020 (10,060,113 shares) and two contracts on August 19, 2020 (6,231,111 shares and 3,255,000 shares). At the same time, the GI indicated that the execution of the Transaction under the above sale agreements took place upon registration of the shares being the subject of the transaction on the securities accounts kept for GI on August 20, 2020.

According to the Notification, GI did not hold any shares of the Company prior to the above Transactions. As a result of the Transactions concluded, GI as at August 20, 2020 holds 19,546,224 shares of the Company, constituting 29.8% of the share capital of this Company and entitling to 19,546,224 votes, which constitutes approximately 29.8% of the total number of votes.

Fulfilment of one of conditions precedent of the Restructuring Agreement

On 20 August 2020 one of the conditions precedent of the entry into force of the Restructuring Agreement, of which the Company informed in clause (f) of the current report no. 42/2020, i.e. Gi Group S.P.A. has confirmed entry into force of a conditional guarantee under the Polish law, enforceable in the Republic of Italy. The Company informed about filing by the New Guarantor of the statement on voluntary submission to execution pursuant to art. 777 of the Code of Civil Procedure for each Bank and an analogical document under the Italian law in the current report no. 43/2020.

Receiving of a non-binding offer regarding purchase of Issuer's subsidiary and to grant financing to Issuer

On 17 August 2020 the Management Board of Work Service S.A. received an initial non-binding offer to purchase one of the Issuer's subsidiary and to grant financing to the Issuer.

Due to the fact that the Offer is very preliminary and general in nature, the Issuer will consider obtaining additional information in order to clarify the content of the received Offer.

Simultaneously, the fact of receiving the Offer does not constitute a breach of the agreements concluded by the Issuer and Gi International S.R.L. with its registered office in Milan, and the process of investment by the Investor in the Company, of which the Issuer informed in the following current reports will be continued.

Conclusion by the Issuer of Annex No. 3 to the Investment Agreement

On 14 August 2020 the Issuer and the Gi International S.R.L., with its registered office in Milan, Italian Republic, owned by Gi Group S.P.A. concluded Annex no. 3 to the Investment Agreement, under which the final date for the fulfilment of all Conditions Precedent

specified in the Investment Agreement and the final deadline for closing the transaction with the Investor was extended to 31 August 2020.

Decrease of share in the total number of votes in the Company below the threshold of 5% of the total number of votes in the Company

On 11 August 2020 the Management Board of Work Service S.A. received from Central Fund of Immovables sp. z o.o. with its registered office in Łódź ("CFI") - notification of August 11, 2020 containing information on the reduction of share in the total number of votes in the Company below the threshold of 5% of the total number of votes in the Company, as a result of stock exchange transactions made on August 5, 2020. The subject of the above mentioned stock exchange transactions was the sale of a total of 3,667,562 ordinary bearer shares of the Company, constituting approximately 5.59% of the Company's share capital and giving the right to 3,667,562 votes, which constituted approximately 5.59% of the total number of votes.

Pursuant to the Notification, CFI, prior to the above-mentioned transactions, held a total of 6,354,828 ordinary bearer shares of the Company, representing approximately 9.69 % of the Company's share capital and giving the right to 6,354,828 votes, which constitutes approximately 9.69 % of the total number of votes.

As a result of the transactions, CFI at the end of August 5, 2020 held 2,687,266 ordinary bearer shares of the Company, constituting approximately 4.10 % of the share capital of this Company and carrying the right to 2,687,266 votes, i.e. approximately 4.10 % of the total number of votes.

Conclusion of new installment agreements with the Social Insurance Institution (ZUS) by the Issuer's subsidiary

On 11 August 2020 the Management Board of Work Service S.A. informs that the Issuer's subsidiary - Work Service International sp.z o.o. with registered office in Wrocław concluded two installment agreements with ZUS concerning outstanding social security contributions of PLN 8,722,420.40 (contributions without prolongation fees and interest) and of PLN 1,630,773.19 (including prolongation fees and interest).

According to the Installment Agreement 1, the contribution obligations for the periods from 08.2019 to 04.2020 will be repaid in 60 installments, starting from September 7, 2020. According to the Installment Agreement 2, the obligations due to contributions for the period 05.2020 will be repaid in 24 installments starting from September 7 2020. One of the conditions for the installment agreements to be binding is to regulate current payments to ZUS without delay.

Conclusion by the Issuer of an Annex to the Restructuring Agreement and Annex No. 9 to the Credit Agreement

On 11 August 2020 an annex to the Restructuring Agreement and Annex No. 9 to the Credit Agreement ("CA Annex") were concluded.

By virtue of, respectively, the RA Annex and the CA Annex (i) the cut-off date for the fulfilment of conditions precedent and entry into force of the Restructuring Agreement, and (ii) the Final Repayment Date (within the meaning of the Credit Agreement) of the loans have been extended until 21 August 2020.

Moreover, in accordance with the RA Annex, the conditions precedent specified in the Restructuring Agreement were changed, of which the Company informed in current report no. 42/2020 on the conclusion of the Restructuring Agreement ("Conditions precedent"), as follows:

(a) a new Condition Precedent has been added, according to which the Investor will conclude a financing agreement with the Company and on this basis will pay the Company and its subsidiaries at least PLN 30,000,000.00;

(b) The Condition Precedent of a specific point has been changed (d) of the current report no. 42/2020 on the conclusion of the Restructuring Agreement, in such a way that the Company and its Polish subsidiaries regulate their due liabilities towards the Tax Office and ZUS, with the exclusion of liabilities covered by agreements with the Tax Office or ZUS or applications for new agreements with the Tax Office or ZUS, which are subject to consideration by the Tax Office or ZUS.

Other Conditions Precedent remain unchanged.

In addition, by virtue of the RA Annex, the Company has undertaken that by 31 October 2020 The Company and its Polish subsidiaries that are in debt to the Tax Office or ZUS will enter into agreements with the Tax Office or ZUS to the extent of any outstanding public law liabilities or will repay any outstanding debt to the Tax Office or ZUS to the extent that it is not covered by any approved agreement(s) ("Condition Subsequent"). Under certain conditions, the Banks will be entitled to terminate the Restructuring Agreement if the Condition Subsequent is not met.

Conclusion of the Financing Agreement between the Company and the Investor

On 10 August 2020, the Company and the Investor entered into a financing agreement and thus another condition precedent determined in the Investment Agreement was fulfilled.

The Financing Agreement determines that a facility with the total amount of PLN 210,000,000.00 (two hundred and ten million zloty) will be provided to the Company. The Financing will be provided to cover the following payment obligations of the Company, including without limitation repayment of the reduced existing Banks debt in the amounts indicated in the bank repayment schedule, as well as payment of existing ZUS debt, existing US debt and existing PFRON debt.

The Financing will be provided by the Investor subject to fulfilment of the following conditions:

- (a) the Investor or GI Group S.P.A. acquires, directly or indirectly, the majority stake in the share capital of the Company, i.e. the Investor becomes the ultimate owner of at least 50% (fifty percent) and 1 (one) share in the Company's share capital;
- (b) Iwona Szmikowaska, Mr. Thibault Lefebvre and Nicola Dell'Edera are appointed as the Management Board's members of the Company;

The Loan Amount becomes due in the following manner:

- (a) the part of the Loan Amount amounting to PLN 30,000,000.00 (thirty million zloty) becomes due on 31 December 2020;
- (b) the part of the Loan Amount (if disbursed effectively before the end of 31 December 2020) amounting to PLN 50,000,000.00 (fifty million zloty) becomes due on 31 July 2021;
- (c) the remaining part of the Loan Amount becomes due on 31 July 2025.

Under the Financing Agreement, the Company undertakes to execute the share capital increase amounting to at least PLN 30,000,000.00 (thirty million zloty) and up to the maximum amount of PLN 105,000,000.00 (one hundred five million zloty) and offer the newly issued shares at the issue price of PLN 0.39 per share whereby the Investor shall exchange the Loan Amount that becomes due on 31 December 2020. The Investor undertakes to subscribe for at least a number of newly issued shares in the planned share capital increase, which total subscription price amounts to the parts of the Loan Amount, which becomes due on 31 December 2020 and 31 July 2021, i.e. PLN 80,000,000.00 (eighty million zloty).

The Financing Agreement shall provide that to secure the repayment of the Loan Amount and within one month after the Company shall make a declaration on its voluntary submission to enforcement under Article 777 § 1 point 5 of the Civil Procedure Code up to the Loan Amount valid until 31 December 2028; and pledge agreements over shares in the Company's 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., Work Service Slovakia S.R.O., will be executed.

Conclusion of new installment agreements with the Social Insurance Institution (ZUS) by the Issuer and the Issuer's subsidiary

On 7 August 2020, the Issuer entered into installment agreements with ZUS concerning outstanding social security contributions (including relevant interest) on new terms in total of PLN 79,830,776.83, which agreements have replaced installment agreement of which the Issuer informed in current report no 23/2020. Also, the Management Board of the Issuer informs that Issuer's subsidiary – Finance Care Sp. z o.o. with registered office in Wrocław entered into installment agreements with ZUS concerning outstanding social security contributions (including relevant interest) of PLN 5,159,706.60 as well.

According to installment agreements, in case of the Issuer, social security contributions for 05/2020 shall be paid in 24 equal installments, starting from September 2020 and in 60 increasing installments starting from September 2020 in the case of contributions for other periods. Repayment of outstanding social security contributions by Finance Care for 05/2020 will take place in 12 equal installments starting from August 2020 and in 60 equal installments starting from September 2020 in the case of contributions for other periods. One of the conditions for the installment agreements to be binding is to regulate current payments to ZUS without delay.

Decrease of share in the total number of votes in the Company Work Service S.A.

On 10 August 2020 the Management Board of Work Service S.A. received from Central Fund of Immovables sp. z o.o. with its registered office in Łódź ("CFI") - notification containing information on the on the reduction of the share in the total number of votes in the Company as a result of stock exchange transactions made on 27.07.2020. The subject of the above-mentioned stock exchange transactions was the sale of a total of 2,628,100 ordinary bearer shares of the Company, constituting approximately 4.07% of the Company's share capital and carrying the right to 2,628,100 votes, which constituted approximately 4.07% of the total number of votes.

Pursuant to the Notification, CFI, prior to the above-mentioned transactions, held a total of 9,698,100 ordinary bearer shares of the Company, representing approximately 14.79% of the Company's share capital and conferring the right to 9,698,100 votes, which constitutes approximately 14.79% of the total number of votes.

As a result of the transactions, CFI at the end of July 27, 2020 held 7,070,000 ordinary bearer shares of the Company, constituting approximately 10.78% of the share capital of this Company and carrying the right to 7,070,000 votes, i.e. approximately 10.78% total number of votes.

Decision on submitting declarations correcting the tax settlement in the field of corporate income tax (CIT)

On 4 August 2020 the Management Board of Work Service S.A. informs that as a result of consultations with external tax advisors carried out in the course of customs and tax inspections regarding corporate income tax for 2017-2018 - based on the opinions obtained from them regarding the issue of proper recognition of tax consequences of sales transactions by the Issuer 100% of shares in ProService Worldwide (Cyprus) Limited - established in accordance with the law of the Republic of Cyprus, registered under number HE - 209802, with its registered office in Nicosia conducted in 2017 and 2018 (covered by current reports: 63 / 2017, 39/2018 and 40/2018) - a decision was made on August 3, 2020 to adjust the annual CIT settlement for 2017 and 2018, resulting in the obligation to pay this tax, currently estimated at PLN 7,737,084.00, with interest for late payment from March 31, 2019, i.e. in total PLN 8,569,721.42. The Issuer estimates that the necessity to settle the above tax liability will directly burden the Issuer's equity in the balance sheet as at 30/06/2020.

The identification of the above tax liability results mainly from the verification of the approach to the calculation of revenues and tax deductible costs related to the sale transaction in 2017-2018 and earlier with the purchase transaction in 2007-2009 of shares in ProService.

Company's decision on the dissolution and opening of liquidation of three companies from the Issuer's Capital group

On 3 August 2020, in relation to three companies from the Issuer's capital group, i.e.: (i) Work Express Sp. z o.o. based in Katowice, in which the Issuer is the sole shareholder, and whose main activity is the activity of a temporary employment agency, including the delegation of temporary workers to work in the European Union countries, (ii) Outsourcing Solutions Partner Sp. z o.o. based in Katowice (in which WEx is the sole shareholder, and whose main activity includes the activity of a temporary employment agency, including the posting of temporary workers to work in the European Union countries), (iii) Support And Care Sp. z o.o. with its registered office in Warsaw (where WEx is the sole shareholder, and the main activity of which includes the provision of logistic and coordination support services for the above mentioned companies), the relevant Shareholders Meetings of the Companies', pursuant to art. 270 sec. 2 of the Code of Commercial Companies, adopted a resolution on the dissolution of the Companies and the opening of relevant liquidation proceedings (as well as appointing an appropriate liquidator to conduct these proceedings, who has been authorized to represent each of the Companies in liquidation independently).

The adoption of the above resolutions resulted from the recognition of both the lack of real prospects for achieving the appropriate levels of profitability of the Companies' business (in particular in the context of changes in the legal environment related to the posting of employees to EU countries) and the legitimacy of the need to further simplify the structure of the Issuer's capital group ("Group").

The full write-off of the value of WEx shares in the amount of PLN 67,604,819.00 was included in the Financial Statements of the Issuer for 2019 and decreased the standalone net profit for 2019.

Full goodwill write-off in the amount of PLN 35,733,471.00 was included in the Group's Report for 2019 and decreased the consolidated net profit of 2019.

As at June 30, 2020, the Issuer had receivables from the Companies in the amount of PLN 8,225,410.58. In total, Polish entities from the Group together with the Issuer as at June 30, 2020 had receivables from the Companies in the amount of PLN 13,047,790.78. In connection with the decision to dissolve the Companies, these receivables will be covered by an update in the financial statements as at June 30, 2020.

Conclusion by the Issuer of Annex no. 2 to the Investment Agreement

On 31 July the Management Board of Work Service S.A. and the company under the name Gi International S.R.L., with its registered office in Milan, Italian Republic, owned by Gi Group SpA concluded the Annex no. 2 to the Investment Agreement, pursuant to which the final date for the fulfilment of all Conditions Precedent specified in the Investment Agreement and the final date for closing the transaction with the Investor was extended to 14 August 2020.

Conclusion by the Issuer of an agreement extending the maturity of loans specified in the Loan Agreement and the terms of the Restructuring Agreement.

On 31 July 2020 an agreement was concluded to the Restructuring Agreement and the Loan Agreement.

Under the Agreement, inter alia (i) The Final Repayment Day (as defined in the Loan Agreement), and (ii) the cut-off date for the fulfillment of the conditions precedent and the entry into force of the Restructuring Agreement, have been extended until August 14, 2020

Execution of the conditional agreement for the sale of share rights in Work Service GmbH & Co. KG

On 28 July 2020 the Management Board of Work Service S.A. received an information according to which on 27 July 2020, conditions precedent set out in the Agreement, of which the Issuer informed in current report no 35/2020, has been fulfilled.

The Sellers sold respectively 74% and 26% of their share rights in the Company, with a total nominal value of EUR 100,000.00, representing in total 100% of the rights to shares in the Company for the total price of PLN 4,500,000.00 ("Price"), which Price has been paid to the Sellers.

Pursuant to the Agreement, within 10 working days from 27 July 2020, the Buyer shall repay to the Issuer intragroup liabilities in the amount of around PLN 3,300,000.00.

The Issuer intends to allocate the amount of PLN 7,500,000.00 received as a result of the transaction, for the repayment of the bridge loan, of which the Issuer informed about in current report no 44/2020 of 24 July 2020 on receiving the full amount of the Bridge Loan by the Issuer in total of PLN 20,000,000.00.

Receiving the full amount of the Bridge Loan by the Company

On 24 July 2020 the last tranche of the Bridge Loan was paid out by the Investor, thus the Company has already received the entire amount of the Bridge Loan in the amount of 20.000.000,00 PLN.

Signing of Annex No. 8 to the Loan Agreement of 18 November 2015 and other documents specified in the Restructuring Agreement

On 9 July 2020 the Company concluded with BNP Paribas Bank Polska S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. ("Lenders" or "Banks") an Annex No. 8 ("Annex") to the Loan Agreement of 18 November 2015, of which the Company informed in current report No. 43/2015 ("Loan Agreement"). The conclusion of previous annexes to the Loan Agreement concerned, among others, current reports no. 34/2017, no. 7/2018, no. 82/2018, no. 86/2018, no. 15/2020, no. 17/2020 and no. 28/2020. The Annex introduces to the Loan Agreement the provisions defined in the cooperation agreement in the scope of debt restructuring, the conclusion of which the Company informed in current report no. 42/2020 ("Restructuring Agreement"), in particular the principles and scope of repayment of the Company's receivables due to the Banks under the Loan Agreement in the principal amount of approximately PLN 110,350,000.00 ("Existing Bank Debt") up to an amount corresponding to 50% of the principal amount (the "Repayment Amount"), as well as, among others, reduction of the whole part of interest on the principal amount deferred under the Loan Agreement. Amendments to the Loan Agreement defined in the Annex come into force on the date of fulfilment of all conditions precedent specified in the Restructuring Agreement ("Day of Entry into Force"). Furthermore, on the Day of Entry into Force, the Lenders shall release the collaterals established for the benefit of the Lenders by each of the Guarantors (within the meaning of the Loan Agreement), and the Guarantors shall cease to be parties to the Loan Agreement. Moreover, the Company also informs that the following documents related to the Restructuring Agreement have been signed today: i.e.

(a) Gi Group S.P.A. ("New Guarantor") and the Banks have concluded a conditional guarantee under Polish law, enforceable in the Italian Republic ("Surety Agreement"), constituting a collateral for the repayment due to the Banks of the Repayment Amount together with interest, commissions and other incidental claims (on the terms and conditions set out in a separate document agreed between the New Guarantor and the Banks)

(b) The New Guarantor has submitted statements of voluntary submission to enforcement pursuant to Article 777 of the Civil Procedure Code for the benefit of each Bank and a similar document under Italian law agreed with the Banks ("New Guarantor's Statements"); and

(c) The Company has submitted for the benefit of the Banks statements on voluntary submission to enforcement pursuant to Article 777 of the Civil Procedure Code up to the amount of 150% of the Existing Bank Debt ("Company's Statements"). At the same time, the Issuer informs that in connection with the conclusion of the Annex and the Surety Agreement and submission of the New Guarantor's Statements and the Company's Statements, some of the conditions precedent to the entry into force of the Restructuring Agreement have been fulfilled, of which the Company informed in current report no. 42/2020.

Conclusion of a cooperation agreement on debt restructuring between the Company and the Issuer's lending banks

On 9 July 2020 negotiations between the Company, GI Group S.P.A. and the Banks, concerning the detailed documentation specifying the conditions for the restructuring of the Issuer's debt to the Banks resulting from the credit agreement of 18 November 2015, have been completed, with later amendments, concluded between, among others, the Banks and the Company ("Loan Agreement") ("Restructuring Agreement"). As a result of the implementation of the Restructuring Agreement, the target debt restructuring shall be carried out on the basis of a partial agreement, which the Company and the Banks plan to conclude in subsequent weeks or months as part of the procedure to approve the agreement within the meaning of the Restructuring Law ("Agreement"). The Restructuring Agreement shall provide for partial repayment and partial reduction (haircut) under the Agreement of the Bank's receivables towards the Company under the Loan Agreement in the amount of the principal receivable of approximately PLN 110,350,000.00 ("Existing Bank Debt") to the amount corresponding to 50% of the principal receivable ("Repayment Amount"), as well as, among others, redemption of the whole of interest on the principal receivable under the Loan Agreement.

The Repayment Amount shall be repaid by the Company to the Banks in amounts corresponding to quarterly instalments in accordance with a fixed repayment schedule, whereby the first payment shall take place by 30 September 2020 and the last by 30 June 2023. Interest on the Repayment Amount will be charged in the amount of WIBOR 3M + 200 bps per year. The Restructuring Agreement shall enter into force upon fulfilment of in particular the following conditions precedent ("Conditions Precedent"):

(a) conclusion by GI Group S.P.A. ("New Guarantor") with each of the Banks a conditional surety under Polish law, enforceable in the Italian Republic ("Surety Agreement") as security for the repayment due to the Banks of the Repayment Amount together with interest, commissions and other incidental claims (on the terms and conditions set out in a separate document agreed between the New Guarantor and the Banks;

(b) conclusion of an Annex no. 8 to the Loan Agreement, introducing the principles and scope of repayment set out in the Restructuring Agreement ("Annex no. 8");

(c) the Investor's acquisition of at least 50% of the Company's shares plus one Company share;

(d) the settlement by the Company and its Polish subsidiaries of their due liabilities to the Tax Office and the Social Insurance Institution (ZUS) on the basis of the agreed financing provided by the Investor or conclusion by the Company and its Polish subsidiaries with the Tax Office or the Social Insurance Institution (ZUS) of arrangements with respect to unpaid public-law liabilities;

(e) repayment with redemption or purchase at a discount of the Company's Series SHB, W, X and Z bonds, where the amount of repayment or purchase price shall not be higher than 30% of their nominal value, subject to the SHB series bonds, in which case full repayment shall be allowed,

(f) confirmation by the New Guarantor the entry into force of the Surety Agreement and submission of a statement on voluntary submission to enforcement under Article 777 of the Civil Procedure Code for the benefit of each Bank ("New Guarantor's Statements") and a similar agreed document under Italian law;

(g) presentation to the Banks by the Investor or an entity from the Investor's group to prove that the Investor has sufficient funds to finance the acquisition of shares in the Company and to provide the Company and its subsidiaries with financing;

(h) no unagreed amendments to the Investment Agreement, material breach, invalidity, termination or other withdrawal by the Investor from transactions provided for in the Investment Agreement;

(i) submission by the Company in favour of the Banks of statements on voluntary submission to enforcement pursuant to Article 777 of the Civil Procedure Code up to the amount of 150% of the Existing Bank Debt ("Company's Statements"). The Restructuring Agreement specifies a catalogue of circumstances allowing for its termination by the Banks at various stages of the restructuring process, e.g. in the event of failure to comply with all Conditions Precedent by a specified date. Moreover, under the terms and conditions agreed in the Restructuring Agreement, the Company, in specific circumstances, may be obliged to pay to the Banks an additional commission or contractual penalty in case of sale of shares in ProHuman 2004 Kft, as well as to make an early repayment of the remaining Repayment Amount. The Restructuring Agreement also specifies the Company's obligations and liabilities due to the Banks under the Loan Agreement, including a modified (in the Company's opinion significantly reduced and more flexible) catalogue of breaches that may lead to an obligation to repay the Repayment Amount early. Following the entry into force of the Restructuring Agreement, the Banks' receivables under the Loan Agreement will be secured by a surety established on the basis of the Surety Agreement (together with the New Guarantor's Statements), a pledge on shares in ProHuman 2004 Kft and the Company's Statements ("Collaterals"). After that date, the Banks shall be obliged to release all other

collaterals established for the benefit of the Banks under the Loan Agreement, including in particular collaterals of subsidiaries and pledges on their shares and assets.

Other information

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

There were no changes in the structure of the business entity in 1H 2020.

2. Director's position regarding the feasibility of previously published forecasted results for the year in the light of results presented in the H1 report in comparison with forecasted results.

The Company did not publish forecasts for 2020.

3. Shareholders directly or indirectly through subordinated entities holding at least 5% of the total number of voting rights at the general meeting as at the submission date of the report for H1 2020 with an indication of the number of shares held by such entities, their share in equity, the number of resulting voting rights and share in the total number of voting rights at the general meeting, indication of changes in the ownership structure of significant blocks of shares of the Company after the submission of the previous quarterly report.

As at the date of this report, no preferred shares entailing voting rights or dividend were issued. All shares of the Dominating Entity are ordinary shares. The equity of Work Service SA amounts to PLN 6,559,063.80 divided into:

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

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

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
GI International S.R.L.	19 546 224	29,8%	19 546 224	29,81%
WorkSource Investments S.a.r.l. *	13 714 286	20,91%	13 714 286	20,91%
Tomasz Misiak	3 316 440	5,06%	3 316 440	5,06%
Others	29 013 688	44,23%	29 013 688	44,23%
Total	65 590 638	100,00%	65 590 638	100,00%

*GI is 100% owned by WorkSource Investments S.a.r.l., so GI in total owns over 50%

4. Summary of the volume of shares of the Company held or rights to such shares held by managers and supervisors of the Company as at the submission date of the report for H1 2020 with an indication of changes of holding after the submission of the previous report, separately for each person.

As at the date of preparation of the report, members of the Management Board and supervisors did not hold shares of Work Service SA.

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

At present, some of the Group companies are the subject of administrative proceedings for reimbursement of the PFRON funding. The value of the provision, estimated and created in the second half of 2019 on this account, is PLN 13,9 million. The Companies appealed against the clerical decisions, some of the decisions were recognized on appeal, some of the decisions of the Companies were deemed final, and some cases are still pending.

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

The Company did not execute any transactions with related entities in H1 2020 that would be material individually or jointly and, at the same time, executed on terms other than at arm's length.

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

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

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

Contingent liabilities

Title of contingent liability	Type of collateral	30.06.2020	31.12.2019	change
Loan collateral	surety	360 000 000,00	360 000 000,00	-
	Statement of voluntary submission to the execution, art. 777	66 210.000,00	66 210.000,00	-
	registered pledge on assets	277 500.000,00	277 500.000,00	-
Lease collateral	blank promissory note with a blank promissory note agreement	4 621 782,30	4 621 782,30	-
Performance guarantee	surety	3 000 000,00	3 000 000,00	-
Commitment to purchase additional Pro Humana shares from Portfolio	-	86 000 000,00	86 000 000,00	-

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

In the third quarter of 2019, a provision was created for the possible reimbursement to PFRON in the amount of PLN 16 million. As of today, the value of estimated provisions in this respect amounts to PLN 13.9 million. The companies appealed against the official decisions, some of the decisions were recognized on appeal, some of the decisions of the Companies were deemed final, and some cases are still pending. In the first half of 2020, the CIT tax audit for 2018 was completed, as a result of which the company disclosed an additional liability for this tax in the amount of PLN 7.7 million.

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

The Group does not identify factors or information material for the evaluation of the staffing situation, economic and financial position in H1 2020 other than:

- the current general situation of the Group (including the Company) presented in section 1.2 of the Summary Interim Quarterly Report for H1 2020;
- changes of the Board of Directors introduced during the financial year.

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

Section 1.2 of the Summary Interim Report for H1 2020 presents material actions that can materially influence results generated in the future.

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

In the first half of 2020, the fundamental error of 2018 was identified regarding the overdue CIT liability. Equity, the result from previous years and the deferred tax asset in 2019 were adjusted.

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

The Group identified no need to post inventory revaluations in H1 2020.

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

In the first half of the year, the parent company made additional write-downs in relation to receivables.

WSSA data

Revaluation write-offs for receivables

	01.01.2020 - 30.06.2020	01.01.2019 - 31.12.2019
Balance at the beginning of the period	26 361 799,59	22 630 967,46
Impairment loss recognised as expense during the period	2 778 218,99	19 277 538,45
Reversed impairment losses recognised as revenue in the period (-)		15 546 706,32
Write-offs used (-)		-
Other changes (net exchange differences on translation)	2 377 008,92	-
Balance at the end of the period	26 763 009,66	26 361 799,59

Revaluation write-offs for loans

	01.01.2020 - 30.06.2020	01.01.2019 - 31.12.2019
Balance at the beginning of the period	25 637 030,91	11 619 942,86
Impairment loss recognised as expense during the period	10 311 963,39	14 017 088,05
Reversed impairment losses recognised as revenue in the period (-)		-
Write-offs used (-)		-
Other changes (net exchange differences on translation)	447 689,24	-
Impairment write-offs at the end of the period	35 948 994,30	25 637 030,91

Revaluation write-offs for shares

	01.01.2020 - 30.06.2020	01.01.2019 - 31.12.2019
Balance at the beginning of the period	107 798 274,60	0,00
Impairment loss recognised as expense during the period		107 798 274,60
Reversed impairment losses recognised as revenue in the period (-)		-
Write-offs used (-)		-
Other changes (net exchange differences on translation)		-
Impairment write-offs at the end of the period	107 798 274,60	107 798 274,60

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

	01.01.2020 - 30.06.2020	01.01.2019 - 31.12.2019
Balance at the beginning of the period	30 918 918,14	16 190 687,10
Impairment loss recognised as expense during the period	2 218 853,77	14 728 231,04
Reversed impairment losses recognised as revenue in the period (-)		-
Write-offs used (-)		-
Other changes (net exchange differences on translation)		-
Impairment write-offs at the end of the period	32 137 771,91	30 918 918,14

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

Change of provisions (CG Work Service)	31.12.2019	Increases	Utilisation	Reversal	30.06.2020
Provisions for liabilities:	32 470 160,09	339 401,32	608 336,02	3 562 507,19	28 638 718,20
1. Provision for deferred income tax	3 743 223,69			1 427 761,68	2 315 462,01
2. Provision for retirement	4 022 502,86	13 624,18	608 336,02		3 427 791,02
- long-term	279 607,53	13 624,18			293 231,71
- short-term	3 742 895,33		608 336,02		3 134 559,31
3. Other provisions	24 704 433,54	325 777,15		2 134 745,51	22 895 465,18
- long-term	1 228 390,43				1 228 390,43
- short-term	23 476 043,11	325 777,14		2 134 745,51	21 667 074,74

Change of provisions (microdata)	31.12.2019	Increase	Utilisation	Reversal	30.06.2020
Provision for deferred income tax	2 568 813,63	-	-	1 325 012,34	1 243 801,29
Provision for unused leaves	651 462,99	-	-	-	651 462,99
Other provisions	12 433 829,52	-	2 051 604,45	1 042 472,49	9 339 751,58
Total	15 654 106,14	-	2 051 604,45	2 367 485,83	11 235 015,86

16. Information about deferred income tax provisions and assets

In the first half of 2020, as in previous years, there were significant changes in the deferred tax assets due to completed CIT inspections for 2017 and 2018.

Consolidated data	as at 30.06.2020	as at 31.12.2019 transformed
Deferred tax assets	40 807 685,64	37 857 349,55
Deferred income tax liabilities	2 315 462,01	3 743 223,69

Work Service S.A. microdata	as at 30.06.2020	as at 31.12.2019 transformed
Deferred tax assets	37 010 849,65	38 584 039,20
Deferred income tax liabilities	1 243 801,29	2 568 813,63

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

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

No material acquisitions or sales of tangible assets occurred in H1 2020.

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

No material liabilities due to the purchase of tangible assets exist as at June 30, 2020. Amendments to financial liabilities occurred due to amendments in lease agreements for office premises.

19. Information about material settlements due to litigation

No material settlements due to litigation occurred in H1 2020, apart from accepting some decisions concerning PFRON.

20. Adjustments of errors of previous periods

In the first half of 2020, there was an adjustment to the result concerning the previous years regarding the completed tax audits for 2017 and 2019.

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

In the first half of 2020, the Director of the lower Silesian Customs and Tax Office in Wrocław began an audit of the CIT settlement for 2017 in Work Service SA. On 24 July 2020, the result of the audit was obtained, which does not affect the Company's tax liabilities. On 20 July 2020, a tax audit of the CIT settlement for 2018 was commenced. The company made use of Article 62(4) of the Act on National Tax Authorities and submitted an adjustment to the CIT declaration for 2018 on its own, on the basis of the findings of an audit of 2017. The result of this adjustment is the creation of tax arrears amounting to PLN 7.7 million. The audit terminated with a result obtained on 31 August 2020. A tax audit of the CIT settlement for 2019 has commenced today. At the time of publication of the report, the audit has not been completed, but the Company does not expect significant changes to the declared items.

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

Signing of Annex No. 8 to the Loan Agreement of 18 November 2015 and other documents specified in the Restructuring Agreement

On 9 July 2020 the Company concluded with BNP Paribas Bank Polska S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. ("Lenders" or "Banks") an Annex No. 8 ("Annex") to the Loan Agreement of 18 November 2015, of which the Company informed in current report No. 43/2015 ("Loan Agreement"). The conclusion of previous annexes to the Loan Agreement concerned, among others, current reports no. 34/2017, no. 7/2018, no. 82/2018, no. 86/2018, no. 15/2020, no. 17/2020 and no. 28/2020.

The Annex introduces to the Loan Agreement the provisions defined in the cooperation agreement in the scope of debt restructuring, the conclusion of which the Company informed in current report no. 42/2020 ("Restructuring Agreement"), in particular the principles and scope of repayment of the Company's receivables due to the Banks under the Loan Agreement in the principal amount of approximately PLN 110,350,000.00 ("Existing Bank Debt") up to an amount corresponding to 50% of the principal amount (the "Repayment Amount"), as well as, among others, reduction of the whole part of interest on the principal amount deferred under the Loan Agreement.

Amendments to the Loan Agreement defined in the Annex come into force on the date of fulfilment of all conditions precedent specified in the Restructuring Agreement ("Day of Entry into Force"). Furthermore, on the Day of Entry into Force, the Lenders shall release the collaterals established for the benefit of the Lenders by each of the Guarantors (within the meaning of the Loan

Agreement), and the Guarantors shall cease to be parties to the Loan Agreement.

Moreover, the Company also informs that the following documents related to the Restructuring Agreement have been signed today: i.e.

(a) Gi Group S.P.A. ("New Guarantor") and the Banks have concluded a conditional guarantee under Polish law, enforceable in the Italian Republic ("Surety Agreement"), constituting a collateral for the repayment due to the Banks of the Repayment Amount together with interest, commissions and other incidental claims (on the terms and conditions set out in a separate document agreed between the New Guarantor and the Banks);

(b) The New Guarantor has submitted statements of voluntary submission to enforcement pursuant to Article 777 of the Civil Procedure Code for the benefit of each Bank and a similar document under Italian law agreed with the Banks ("New Guarantor's Statements"); and

(c) The Company has submitted for the benefit of the Banks statements on voluntary submission to enforcement pursuant to Article 777 of the Civil Procedure Code up to the amount of 150% of the Existing Bank Debt ("Company's Statements"). At the same time, the Issuer informs that in connection with the conclusion of the Annex and the Surety Agreement and submission of the New Guarantor's Statements and the Company's Statements, some of the conditions precedent to the entry into force of the Restructuring Agreement have been fulfilled, of which the Company informed in current report no. 42/2020.

Conclusion of a cooperation agreement on debt restructuring between the Company and the Issuer's lending banks

On 9 July 2020 negotiations between the Company, GI Group S.P.A. and the Banks, concerning the detailed documentation specifying the conditions for the restructuring of the Issuer's debt to the Banks resulting from the credit agreement of 18 November 2015, have been completed, with later amendments, concluded between, among others, the Banks and the Company ("Loan Agreement") ("Restructuring Agreement").

As a result of the implementation of the Restructuring Agreement, the target debt restructuring shall be carried out on the basis of a partial agreement, which the Company and the Banks plan to conclude in subsequent weeks or months as part of the procedure to approve the agreement within the meaning of the Restructuring Law ("Agreement").

The Restructuring Agreement shall provide for partial repayment and partial reduction (haircut) under the Agreement of the Bank's receivables towards the Company under the Loan Agreement in the amount of the principal receivable of approximately PLN 110,350,000.00 ("Existing Bank Debt") to the amount corresponding to 50% of the principal receivable ("Repayment Amount"), as well as, among others, redemption of the whole of interest on the principal receivable under the Loan Agreement. The Repayment Amount shall be repaid by the Company to the Banks in amounts corresponding to quarterly instalments in accordance with a fixed repayment schedule, whereby the first payment shall take place by 30 September 2020 and the last by 30 June 2023. Interest on the Repayment Amount will be charged in the amount of WIBOR 3M + 200 bps per year.

The Restructuring Agreement shall enter into force upon fulfilment of in particular the following conditions precedent ("Conditions Precedent"):

(a) conclusion by GI Group S.P.A. ("New Guarantor") with each of the Banks a conditional surety under Polish law, enforceable in the Italian Republic ("Surety Agreement") as security for the repayment due to the Banks of the Repayment Amount together with interest, commissions and other incidental claims (on the terms and conditions set out in a separate document agreed between the New Guarantor and the Banks;

(b) conclusion of an Annex no. 8 to the Loan Agreement, introducing the principles and scope of repayment set out in the Restructuring Agreement ("Annex no. 8");

(c) the Investor's acquisition of at least 50% of the Company's shares plus one Company share;

(d) the settlement by the Company and its Polish subsidiaries of their due liabilities to the Tax Office and the Social Insurance Institution (ZUS) on the basis of the agreed financing provided by the Investor or conclusion by the Company and its Polish subsidiaries with the Tax Office or the Social Insurance Institution (ZUS) of arrangements with respect to unpaid public-law liabilities;

(e) repayment with redemption or purchase at a discount of the Company's Series SHB, W, X and Z bonds, where the amount of repayment or purchase price shall not be higher than 30% of their nominal value, subject to the SHB series bonds, in which case full repayment shall be allowed,

(f) confirmation by the New Guarantor the entry into force of the Surety Agreement and submission of a statement on voluntary submission to enforcement under Article 777 of the Civil Procedure Code for the benefit of each Bank ("New Guarantor's Statements") and a similar agreed document under Italian law;

(g) presentation to the Banks by the Investor or an entity from the Investor's group to prove that the Investor has sufficient funds to finance the acquisition of shares in the Company and to provide the Company and its subsidiaries with financing;

(h) no unagreed amendments to the Investment Agreement, material breach, invalidity, termination or other withdrawal by the Investor from transactions provided for in the Investment Agreement;

(i) submission by the Company in favour of the Banks of statements on voluntary submission to enforcement pursuant to Article 777 of the Civil Procedure Code up to the amount of 150% of the Existing Bank Debt ("Company's Statements").

The Restructuring Agreement specifies a catalogue of circumstances allowing for its termination by the Banks at various stages of the restructuring process, e.g. in the event of failure to comply with all Conditions Precedent by a specified date. Moreover, under the terms and conditions agreed in the Restructuring Agreement, the Company, in specific circumstances, may be obliged to pay to the Banks an additional commission or contractual penalty in case of sale of shares in ProHuman 2004 Kft, as well as to make an early repayment of the remaining Repayment Amount.

The Restructuring Agreement also specifies the Company's obligations and liabilities due to the Banks under the Loan Agreement, including a modified (in the Company's opinion significantly reduced and more flexible) catalogue of breaches that may lead to an obligation to repay the Repayment Amount early.

Following the entry into force of the Restructuring Agreement, the Banks' receivables under the Loan Agreement will be secured by a surety established on the basis of the Surety Agreement (together with the New Guarantor's Statements), a pledge on shares in ProHuman 2004 Kft and the Company's Statements ("Collaterals"). After that date, the Banks shall be obliged to release all other collaterals established for the benefit of the Banks under the Loan Agreement, including in particular collaterals of subsidiaries and pledges on their shares and assets.

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

The Group did not execute any transactions with related entities in H1 2020 that would be individually or jointly material and, at the same time, executed on terms other than at arm's length.

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

	IPS	KAR	FC	WSI	SEL	CLEAN	KCP	fiegSPV	skWS	skoutWS
Revenue	183 683,1	47 050,3	182 028,1	2 390 432,3	2 559 553,8	13 119,9	122 215,6	2 389 783,0	6 991,0	0,00
Costs	2 771 927,5	0,00	6 408,6	1 414 095,5	1 256 207,0	1 544 035,9	1 851 052,1	-571 959,5	-285,0	0,00
Receivables	0,00	4 426 361,9	0,00	12 593 639,7	0,00	0,00	4 341 543,5	52 923 157,2	155 251,8	0,00
Long-term liabilities	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	24 606 207,4	0,00	3 501 332,6	453 978,8	70 039 630,9	4 999 364,0	0,00	0,00	8 981,2	0,00
Borrowings granted	0,00	4 125 585,6	0,00	19 413,3	0,00	0,00	4 314 728,5	41 389 625,9	16 204,6	0,00

	skWSK	czWS	ger24WS	fiegGP	fiegWS	fiegOUT	fiegKG	fiegWSF	gerKON	antGER
Revenue	162 860,5	1 130,4	776 610,3	0,00	93 047,6	0,00	3 821 197,4	0,00	0,00	0,00
Costs	-24 730,1	-653,0	20 314,2	0,00	704,0	0,00	258 425,3	0,00	0,00	0,00
Receivables	2 851 531,1	54 033,2	0,00	0,00	0,00	0,00	3 142 343,4	0,00	0,00	0,00
Long-term liabilities	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	20 539,4	1 191 754,7	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Borrowings granted	0,00	26 124,7	0,00	0,00	0,00	0,00	3 132 947,4	0,00	0,00	0,00

	antSK	presWS	presLOG	presOSP	humPRO	humOUT	humEXI	natSLV	natCR	humHR
Revenue	0,00	323 471,3	89 346,0	82 640,0	792 123,6	0,00	0,00	-50 713,0	0,00	0,00
Costs	0,00	1 225 643,3	1 543,3	231,0	754 088,5	0,00	0,00	898 469,0	0,00	0,00
Receivables	78 905,0	7 178 121,8	373 605,7	1 045 836,5	24 713,2	0,00	0,00	0,00	0,00	0,00
Long-term liabilities	0,00	0,00	0,00	0,00	50 126 361,9	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	388 924,4	371 347,9	6 795,4	0,00	328 867,6	0,00	0,00	10 888 104,3	0,00	0,00
Borrowings granted	0,00	6 110 875,1	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

	humFIE	humFC	rsAPT	hrAPT	bAPT	fbAPT	ukr2WS
Revenue	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Costs	0,00	0,00	0,00	0,00	0,00	0,00	8 920,0
Receivables	0,00	0,00	0,00	0,00	0,00	0,00	184,5
Long-term liabilities	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Borrowings granted	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Glossary – Work Service Capital Group Companies

ABBREVIATION	NAME
WSSA	Work Service S.A.
IPS	Industry Personnel Services sp. z o.o.
ANT	Antal Sp. z o.o.
FC	Finance Care Sp. z o.o.
WSI	Work Service International Sp. z o.o.
SEL	Sellpro Sp. z o.o.
CLEAN	WS Support Sp. z o.o.
KCP	Krajowe Centrum Pracy Sp. z o.o.
KAR	Kariera.pl Sp. z o.o.
fiegSPV	Work Service SPV Sp. z o.o.
presWS	WorkExpress Sp. z o.o.
presBUS	Workbus Sp. z o.o.
presLOG	Support and Care Sp. z o.o.
presCL	Clean24h Sp. z o.o.
presOSP	Outsourcing Solutions Partner Sp. z o.o.
skWSK	Work Service SK s.r.o.
skWS	Work Service Slovakia s.r.o.
skoutWS	Work Service Slovakia Outsourcing s.r.o.
czWS	Work Service Czech s.r.o.
ger24WS	Work Service 24 GmbH
gerP24WS	WorkPort24 GmbH
gerKON	IT Kontrakt GmbH
humPRO	Prohuman 2004 Kft
humFC	Finance Care Hungar Kft
humHR	HR-Rent Kft
humFIE	Profield 2008 Értékesítés Támogató Kft.
humEXI	Human Existence Kft
humOUT	Prohuman Outsourcing Kft
fiegWSF	Work Service Fahrschuhe QC GmbH
fiegGP	Work Service GP GmbH
fiegWS	Work Service Deutschland GmbH
fiegOUT	Work Service Outsourcing Deutschland GmbH
fiegKG	Workservice GmbH & Co.KG
antGER	Work Service Professionals GmbH
antCZ	Antal International s.r.o.(Czech Republic)
antSK	Work Service 2000 s.r.o (Slovakia)
antHU	Enloyd Kft
bAPT	APT Broker s.r.l.
fbAPT	APT Finance Broker s.r.l.
hrAPT	APT Human Resources s.r.l.
rsAPT	APT Resources&Services s.r.l.
ukr2WS	Work Service East Lcc
natCR	Naton Ljudski potencial d.o.o.
natSLV	Naton kadrovsko-svetanoje d.o.o.

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

No changes of the way (method) of determination of the fair value of financial instruments at fair value occurred in H1 2020.

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

In the first half of 2020, due to the sale of the German Group, the classification of assets and liabilities was changed and new discontinued operations were recognized

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

The consolidated financial statements for H1 2020 was subject to a review by an entity authorised to review financial statements.

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

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

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