WORK SERVICE Capital Group

CONSOLIDATED FINANCIAL STATEMENT

for the year ended as on 31 December 2020

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

Wrocław, 30 April , 2021

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CONSOLIDATED SELECTED FINANCIAL DATA

The presented financial data for the period from January 1 to December 31, 2020 and for the period from January 1 to December 31, 2019 applies to the entire Capital Group: continued and discontinued operations.

SPECIFICATION	01.01.-31.12.2020	01.01.-31.12.2019	01.01.-31.12.2020	01.01.-31.12.2019
Work Service Capital Group	000 PLN	000 PLN	000 EUR	000 EUR
Sales revenue	1 007 955	1 635 653	225 282	380 225
EBITDA (operating profit + depreciation and amortisation)	22 474	-17 956	5 023	-4 174
Profit on sales	-6 373	3 347	-1 424	778
Operating profit (EBIT)	11 411	-33 252	2 550	-7 730
Gross profit (loss)	20 526	-116 763	4 588	-27 143
Net profit (loss)	-11 323	-118 366	-2 531	-27 515
Net cash flows from operating activities	-84 311	-18 262	-18 843,82	-4 245
Net cash flows from investing activities	4 905	46 117	1 096,29	10 720
Net cash flows from financing activities	64 151	-46 202	14 337,98	-10 740
Total net cash flows	-15 256	-18 347	-3 410	-4 265
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	-0,17	-1,70	-0,04	-0,39
Number of diluted shares for the calculation of diluted earnings per share	66 332 644	66 332 644	66 332 644	66 332 644
Diluted profit per share	-0,17	-1,68	-0,04	-0,39
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Assets	419 820	658 844	90 973	154 713
Liabilities and provisions for liabilities	418 314	586 415	90 646	137 705
Long-term liabilities	171 749	17 768	37 217	4 172
Short-term liabilities	231 907	516 545	50 253	121 297
Equity	1 506	72 429	326	17 008
Share capital	6 559	6 559	1 421	1 540
Supplementary capital	342 909	353 211	74 306	82 943

In the financial year covered by the financial statement, the Dominating Company did not issue financial instruments convertible into shares.

CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP

Consolidated report from the financial standing of the Capital Group

as at December 31, 2020

The balance sheet presents the assets and liabilities of the Group as at 31.12.2020, as at 31.12.2019 and as at 01.01.2019.

Under "Assets classified as available for sale" and "Liabilities directly related to assets classified as held for sale" the assets and liabilities of Work Service Slovakia s.r.o. as well as those of entities controlled by Work Service Slovakia s.r.o. and Work Service Czech s.r.o. are presented as at 31 December 2020.

In 2020 a change in the method of consolidation of Prohuman 2004 Kft and companies controlled by Prohuman 2004 Kft was taken into account, which is described in more detail in section 2.3 Business continuity.

	Note	as at 31.12.2020	as at 31.12.2019 after adjustment	As at 01.01.2019 after adjustment
NON-CURRENT ASSETS		**294 461 262,84**	**375 356 696,78**	**441 824 762,98**
Intangible assets	**1**	8 989 878,24	26 525 375,02	35 115 236,93
Goodwill	**2**	19 315 989,20	281 848 281,08	351 096 736,76
Property, plant and equipment	**3**	10 519 712,90	18 294 439,39	11 722 887,65
Investment properties	**5**	2 346 490,95	2 390 231,55	2 690 484,05
Investement in related enties		221 354 521,62	351 374,34	248 155,07
Other long-term financial assets	**6**		53 074,25	
Deferred tax assets	**7**	25 038 041,41	45 232 916,84	40 868 598,65
Prepayments		6 896 628,52	661 004,31	82 663,87
CURRENT ASSETS		**99 549 854,98**	**283 487 142,12**	**433 361 475,88**
Inventories	**8**	958 990,35	7 462 767,36	7 871 700,12
Trade and other receivables	**9**	76 657 524,88	231 558 202,28	322 192 786,82
Loans		372 015,20	1 080 519,34	40 785 314,19
Other short-term assets			3 738,42	3 876,18
Cash and cash equivalents	**12**	18 449 557,36	38 139 438,36	56 486 007,74
Prepayments	**13**	3 111 767,19	5 242 476,36	6 021 790,83
Assets classified as available for sale	**14**	**25 808 794,82**		
TOTAL ASSETS		***419 819 912,64***	***658 843 838,90***	***875 186 238,86***
EQUITY		**1 505 640,62**	**72 428 893,66**	**104 732 581,11**
Share capital	**15**	6 559 063,80	6 559 063,80	6 509 482,30
Supplementary capital	**16**	342 909 066,23	353 211 033,43	236 084 819,51
The other reserve capital (funds)		-92 672 703,31	-92 276 850,89	-92 106 141,79
Profit (loss) brought forward		-209 254 840,65	-78 680 417,68	-63 501 920,10
Net profit (loss)		-16 040 511,58	-124 007 474,98	8 147 732,57
Foreign exchange differences		-29 155 815,10	-22 736 333,60	-15 119 961,09
Capital held by non-controlling shareholders	**17**	-838 618,77	30 359 873,58	24 718 569,71
LIABILITIES AND PROVISIONS		**408 863 236,37**	**586 414 945,24**	**770 453 657,75**
Provisions for liabilities		**10 570 806,81**	**40 642 999,62**	**48 454 913,40**
Deferred tax liabilities	**18**	3 586 374,78	3 868 849,44	4 459 965,97
Provision for pensions and similar benefits	**19**	1 842 075,46	11 556 757,32	14 084 136,03
Other current provisions	**22**	5 142 356,57	25 217 392,86	29 910 811,40

Long-term liabilities		**171 748 962,11**	**17 767 549,55**	**160 398 045,53**
Loans and borrowings	**20**	55 243 053,00	374 271,95	109 331 275,46
Issue of debt securities				43 988 109,50
Other financial liabilities	**21**	5 882 155,89	7 513 099,63	4 707 761,91
Other liabilities	**21**	110 623 753,22	9 880 177,97	2 370 898,66
Short-term liabilities		**222 772 380,98**	**516 545 291,27**	**541 797 211,82**
Issue of debt securities			45 396 882,91	
Other financial liabilities	**21**	11 859 689,00	11 951 056,67	4 534 620,58
Loans and borrowings	**20**	122 897 911,39	135 714 592,25	47 538 834,56
Trade liabilities	**21**	5 275 462,63	27 930 312,16	53 324 306,95
Advances for supplies received	**21**	969 369,19	1 863 218,27	34 416,34
Liabilities in respect of taxes, customs duties, insurance and other benefits	**21**	61 261 357,11	187 697 963,05	206 589 011,43
Payroll liabilities	**21**	15 894 636,02	57 220 612,83	67 325 679,53
Other liabilities	**21**	4 481 872,03	48 765 048,90	162 450 342,43
3. Special funds		132 083,61	5 604,23	
Accruals		**3 771 086,47**	**11 459 104,80**	**19 803 487,00**
Liabilities classified as available for sale	**14**	**9 451 035,65**		
TOTAL EQUITY AND LIABILITIES		***419 819 912,64***	***658 843 838,90***	***875 186 238,86***

The presented financial data for the periods 01.01.2020-31.12.2020 and 01.01.2019-31.12.2019.

Consolidated total income statement of the Capital Group

for the year ended on December 31, 2020

The financial data presented relates to operations for the 12 months ended December 31, 2020 and the 12 months ended December 31, 2019.

The financial data presented for continuing operations for the year ended December 31, 2020 includes:

* results of Polish and Ukrainian companies for the period 01.01.2020–31.12.2020

* results of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. for the period 01.01.2020–30.09.2020

* process of changes to the consolidation method of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. due to loss of control, which is described in more detail in Consolidated Financial Statement for 2020 in section 2.3 Business continuity, subsection 4.

The figures for continuing operations are not comparable due to the changes to the consolidation method of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. in Q4 2020 and the absence of net profit for Q4 2020 of these entities.

The presented data in discontinued operations include:

* operations held for sale for the period of 01.01.2020–31.12.2020, i.e. the financial results of Work Service Slovakia s.r.o. and entities controlled by Work Service Slovakia s.r.o., Work Service Czech s.r.o., and the German Group, i.e. Work Service GMBH & Co.KG and entities controlled by Work Service GMBH & Co.KG, as well as the result on the sales transaction of Work Service GMBH & Co.KG and entities controlled by Work Service GMBH & Co.KG („German Group").

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

* operations held for sale for the period 01.01.2019–31.12.2019 i.e. the financial results of the Antal Group i.e. Antal Sp. z o.o. and entities controlled by Antal Sp. z o.o. and additionally the result on the transaction of sale of Antal Sp. z o.o. and Antal trademark, which was also assigned to discontinued operations, as well as the financial results of Work Service Slovakia s.r.o. and entities controlled by Work Service Slovakia s.r.o., Work Service Czech s.r.o. and German Group, i.e. Work Service GMBH & Co.KG and entities controlled by Work Service GMBH & Co.KG.

CONTINUED OPERATIONS	Note	01.01.2020-31.12.2020	01.01.2019-31.12.2019 after adjustment
Revenue from sales		**902 928 473,24**	**1 377 685 740,62**
Trade revenue		906 550 978,08	1 376 241 875,16
Change in receivables		-3 622 504,84	1 443 865,46
Manufacturing cost of products for entity's own needs			
Net revenues from sales of goods and materials			
Costs of operations		**901 009 574,03**	**1 364 524 367,08**
Amortisation and depreciation		10 624 640,45	14 161 590,72
Consumption of materials and energy		3 416 751,47	4 861 843,56
External services		77 887 867,79	121 320 752,38
Taxes and charges		1 571 332,58	1 900 180,57
Remuneration		683 490 623,78	1 013 288 435,61
Social security and other benefits		119 340 822,02	199 758 960,33
Other costs by type		4 677 535,94	9 232 603,91
Value of goods and materials sold			
Sales profit (loss)		***1 918 899,21***	**13 161 373,54**
Other operating revenue	30	50 173 972,11	66 390 204,07
Other operating expenses	31	44 418 182,78	83 916 807,69
Profit (loss) from operations		***7 674 688,54***	**-4 365 230,08**
Finance income	32	97 313 719,93	6 845 743,05
Finance costs	33	87 177 254,85	88 664 911,32
Gross profit (loss)		***17 811 153,62***	**-86 184 398,35**
Income tax	34	31 814 361,39	1 570 697,37
Net profit (loss) from continuing operations		***-14 003 207,77***	**-87 755 095,72**
Including:			

Net profit (loss) in the Q4 of 2020 Prohuman group*	**no data**	
Net profit (loss) due to the event described in item 2.3 (subitem 4) - change of the consolidation method of Prohuman 2004 kft	***-57 438 242,17***	
DISCONTINUED OPERATIONS		
Net profit (loss) for discontinued activities	***2 680 464,29***	**-30 611 075,38**
Net profit (loss)	***-11 322 743,46***	**-118 366 171,10**
Net profit falling to:		
- Shareholders of the dominating entity	***-16 040 511,58***	**-124 007 474,97**
- Non-controlling shares	***4 717 768,12***	**5 641 303,87**
Net profit		
OTHER COMPREHENSIVE INCOME		
Items that have not been reclassified to profit or loss		
Items transferred to profit or loss		
- Exchange rate differences from converting a foreign unit	-6 419 481,51	-7 616 372,52
- Share in other comprehensive income of entities accounted for using the equity method		
Total other comprehensive income	**-6 419 481,51**	**-7 616 372,52**
Comprehensive income for the period	**-17 742 224,97**	**-125 982 543,62**
- Including income attributable to minority capitals	7 392 528,47	6 026 175,01
- Including income attributable shareholders of the dominating entity	-25 134 753,44	-125 280 619,01
Earnings per share from continuing and discontinued operations attributable to shareholders of the dominating entity during the year (in PLN)		
From continuing operations:	**-14 003 207,77**	**-87 755 095,72**
- basic	-0,21	-1,34
- diluted	-0,21	-1,32
From operations because of changes of the consolidation method	**-57 438 242,17**	
- basic	-0,88	
- diluted	-0,87	
From activities classified as intended for sale	**2 680 464,29**	**-30 611 075,38**
- basic	0,04	-0,47
- diluted	0,04	-0,46

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

Consolidated cash flow statement of the Capital Group
for the year ended on December 31, 2020

	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Net profit (loss)	**-16 040 511,58**	**-124 007 474,97**
Total adjustments	**-68 270 760,27**	**105 745 454,87**
Amortisation and depreciation	11 063 439,17	15 295 936,37
Foreign exchange (profit) losses	253 625,05	
Interest and shares in profits (dividends)	11 677 366,65	11 208 867,21
(Profit) loss on investment operations	52 938 241,93	16 849 049,50
Change in provisions	-24 881 678,36	-7 811 913,77
Change in inventories	3 777 150,54	408 932,76
Change in receivables without income tax receivables	8 075 049,38	90 664 174,15
Change in short-term liabilities, except for loans, borrowings and corporate income tax	51 443 586,18	-166 700 758,24
Change in prepayments, accruals and deferred income	23 041 155,54	-6 949 086,56
Other adjustments	-205 658 696,34	152 780 253,25
Net cash flows from operating activities	**-84 311 271,85**	***-18 262 020,10***
Cash flows from investing activities		
Inflows	**4 904 537,82**	**71 317 001,15**
Disposal of intangible assets and property, plant and equipment		15 621 866,44
Disposal of investments in real property and intangible assets		
From financial assets, including:	4 904 537,82	55 695 134,71
a) in related entities		4 577 478,34
Interest		
b) in other entities	4 904 537,82	51 117 656,37
interest	39 036,49	
purchase of financial assets	4 500 000,24	51 117 656,37
other inflows	365 501,09	
other investment inflows		
Outflows		**25 199 563,94**
Purchase of intangible assets and property, plant and equipment		1 504 726,02
Investments in real property and intangible assets		
For financial assets, including:		23 694 837,92
a) in related entities		
purchase of financial assets		
b) in other entities		23 694 837,92
purchase of financial assets		3 073 591,04
Other investment outflows		20 621 246,88
Cash flows from investing activities	***4 904 537,82***	***46 117 437,21***
Cash flows from financing activities		
Inflows	**155 464 250,71**	**289 934 029,64**
Loans and borrowings	155 464 250,71	279 662 674,33
Issue of debt securities		
Net inflows from stock issue		49 581,50
Other financial inflows		10 221 773,81
Outflows	**91 313 372,28**	**336 136 016,13**
Dividends and other payments to shareholders		

Profit distribution other than payments to shareholders		
Repayment of loans and borrowings	57 944 640,84	321 435 757,51
Redemption of debt securities	19 930 016,89	
Due to other financial liabilities		
Payments of liabilities under finance lease agreements	1 722 311,41	3 991 391,41
Interest	11 716 403,14	10 708 867,21
Other financial outflows		
Net cash flows from financing activities	***64 150 878,43***	***-46 201 986,49***
Total net cash flows	-15 255 855,60	-18 346 569,38
Balance sheet change in cash, including:	-15 255 855,60	-18 346 569,38
change in cash due to exchange differences		
Cash as at the beginning of the period	38 139 438,36	56 486 007,74
Cash at the end of the period	***22 883 582,76***	***38 139 438,36***

Other adjustments include:		
change in exchange differences	-6 419 481,51	-7 616 372,51
Adjustments related to Prohuman	-5 925 603,36	
write-off of bonds	-26 236 472,97	
liquidation of goodwill	262 532 291,88	
Antal correction		5 054 065,99
minority profit	4 717 768,12	5 641 303,87
adjustment of the 2018 result in the group		8 502 459,68
resignation from option valuation		94 948 356,00
adjustment of Germany option		23 670 007,06
structural changes	-11 211 418,97	352 450,48
change of the Prohuman consolidation method	-290 791 907,48	
write-off of credits	-55 168 856,85	
adjustment of the previous years result	-19 811 593,77	
exchange differences	-253 625,05	
profit from investment activities	-57 438 242,17	
other	348 445,79	
Total	**-205 658 696,34**	**130 552 270,57**

Consolidated statement of changes in equity of the Capital Group

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

* – adjustment related to income tax audit more fully described in the 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**
Adjustment of basic error				-10 879 365,99			-10 879 365,99	
Stan na 31 grudnia 2018 after adjustment	**6 509 482,30**	**236 084 819,51**	**-92 106 141,79**	**-63 501 920,10**	**-15 119 961,09**	**8 147 732,57**	**80 014 011,4**	**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*			*-1 521 213,43*	
*Including WS Deutschland asset adjustment for deferred tax***				*- 6 981 246,25*			*-6 981 246,25*	
Minority result							0,00	5 641 303,87
Profit carried forward		-1 401 044,66		9 548 777,23		-8 147 732,57	0,00	
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**

* – adjustment related to income tax audit more fully described in note 26
** – adjustment due to reconciliation of liabilities to the arrangement
***- correction results from accounting error and correction of this in 2019

INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Wroclaw–Fabryczna in Wroclaw, 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

Consolidated financial statements for 2020 was drawn up on the basis of separate financial statements of the Capital Group and compiled in a manner that the Group constitutes a single entity.

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.

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 following business entities were a part of the Work Service Capital Group as at December 31, 2020:

Companies in which Work Service SA holds direct capital share

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Finance Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.12.2005	100.00%	100.00%	Full
Industry Personnel Services sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.11.2003	100.00%	100.00%	Full
Work Service International Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	06.07.2006	100.00%	100.00%	Full
WS Support Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	19.02.2010	100.00%	100.00%	Full
Sellpro Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.03.2009	100.00%	100.00%	Full
Virtual Cinema Studio Sp. z o.o.	01-793 Warszawa, ul. Rydygiera Ludwika 7	20.12.2002	50.00%	50.00%	Non-consolidated
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	16.05.2011	75.00%	75.00%	Full
Prohuman 2004 Kft.	H-1146 Budapest, Hungaria korut 140-144.	21.12.2013	80.22.%	80.22%	Equity method
Work Express Sp. z o.o. (in liquidation)	40-265 Katowice, ul. Korfantego 2/100,101	02.01.2014	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	100.00%	100.00%	Full
Work Service Czech s.r.o.	Anglická 140/20, Vinohrady, 120 00 Praha 2	30.01.2004	100.00%	100.00%	Full
Work Service East Lcc	Kharkov, ul. Malomyasnitska 6, Kharkov area, Kharkov voivodship, Ukraine	03.02.2017	100.00%	100.00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	21.99%	21.99%	Full
WorkPort24 GMBH	An den Treptowers 1 D-12435 Berlin	19.08.2011	100.00%	100.00%	Non-consolidated

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

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.05.2011	78.01%	78.01%	Full
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, Gwiaździsta 66	28.03.2013	25.00%	25.00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of the share capital held in subsidiary	% share in the total number of votes at the General Meeting of subsidiary	Consolidation method
Work Service Outsourcing Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.09.2011	100.00%	100.00%	Full
Work Service SK s.r.o.	831 03 Bratislava, Škultétyho 1	01.06.2016	100.00%	100.00%	Full
Work Service 2000 s.r.o.	831 03 Bratislava, Škultétyho 1	01.04.2016	100.00%	100.00%	Full

Companies related through Prohuman 2004 Kft

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

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

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

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

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

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

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

Companies related through Finance Sales Hungary Kft (Profield 2008)

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

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

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

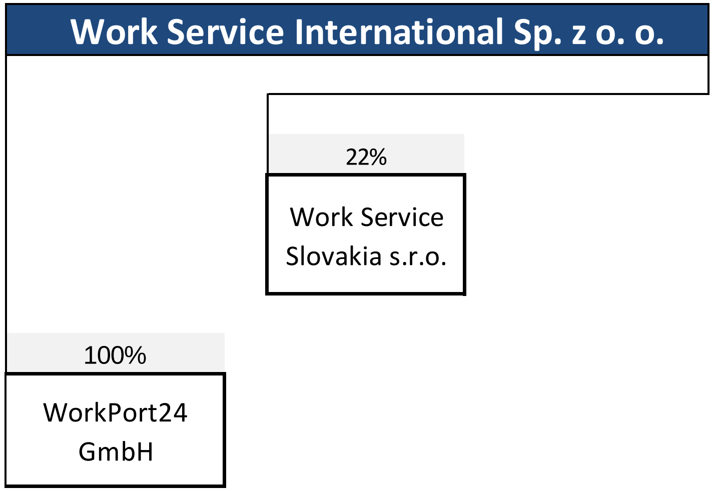
Due to the fact that Work Service SA does not have control over Virtual Cinema Studio sp. z o.o., (since it holds only 50% of the voting rights according to art. 5 and 6 IFRS 10), does not consolidate it.

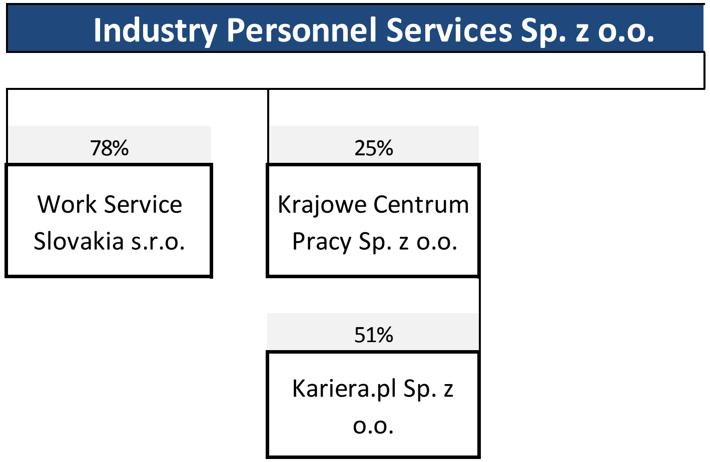
As for WorkPort24 Gmbh, the application of the materiality principle referred to § 31 of IAS 1 excludes this company from consolidation under the equity method as a related entity.

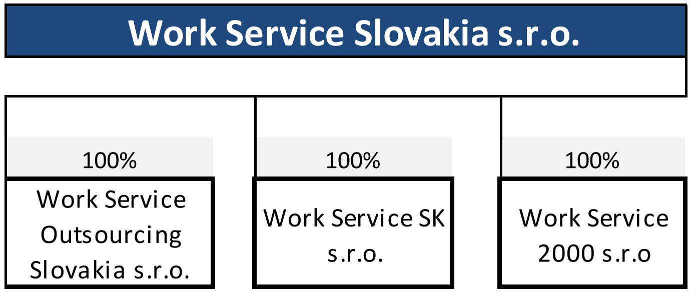
Structure of the Work Service Capital Group as at 31.12.2020

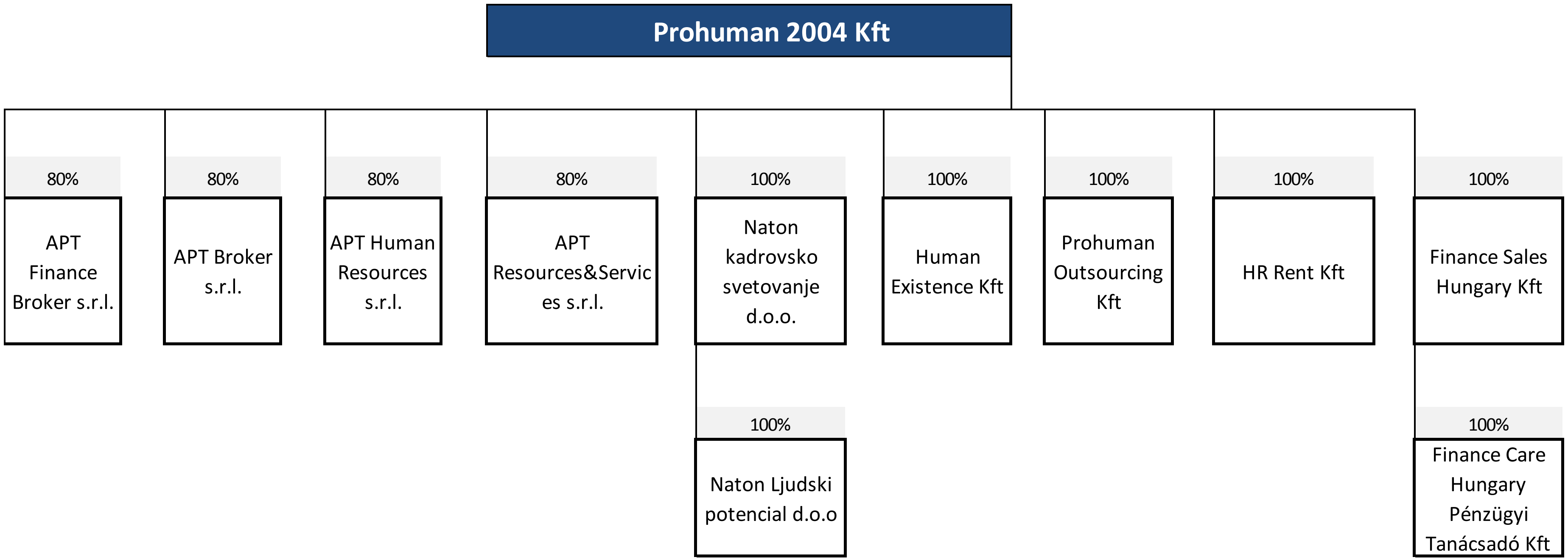
Work Service SA

- 100% – Work Service East Lcc
- 100% – Finance Care Sp. z o.o.
- 50% – Virtual Cinema Studio Sp. z o.o.
- 100% – Work Service Czech s.r.o.
- 100% – Work Express Sp. z o.o. (in liquidation)
- 100% – Sellpro Sp. z o.o.
- 80,22% – Prohuman 2004 Kft
- 100% – Work Service SPV Sp. z o.o.
- 100% – WS Support Sp. z o.o.
- 100% – Work Service International Sp. z o.o.
- 100% – Industry Personnel Services Sp. z o.o.
- 75% – Krajowe Centrum Pracy Sp. z o.o.


Work Service International Sp. z o. o.
22%
Work Service Slovakia s.r.o.
100%
WorkPort24 GmbH


Industry Personnel Services Sp. z o.o.
78%
Work Service Slovakia s.r.o.
25%
Krajowe Centrum Pracy Sp. z o.o.
51%
Kariera.pl Sp. z o.o.


Work Service Slovakia s.r.o.
100%
Work Service Outsourcing Slovakia s.r.o.
100%
Work Service SK s.r.o.
100%
Work Service 2000 s.r.o



Prohuman 2004 Kft
80%
APT Finance Broker s.r.l.
80%
APT Broker s.r.l.
80%
APT Human Resources s.r.l.
80%
APT Resources&Services s.r.l.
100%
Naton kadrovsko svetovanje d.o.o.
100%
Naton Ljudski potencial d.o.o
100%
Human Existence Kft
100%
Prohuman Outsourcing Kft
100%
HR Rent Kft
100%
Finance Sales Hungary Kft
100%
Finance Care Hungary Pénzügyi Tanácsadó Kft

Work Express Sp. z o. o. (in liquidation)

100%	100%
Outsourcing Solutions Partner Sp. z o.o. (in liquidation)	Support and Care Sp. z o.o. (in liquidation)

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.

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

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

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

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

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

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

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

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.

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

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

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

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

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

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 pharmaceutics. It renders services related to temporary work, recruitment and selection of workers and HR outsourcing.

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

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

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

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

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

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

1.4 Information about changes in structure of the business entity, including as a result of a business entity mergers, acquisition or disposal of Capital Group entities, long-term investments, devision, restructuring and discontinued operations

In the consolidated financial statements prepared as of December 31, 2020, the shares in one subsidiary were valued using the equity method.

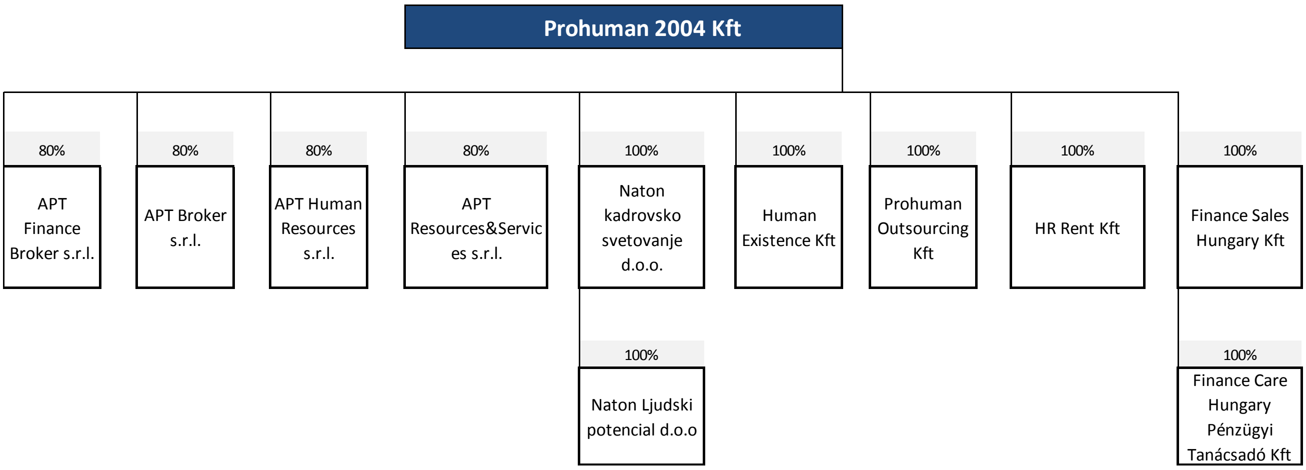
Loss of control:

The Parent Company lost control of the Prohuman Group, which is described in more detail in section 2.3 Business continuity.

Financial data of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. at the moment of change the method of consolidation are presented in table below:

	Net assets at the time of loss of control
Assets	
Intangible assets	150 639 315,79
Fixed assets	2 958 549,62
Deferred tax assets	101 072,11
Inventories	2 375 934,44
Receivables and loans	127 180 835,59
Other assets	3 125 242,72
Cash	35 291 120,04
Total assets	**321 672 070,31**
Liabilities	
Provision for deferred tax	141 241,98
Reserves	5 039 161,03
Credits, loans	34 040 487,43
Liabilities from deliveries and services	9 387 201,71
Other liabilities	130 236 240,27
Total liabilities	**178 844 332,42**
Net Asset Value	**142 827 737,89**

Composition of the Prohuman Group at the time of loss of control:

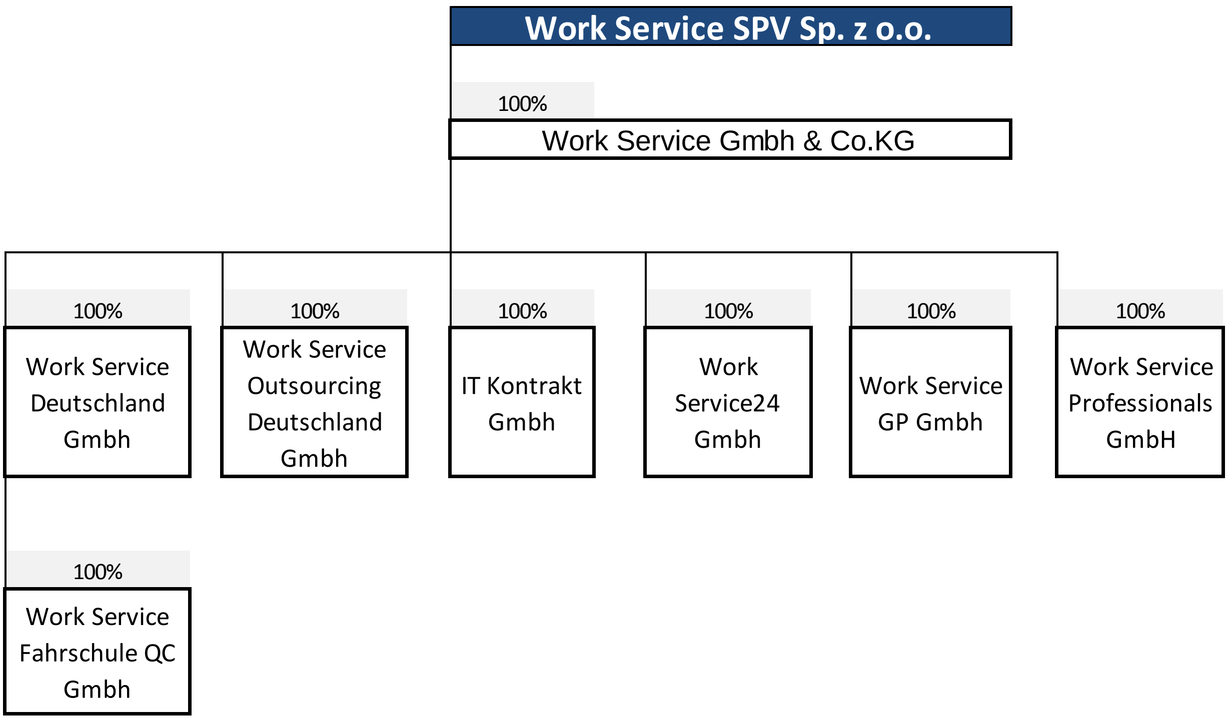


- On 12 July 2020, the Parent Company sold 100% of its shares in Work Service CO KG seated in Berlin. The revenue from the sale of the subsidiary amounted to PLN 4,500 thousand and was paid in full in 2020.

Financial data of Work Service GMBH & Co.KG and companies controlled by Work Service GMBH & Co.KG at the time of sale

	Net assets at the time of sale
Assets	
Intangible assets	851 721,44
Fixed assets	159 982,57
Deferred tax assets	
Inventories	
Receivables and loans	28 569 353,25
Other assets	223 430,32
Cash	824 668,52
Total assets	**30 629 156,10**
Liabilities	
Provision for deferred tax	131 747,00
Reserves	3 639 668,26
Credits, loans	2 233 000,00
Liabilities from deliveries and services	2 057 897,12
Other liabilities	27 771 203,84
Total liabilities	**35 833 516,22**
Net Asset Value	**-5 204 360,12**
Sales revenues realized in cash	4 500 000,24
Cash disposed of with a subsidiary	824 668,52
Net proceeds from the sale of subsidiaries	**3 675 331,72**

Composition of the German Group at the time of sale:



The gain/loss on loss of control of a subsidiary has been presented in a separate line in the statement of profit or loss.

Transfer of an organized part of the enterprise.

On April 27, 2020, an organized part of the enterprise was sold between Support & Care sp.z o.o. a Work Service International sp. z o.o .. The sale covered activities related to the work of babysitters in Germany. The organized part of the enterprise was valued by an independent auditor in the amount of PLN 1,019,890.00, and with it all assets (fixed assets, contractors, receivables, liabilities and employees) were transferred to the company Work Service International sp z o.o. with a book value of PLN 519,524.25.

1.5 Presented reporting periods

These consolidated financial statements include the data as on 31 December 2020 and for the year ended 31 December 2020. Comparative data are presented as on 31 December 2019, for the consolidated statement of financial position and for the year ended 31 December 2019 on the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.

1.6 The duration of activities of the Capital Group

The duration of activities of the Capital Group is unlimited.

1.7 Directors of Work Service SA as at December 31, 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reasons of dismissal were not given.

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

1. Mr. Maurizio Uboldi – Member of the Supervisory Board,
2. Mr. Davide Toso – Member of the Supervisory Board,
3. Mr. Antonio Carvelli – Member of the Supervisory Board,

4. Mr. Dario Dell'Osa – Member of the Supervisory Board,
5. Mrs. Federica Giulia Giovanna Polo – Member of the Supervisory Board,
6. Mrs. Francesca Garofolo – Member of the Supervisory Board,
7. Mrs. Maria Luisa Cammarata – Member of the Supervisory Board,
8. Mr. Donato Di Gilio – Member of the Supervisory Board,
9. Mr. Marcus Preston – Member of the Supervisory Board.

1.9 Major shareholders of the Parent Company as at the date of publication of this report

As at the date of this report, no preferred shares entailing voting rights or dividend were issued. All shares of the Dominating Entity are ordinary shares. The equity of Work Service SA amounts to PLN 6.575 388,80 divided into:

- 750,000 series A shares with the nominal value of 10 grosz each,
- 5,115,000 series B shares with the nominal value of 10 grosz each,
- 16,655,000 series C shares with the nominal value of 10 grosz each,
- 100,000 series D shares with the nominal value of 10 grosz each,
- 100,000 series E shares with the nominal value of 10 grosz each,
- 7,406,860 series F shares with the nominal value of 10 grosz each,
- 2,258,990 series G shares with the nominal value of 10 grosz each,
- 9,316,000 series H shares with the nominal value of 10 grosz each,
- 1,128,265 series K shares with the nominal value of 10 grosz each,
- 5,117,881 series L shares with the nominal value of 10 grosz each,
- 12,000,000 series N shares with the nominal value of 10 grosz each,
- 91,511 series P shares with the nominal value of 10 grosz each,
- 5,000,000 series S shares with the nominal value of 10 grosz each,
- 55,316 series T shares with the nominal value of 10 grosz each,
- 171,750 series R shares with the nominal value of 10 grosz each,
- 225,750 series U shares with the nominal value of 10 grosz each,
- 98,315 series W shares with the nominal value of 10 grosz each,
- 160,325 series Y 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.	33 261 010	50,59%	33 261 010	50,59%
Others	32 492 878	49,41%	32 492 878	49,41%
Total	**65 753 888**	**100,00%**	**65 753 888**	**100,00%**

1.10 Approval for publication

These consolidated financial statements prepared for the year ended December 31, 2020 (including comparative figures) were authorized for issue by the Board of Directors of the Parent Company on 29 April 2021.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Description of relevant accounting policies applied

2.1 Basis of preparation of financial statements

The annual consolidated financial statement of the Capital Group was prepared in accordance with International Financial Reporting Standards („IFRS"), approved by the European Union, applicable for annual periods commencing on 1 January 2020.

Certain Group entities maintain their accounting books in accordance with the policies (rules) specified in the Act on accounting of 29 September 1994 (the "Act") as amended and the regulations issued thereunder ("Polish Accounting Standards") or local standards. The consolidated financial statements include adjustments not included in the books of accounts of the Group were made to reconcile their financial statements to comply with IFRS.

Consolidated financial statements at 31 December 2020 have been prepared on the basis of the financial statements of the companies included the Capital Group in accordance with the historical cost principle.

2.2 Approval of the financial statements and information relating to the dividend paid

Separate financial statements of Work Service SA for the previous financial year, i.e. year 2019, was approved by Resolution No. 4/2020 at the meeting of the Ordinary General Meeting of Work Service SA on 15 October 2020. A consolidated financial statement of Work Service SA for the previous financial year, i.e. year 2019, was approved at the Ordinary General Meeting of Work Service SA on 15 October 2020.

2.3 Continuation of the activities

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

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

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

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

As the review of strategic options was completed:

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

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

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

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

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

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

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

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

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

On February 3, 2020, an investment agreement was concluded with Gi INTERNATIONAL S.R.L. (the "Investor"), wholly owned by Gi Group S.A. Some favourable changes resulted from the performance of the agreement, which,

in the opinion of the Management Board of Work Service S.A. are essential for stabilising the strategic situation of Work Service, allow for reducing the Group's debt, and create the potential for further development of the Group and creating solutions for the personnel services market in Poland and Central Europe.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Repayment and partial relief of bond debt.

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

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

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

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

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

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

At the same time, Work Service S.A. announced that as a consequence of the entry into force of the Restructuring Agreement, its parties were obliged to perform the target restructuring of claims based on a partial arrangement, which the Company and the Banks planned to conclude in the weeks to come as part of the proceedings on approval of the arrangement within the meaning of the restructuring law (the "Arrangement").
The Restructuring Agreement provides for partial repayment and partial relief, under the Arrangement, of the Banks' claims against the Company under the Loan Agreement in the principal amount of approximately PLN 110,350,000.00, up to the amount corresponding to 50% of the principal amount (the "Repayment Amount"). The Repayment Amount will be repaid by the Company to the Banks in quarterly instalments, in accordance with the agreed repayment schedule, with the first payment to be made by September 30, 2020 and the last by June 30, 2023. Interest on the Repayment Amount will be calculated in the amount equal to WIBOR 3M + 200 bps per annum.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Re. 1.)

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

Re. 2.)

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

Re. 3.)

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

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

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

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

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

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

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

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

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

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

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

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

- **repayment of acquisition liabilities to FIEGE Logistik Stiftung & Co. KG in several instalments in 2019; then, on June 5, 2020, a conditional agreement was concluded for the sale of the German companies which was finally implemented on July 27, 2020**

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

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

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

Signing of call option and co-operation agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Termination of the Call Option on 6 April 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2) Recognize the value of the Prohuman group in the consolidated balance sheet at an amount equal to the fair value of the group;

3) Recognize accounts receivable and accounts payable to the Prohuman group;

4) Include in the 2020 annual consolidated income statement the revenue and expenses of the Prohuman group for the nine months ended September 30, 2020;

5) Measure the shares in the Prohuman group using the equity method, i.e. include in the annual consolidated profit and loss account the consolidated financial result of the Prohuman group for the 4th quarter of 2020 provided that such data is received in a form that makes it possible to include these data in the annual consolidated profit and loss account of the Work Service S.A. Group.

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

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

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

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

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

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

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

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

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

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

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

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

The financial data presented relates to operations for the 12 months ended December 31, 2020 and the 12 months ended December 31, 2019.

The financial data presented for continuing operations for the year ended December 31, 2020 includes:

* results of Polish and Ukrainian companies for the period 01.01.2020–31.12.2020

* results of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. for the period 01.01.2020–30.09.2020

* process of changes to the consolidation method of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. due to loss of control, which is described in more detail in item 2.3 Business continuity (subitem 4.)

The figures for continuing operations are not comparable due to the changes to the consolidation method of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. described in item 2.3 Business continuity (subitem 4.) and no data on net profit for Q4 2020 of these entities.

The presented data in discontinued operations include:

* operations held for sale for the period of 01.01.2020–31.12.2020, i.e. the financial results of Work Service Slovakia s.r.o. and entities controlled by Work Service Slovakia s.r.o., Work Service Czech s.r.o., and the German Group, i.e. Work Service GMBH & Co.KG and entities controlled by Work Service GMBH & Co.KG, as well as the result on the sales transaction of Work Service GMBH & Co.KG and entities controlled by Work Service GMBH & Co.KG („German Group")

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

* operations held for sale for the period 01.01.2019–31.12.2019 i.e. the financial results of the Antal Group i.e. Antal Sp. z o.o. and entities controlled by Antal Sp. z o.o. and additionally the result on the transaction of sale of Antal Sp. z o.o. and Antal trademark, which was also assigned to discontinued operations, as well as the financial results of Work Service Slovakia s.r.o. and entities controlled by Work Service Slovakia s.r.o., Work Service Czech s.r.o. and German Group, i.e. Work Service GMBH & Co.KG and entities controlled by Work Service GMBH & Co.KG.

CONTINUED OPERATIONS	01.01.2020-31.12.2020	01. 01.2019-31.12.2019
Revenues	**902 928 473,24**	**1 377 685 740,62**
Net revenues from sales of products	906 550 978,08	1 376 241 875,16
Variation in stocks of products	-3 622 504,84	1 443 865,46

Manufacturing cost of products for entity's own purposes		
Net income on sale of goods and materials		
Operating costs	**901 009 574,03**	**1 364 524 367,08**
Depreciation	10 624 640,45	14 161 590,72
Consumption of materials and energy	3 416 751,47	4 861 843,56
Outside services	77 887 867,79	121 320 752,38
Taxes and charges	1 571 332,58	1 900 180,57
Remuneration	683 490 623,78	1 013 288 435,61
Social insurance and other benefits	119 340 822,02	199 758 960,33
Other generic expenses	4 677 535,94	9 232 603,91
Value of goods and materials sold		
Profit (loss) on sales	**1 918 899,21**	**13 161 373,54**
Other operating incomes	50 173 972,11	66 390 204,07
Other operating costs	44 418 182,78	83 916 807,69
Profit (loss) on operating activities	**7 674 688,54**	**-4 365 230,08**
Financial incomes	97 313 719,93	6 845 743,05
Financial costs	87 177 254,85	88 664 911,32
Gross profit (loss)	**17 811 153,62**	**-86 184 398,35**
Income tax	31 814 361,39	1 570 697,37
Net profit (loss) from continued operations	**-14 003 207,77**	**-87 755 095,72**
Including:		
Net profit (loss) in the Q4 of 2020 Prohuman group*	**no data**	
Net profit (loss) due to the event described in item 2.3 (subitem 4) - change of the consolidation method of Prohuman 2004 kft	**-57 438 242,17**	

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

DISCONTINUED OPERATIONS	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Net revenues from sales of products	105 026 749,28	257 967 469,07
Operating costs	113 319 043,56	267 782 006,48
Other operating incomes	13 121 204,68	13 143 013,91
Other operating costs	1 093 058,21	32 215 226,80
Financial incomes	-650 847,84	-688 623,32
Financial costs	369 926,68	1 003 599,26
Gross profit (loss), including:	2 715 077,67	-30 578 972,88
the result on the sale of the Antal group and the Antal trademark		*-17 565 075,61*
German Group's result until the date of sale and the result on the sale of this group in 2020	*4 852 398,58*	*-11 726 140,40*
the result on activities classified as intended for sale in 2021 (*Czech and Slovak entities)*	*-2 137 320,91*	*-1 287 756,87*
Income tax	34 613,38	32 102,50
Net profit for the financial year from activities classified as intended, including:	2 680 464,29	-30 611 075,38
the result on the sale of the Antal group and the Antal trademark		*-17 576 762,21*
German Group's result until the date of sale and the result on the sale of this group in 2020	*4 825 977,54*	*-11 795 429,47*
the result on activities classified as intended for sale in 2021 (Czech and Slovak entities)	*-2 145 513,25*	*-1 238 883,71*

Comment on financial data of the continued operations

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

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

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

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

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

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

This goal has not yet been fully achieved and is a challenge still faced by the Management Board, currently a bit more problematic due to the COVID-19 pandemic. At the same time, in the opinion of the Management Board, the tool for achieving this goal is changing. The Company and its entities focus, to a greater extent, on rebuilding sales revenues (with a restructured cost base), also as a result of joining the international Gi Group, rather than concentrate on further significant adjustments of business service costs. These costs will continue to be adjusted in connection with the COVID-19 pandemic and the search for synergy between Work Service and the Investor's group. Nevertheless, the priority area of interest for the Management Board of Work Service S.A. in the near future is and will continue to be sourcing new orders and gradually improving sales revenues.

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

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

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

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

I. Unusual events and factors improving the operating result in the total amount of PLN 17.9 million, including:

1. Recognition of unusual other operating income in the total amount of PLN 17.9 million, including:
   - Recognition of other operating income in connection with the release of restructuring provisions in the total amount of approx. PLN 1.4 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 8.6 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 3.1 million;

- Recognition of other operating income in connection with the release of provision for estimated liabilities to PFRON in the amount of PLN 3.9 million.

II. Unusual events and factors worsening the operating result in the total amount of PLN 24.2 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 7.5 million;
2. Recognition of unusual other operating costs in the amount of PLN 14 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 2.7 million.
   - Other operating costs related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 10.5 million;
   - Other operating costs related to the termination of lease and rental agreements in the total amount of approx. PLN 0.5 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.
3. Recognition of unusual revenues adjustments related to correction of PFRON subsidies for previous years in the total amount of approx. PLN 2.7 million

In connection with the above (the balance of item I and item II in total), the impact of the identified unusual events included in the operating result in item 6 is negative and amounts to approx. PLN -6.3 million.

The comparative amounts for 2019 for continuing operations presented in item 6 also include unusual events deteriorating the operating profit in the total amount of approx. PLN -33.2 million. These events were also presented in the published Consolidated Financial Statement for 2019.

C. Recognition in the result on financial operations (for continuing operations) of events of non-recurring nature

The Company's management notes that in the 2020 results of financial activities from continuing operations (presented in item 6) a number of events of an unusual nature were recognized, including:

- financial revenue from the redemption of bonds and loans in the amount of PLN 81,405,329.85,
- financial cost due to change in consolidation method of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. due to loss of control. In the amount of PLN -57 438 242.17

Therefore, the impact of identified atypical events included in the result on financing activities in point 6 is positive and amounts to about PLN 24 million.

The 2019 comparative figures for continuing operations presented in section 6 also include unusual events deteriorating the result from financing activities in the total amount of approximately PLN -76.2 million. These events were also presented in the published Consolidated Financial Statement for 2019.

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

The 2020 figures presented above recognize an adjustment to deferred tax assets in an amount equal to approx. -20.2 million

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

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

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

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

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

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

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

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

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

2.4 Reporting currency

The measurement currency of the Parent Company and other companies included to the consolidated financial statements and the reporting currency of this consolidated financial statements is the Polish zloty. Functional currencies of other entities are: Euro, Czech Crown, Romanian Leu, Pound Sterling, Forint. Individual statements of foreign companies are converted to the four decimal places. Since the consolidated report is prepared with an accuracy of two decimal places, rounding and discrepancies in the totals may occur, at the level of decimal places.

2.5 Basic accounting principles

The Management Board of Work Service SA hereby declares that, to the best of our knowledge, the consolidated financial statements and comparative information have been prepared in accordance with the applicable accounting principles, and that the report give a true and fair view of the financial position of the Work Service Capital Group. Management Board jointly confirms that the report on Work Service Capital Group activity provides a true picture of the development and achievements of it position, including a description of the major threats and risks.

Rules (policies), adopted in these consolidated financial statements, have been applied consistently and in accordance with the accounting principles applied in the last audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) of the Work of service Capital Group.

Principles of consolidation

These consolidated financial statements include the financial statements of Work Service SA and the financial statements of its subsidiaries each time prepared for the year ended on 31 December 2020. The financial statements of subsidiaries, after adjustments made to ensure compliance with IFRS, are prepared for the same reporting period as the report of the parent company, using consistent accounting policies in accordance with uniform accounting policies for transactions and economic events of similar nature. In order to eliminate any differences in accounting methods, adjustments are made.

All significant balances and transactions between entities in the Group, including unrealised profits arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated unless they prove impairment.

Presentation of financial statements

The consolidated financial statements are presented in accordance with IAS 1. The Group presents the "Consolidated statement of profit or loss and other comprehensive income".
"Consolidated Statement of Cash Flows" is prepared using the indirect method.
In the case of retrospective changes in accounting policies, presentation or correction of errors, the Group presents a statement of financial position prepared additionally as at the beginning of the comparative period if the above changes are material to the data presented as at the beginning of the comparative period. In this situation, the presentation of notes to the third statement of financial position is not required.

Operating segments

When identifying operating segments, the Parent Company's Management Board is guided by product lines which represent the main services and products provided by the Group. Each of the segments is managed separately within a given product line due to the specific nature of the services provided and products manufactured which require different technologies, resources and execution approaches.

In accordance with IFRS 8, the results of operating segments result from internal reports reviewed periodically by the Management Board of the Parent Company (the main decision-making body in the Group). Management of the Parent Company analyses the results of the operating segments at the level of profit (loss) from operations. The measurement of operating segment results used in the management calculations converges with the accounting policies used in the preparation of the consolidated financial statements, except in the following areas:

- impairment of assets – when assessing the segment's performance no allowances are made for impairment of non-current assets, including goodwill.

Sales revenues reported in the consolidated statements of earnings do not differ from revenues presented within operating segments, except for revenues not allocated to segments and consolidation exclusions related to inter-segment transactions. The Group's assets that are not directly attributable to the operations of a particular operating segment are not allocated to the assets of the operating segments.

Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the financial statements of the companies over which the Group exercises control, i.e. subsidiaries, prepared as at 31 December 2020. The Group assesses whether it has control by applying its definition in IFRS 10. As defined, an investor has control over an investee when, by virtue of its involvement in that investee, it is exposed to variable returns or has rights to variable returns and has the ability to affect those returns by exercising power over the investee.

The financial statements of the Parent Company and subsidiaries included in the consolidated financial statements are prepared as of the same balance sheet date, i.e. December 31. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies applied by the company with those applied by the Group.

Companies whose financial statements are immaterial to the consolidated financial statements of the Group may be excluded from consolidation. Investments in subsidiaries classified as held for sale are accounted for in accordance with IFRS 5.

Subsidiaries are consolidated using the full method. The full consolidation method consists in combining the financial statements of the Parent Company and subsidiaries by summing up, in full value, individual items of assets, liabilities, equity, revenues and expenses. The following exclusions are made in order to present the Group as if it were a single economic entity:

- at the time of obtaining control, goodwill or profit is recognized in accordance with IFRS 3;
- non-controlling interests are identified and presented separately;
- intercompany balances and transactions (income, expenses, dividends) are excluded in full;
- profits and losses from transactions within the Capital Group, which are included in the balance sheet value of assets such as inventories and fixed assets, are excluded. Losses on intragroup transactions are analysed for impairment of assets from the Group's perspective;
- deferred tax is recognised for temporary differences arising from the elimination of profits and losses on intragroup transactions (in accordance with IAS 12).

Non-controlling interests are shown in a separate equity item and represent that portion of the total income and net assets of subsidiaries attributable to entities other than Group companies. The Group allocates the comprehensive income of subsidiaries between the shareholders of the Parent Company and non-controlling entities based on their ownership interest.

Until January 1, 2010, the excess of losses attributable to non-controlling shareholders over the value of non-controlling interests was charged to the Parent Company. In accordance with IFRS 10, the Group did not make a retrospective restatement of the allocation of losses, hence the profits of subsidiaries earned in later periods will be settled first to the Parent Company until the losses previously absorbed from minorities are covered.

Transactions with non-controlling parties that do not result in a loss of control of the Parent Company are treated by the Group as equity transactions:

- partial sale of shares to non-controlling entities – the difference between the sale price and the carrying amount of the net assets of the subsidiary attributable to the shares sold to non-controlling entities is recognized directly in equity under retained earnings;
- acquisition of shares from non-controlling entities – the difference between the acquisition price and the carrying amount of net assets acquired from non-controlling entities is recognized directly in equity under retained earnings.

Investments in subsidiaries

Subsidiaries are subject to consolidation from the date of becoming controlled by the Group and cease to be consolidated from the date that control ceases. The control exercised by the parent company occurs when it holds directly or indirectly through subsidiaries, more than half of the votes in the company, unless it can be clearly demonstrated that such ownership does not constitute control. Control is also exercised when the Company has the power to govern financial and operating policies of the entity.

Investments in subsidiaries

Associates are those entities over which the Parent Company does not exercise control, but over which it exercises significant influence by participating in the determination of financial and operating policies.
Investments in associates are initially recognized at cost and subsequently measured using the equity method. At the time of significant influence, goodwill is determined as the difference between the purchase price of the investment and the fair value of the net assets attributable to the investor. Goodwill is included in the carrying amount of investments in associates. The carrying amount of investments in associates is increased or decreased by:

- the Parent Company's share of the associate's results;
- the Parent Company's share of the associate's other comprehensive income resulting from, among other things, the revaluation of property, plant and equipment and foreign exchange differences on translation of foreign operations. These amounts are reported in correspondence with the corresponding line item of the "Consolidated statement of income and other comprehensive income";

- gains and losses resulting from transactions between the Group and an associate, which are subject to exclusion up to the proportion of interest held;
- distributions received from earnings generated by an associate that reduce the carrying amount of the investment.

The financial statements of the Parent Company and the associated companies included in the consolidated financial statements using the equity method are prepared as at the same balance sheet date, i.e. December 31.

Joint venture shares

Shares in joint ventures in which the Group exercises joint control are recognised using the equity method. Before calculating the share in net assets of the joint venture, appropriate adjustments are made to bring their financial data of these entities into compliance with IFRS as adopted by the Group.

Evaluation of investments in jointly controlled entities for impairment occurs when there are indications that an impairment loss occurred or write-down for impairment recognised in prior years is no longer required.

Merger of business entities

Transakcje połączenia przedsięwzięć, wchodzące w zakres MSSF 3, rozliczane są metodą przejęcia.
Na dzień objęcia kontroli aktywa i zobowiązania jednostki przejmowanej są wyceniane zasadniczo według wartości godziwej oraz zgodnie z MSSF 3 identyfikowane są aktywa i zobowiązania, bez względu na to czy były one ujawniane w sprawozdaniu finansowym przejmowanej jednostki przed przejęciem.

Zapłata przekazana w zamian za kontrolę obejmuje wydane aktywa, zaciągnięte zobowiązania oraz wyemitowane instrumenty kapitałowe, wycenione w wartości godziwej na dzień przejęcia. Elementem zapłaty jest również warunkowa zapłata, wyceniana w wartości godziwej na dzień przejęcia. Koszty powiązane z przejęciem (doradztwo, wyceny itp.) nie stanowią zapłaty za przejęcie, lecz ujmowane są w dacie poniesienia jako koszt.

Wartość firmy (zysk) kalkulowana jest jako różnica dwóch wartości:

- suma zapłaty przekazanej za kontrolę, udziałów niedających kontroli (wycenionych w proporcji do przejętych aktywów netto) oraz wartości godziwej pakietów udziałów (akcji) posiadanych w jednostce przejmowanej przed datą przejęcia oraz
- wartość godziwa możliwych do zidentyfikowania przejętych aktywów netto jednostki.

Nadwyżka sumy skalkulowanej w sposób wskazany powyżej ponad wartość godziwą możliwych do zidentyfikowania przejętych aktywów netto jednostki jest ujmowana w aktywach skonsolidowanego sprawozdania z sytuacji finansowej jako wartość firmy. Wartość firmy odpowiada płatności dokonanej przez przejmującego w oczekiwaniu na przyszłe korzyści ekonomiczne z tytułu aktywów, których nie można pojedynczo zidentyfikować ani osobno ująć. Po początkowym ujęciu wartość firmy zostaje wyceniona według ceny nabycia pomniejszonej o łączne odpisy z tytułu utraty wartości.

W przypadku gdy w/w suma jest niższa od wartości godziwej możliwych do zidentyfikowania przejętych aktywów netto jednostki, różnica ujmowana jest niezwłocznie w wyniku. Grupa ujmuje zysk z przejęcia w pozycji pozostałych przychodów operacyjnych.

Do dnia 1 stycznia 2010 roku Grupa stosowała do rozliczania połączeń metodę nabycia, w sposób określony w wersji MSSF 3 (2004).

W przypadku połączeń jednostek znajdujących się pod wspólną kontrolą, Grupa nie stosuje regulacji wynikających z MSSF 3, lecz rozlicza takie transakcje metodą łączenia udziałów w następujący sposób:

- aktywa i pasywa jednostki przejmowanej ujmowane są w wartości bilansowej. Za wartość bilansową uznaje się raczej tę wartość, która określona została pierwotnie przez podmiot kontrolujący, niż wartości wynikające z jednostkowego sprawozdania finansowego jednostki przejmowanej,
- wartości niematerialne oraz zobowiązania warunkowe ujmowane są na zasadach stosowanych przez jednostkę przed połączeniem, zgodnie z właściwymi MSSF,
- nie powstaje wartość firmy - różnica pomiędzy przekazaną zapłatą a nabytymi aktywami netto jednostki kontrolowanej ujmowana jest bezpośrednio w kapitale, w pozycji zyski zatrzymane,
- udziały niedające kontroli wyceniane są w proporcji do wartości bilansowej aktywów netto kontrolowanej jednostki,

- dokonywane jest przekształcenie danych porównawczych w taki sposób, jakby połączenie miało miejsce na początek okresu porównawczego. Jeżeli data powstania stosunku podporządkowania nad jednostką jest późniejsza niż początek okresu porównawczego, dane porównawcze prezentowane są od momentu, kiedy po raz pierwszy powstał stosunek podporządkowania.

Conversion of items expressed in foreign currency

The consolidated financial statements are presented in Polish zloty (PLN), which is also the functional currency of the Parent Company.

As a rule, transactions denominated in currencies other than the Polish zloty are translated into the Polish zloty using the exchange rate prevailing on the transaction date (spot rate). However, if a sale or purchase transaction is preceded by the receipt or payment of an advance in foreign currency, respectively, the advance is recognized at the exchange rate at the date of its payment. Subsequently, when revenue earned in a currency or an expense or asset purchased is recognized in the income statement, these transactions are recorded at the rate of exchange on the date the advance is recognized, rather than at the rate of exchange on the date the revenue or expense or asset is recognized.

As at the balance sheet date, monetary items denominated in currencies other than the Polish zloty are translated into the Polish zloty using the closing rate prevailing at the end of the reporting period, i.e. the average rate set for a given currency by the National Bank of Poland.
Non-monetary items recorded at historical cost, denominated in foreign currency, are stated at the historical exchange rate at the date of the transaction.
Non-monetary items recorded at fair value expressed in a foreign currency are valued at the exchange rate on the date the fair value is determined, i.e. the average rate set for a given currency by the National Bank of Poland.

Exchange differences arising on the settlement of transactions or translation of monetary items other than derivatives are recognized in net financial income or expenses, as appropriate, except for exchange differences capitalized in the value of assets in cases defined in accounting policies (as presented in the section on borrowing costs).
Foreign exchange differences on valuation of derivatives denominated in foreign currency are recognized in profit or loss unless they constitute cash flow hedges. Cash flow hedging derivatives are accounted for in accordance with hedge accounting principles.

At the balance sheet date, assets and liabilities of foreign subsidiaries are translated into the Polish currency at the closing rate prevailing at the balance sheet date, i.e. at the average rate set for a given currency by the National Bank of Poland.
Goodwill arising on the acquisition of control over a foreign entity is treated as assets and liabilities of the foreign entity and is translated at the closing rate at the balance sheet date, i.e. at the average exchange rate for a given currency set by the National Bank of Poland.
The statement of profit or loss and the statement of profit or loss and other comprehensive income of a foreign operation are translated at the average exchange rate for the fiscal year, unless there have been significant fluctuations in exchange rates. In the event of significant fluctuations in exchange rates, the exchange rate at the date of the transaction is used for transactions recognised in the statement of profit or loss and statement of other comprehensive income.

Foreign exchange differences arising on translation of the financial statements of a foreign operation are recognized in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation. Upon disposal of a foreign operation, the translation differences accumulated in equity are reclassified to earnings and recognized as an adjustment to the gain or loss on disposal of the foreign operation.

The following exchange rates were used for valuation purposes:

Currency	31 December 2020	31 December 2019
GBP	5,1327	4,9971
UAH	0,1326	0,1602

CZK	0,1753	0,1676
RON	0,9479	0,8901
EUR	4,6148	4,2585
HUF	0,0126	0,0129
CHF	4,2641	3,9213
USD	3,7584	3,7977

Average of average rates at the end of months for the reporting periods was as follows:

Currency	31 December 2020	31 December 2019
GBP	5,0240	4,9106
UAH	0,1439	0,1502
CZK	0,1687	0,1676
RON	0,9239	0,9053
EUR	4,4742	4,3018
HUF	0,0126	0,0132
CHF	4,1772	3,8731
USD	3,9045	3,8440

Selected financial data in the initial part of the report are presented in EUR in accordance with § 85 of the Regulation of Finance of 19 February 2009 (Journal of Laws 2014 pos. 133) The exchange rate as of the last day was used for balance sheet items and for items from the income statement and statement of cash flows, the average exchange rate during the period was used.

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

Tangible fixed assets

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

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

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

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

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

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

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

Costs of external financing

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

Other external financing costs are recognised as expenses when incurred.

Leasing

The Group as the lessee

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

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

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

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

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

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

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

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

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

Goodwill

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

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

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

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

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

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

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

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

Goodwill

=

Payment given evaluated basically at the fair value

+

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

+

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

-

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

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

Intangible assets

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

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

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

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

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

Non-current assets classified by the Group as held for sale

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

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

Impairment of non-financial fixed assets

The following assets are tested for impairment annually:
- goodwill, with the first impairment test being performed by the end of the period in which the merger occurred;
- intangible assets with indefinite useful lives and
- Intangible assets that are not yet in use.

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

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

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

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

Investment properties

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

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

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

Financial Instruments

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

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

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

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

Level 3- price not quoted on active markets.

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

Financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This category includes:

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

Inventories

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

Cash and cash equivalents

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

Prepayments and accruals and subsidies

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

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

Costs to conclude a contract represent only those items that the Group would not have incurred had the contract not been concluded and include sales force commissions. *(amend or supplement as appropriate)* The Group capitalises only those costs of bringing a contract to fruition that it expects to recover more than one year after incurring them. Costs with an expected recovery period of less than one year and costs that the Group does not expect to recover are recognised as an expense in the period in which they are incurred.
Deferred income, including cash received to finance property, plant and equipment, which is accounted for in accordance with IAS 20 "Government Grants and Disclosure of Government Assistance", is presented under "Accruals" included in liabilities. Accrued expenses are reported within "Trade and other payables".
Grants are recognized only when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received.
A grant related to an expense item is recognized as revenue commensurate with the costs the grant is intended to offset.

The grant financing the asset is gradually recognized as income over the periods in proportion to the depreciation charges made on the asset. For the purpose of presentation in the consolidated statement of financial position, the Group does not deduct grants from the carrying amount of assets but recognises grants as deferred income under "Accruals".

Equity capital

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

- capital from the recognition of the valuation of share-based payment plans, and
- capital from accumulation of other comprehensive income including:
  - revaluation of property, plant and equipment at fair value (see property, plant and equipment subsection);
  - measurement of equity instruments measured at fair value through other comprehensive income (see subsection on financial instruments);
  - valuation of cash flow hedging instruments (see subsection on hedge accounting);
  - exchange differences on translation of foreign subsidiaries (see subsection on foreign currency transactions);
  - share in other comprehensive income of equity accounted investees (see subsection on investments in associates).

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

Interest-bearing bank credits and loans

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

Liabilities due to deliveries and services and other liabilities

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

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

Provisions, liabilities and contingent assets

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

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

No provisions are made for future operating losses.

Provisions are recognized for the estimated expenditures required to settle the present obligation, based on the most reliable evidence available at the date of the consolidated financial statements, including the risks and uncertainties. If the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to present value using a discount rate that reflects current market assessments of the time value of money and the risks, if any, associated with the liability. If the discounting method is used, the increase in the provision due to the passage of time is recognized as a finance cost.

If the Group expects that the costs covered by the provision will be reimbursed, for example under an insurance contract, then the reimbursement is recognised as a separate asset, but only when there is reasonable assurance that the reimbursement will actually occur. However, the value of this asset cannot exceed the amount of the reserve.
Where expenditure to meet a present obligation is not probable, the amount of the contingent liability is not recognised in the statement of financial position, except for contingent liabilities identified in a business combination in accordance with IFRS 3.
Information on contingent liabilities is disclosed in the narrative section of the consolidated financial statements in Note 27.
Possible inflows containing economic benefits for the Group that do not yet meet the criteria for recognition as assets are contingent assets that are not recognised in the statement of financial position. Information on contingent assets is disclosed in the additional notes.

Revenues

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

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

Identification of the agreement with the client

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

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

Identification of the obligations to provide a consideration

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

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

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

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

Determination of the transaction price

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

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

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

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

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

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

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

Operating expenses

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

Income tax (including deferred tax)

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

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

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

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

2.6 The effect of application of new accounting standards and changes in accounting policies

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

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

The amendment introduces a new definition of the concept of "materiality" (with regard to omissions or obscuring in financial statements). The previous definition in IAS 1 and IAS 8 was different from that in the Financial Reporting Framework, which could cause difficulties in judgement by the entities that prepare financial statements. This amendment will harmonize the definitions in all current IAS and IFRS.
The Group estimates that the new standard will not affect its financial statements because so far the materiality considerations were in line with those that would be made under the new definition.
The amendments apply predominantly to annual periods beginning on or after 1 January 2020.

Amendment to IFRS 3 "Business Combinations"

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

Amendments to references to Conceptual Framework in IFRS

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

Amendments to IFRS 9, IAS 39 and IFRS 7

The IAS Board introduced amendments to hedge accounting in view of the planned reform of reference interest rates (WIBOR, LIBOR, etc.). These rates are often a hedged item, for example, in the case of an IRS hedging instrument. The planned replacement of the existing rates with new reference rates raised doubts as to whether the planned transaction is still highly probable, whether future hedged flows are still expected or whether there is an economic link between the hedged and the hedging item. The amendment to the standards indicated that it should be assumed in estimates that changes in the reference rates will not occur.

The amendments apply predominantly to annual periods beginning on or after 1 January 2020. Due to the fact that the Group uses IRS instruments in hedge accounting to hedge the interest rate of concluded loans, the amendment allowed for the continuation of hedge accounting despite the uncertainty as to the replacement of the existing reference rates.

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

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

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

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

New IFRS 17 "Insurance Contracts"

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

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

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

Amendment to IAS 1 "Presentation of Financial Statements"

The IAS Board clarified the classification of long-term or short-term liabilities in two main aspects:
- it was clarified that classification is dependant on the rights held by the entity as at the balance sheet date,
- the intentions of the management in relation to the acceleration or delay of payment of liability shall not be taken into account.

The amendments apply predominantly to annual periods beginning on or after 1 January 2022. Since the Group already applies principles consistent with the amended standard, the amendments will not affect its financial statements.

Amendments to IFRS 1, IFRS 9, examples to IFRS 16, IAS 41 as part of Annual Improvements 2018–2020:

- IFRS 1: additional exemption for the determination of cumulative exchange differences on consolidation;
- IFRS 9: (1) only fees that are exchanged between the debtor and the creditor should be included in the 10% test performed to determine whether a modification should result in the removal of a liability; (2) clarified that fees incurred when a liability is removed are included in the result and should be applied to the value of the liability if the liability is not removed;
- IFRS 16: removed from Example 13 the issue of the lessor's incentive to cover the lessee's fit-out costs, which raised interpretive concerns;
- IAS 41: deleted the prohibition on the recognition of tax flows in the measurement of biological assets.

The amendments apply predominantly to annual periods beginning on or after 1 January 2022. The Group has not completed its analysis of their impact on the financial statements.

Amendment to IAS 16 "Property, plant and equipment"

Clarified that production performed as part of the testing of a fixed asset prior to the use of the asset should be recognized as (1) inventory under IAS 2 and (2) revenue when the sale occurs.
The Group estimates that the change will have no impact on its financial statements.

The amendment applies predominantly to annual periods beginning on or after 1 January 2022.

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

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

Amendment to IFRS 3 "Business Combinations"

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

Amendment to IFRS 16 "Leases"

In the light of the COVID-19 pandemic, the IAS Council introduced a simplification allowing it to not assess whether the amended future flows, resulting from the reductions received from lessors meeting the conditions set out in the standard, are an "amendment to lease" under IFRS 16.

The simplification is available for financial statements for annual periods beginning on or after June 1, 2020, but earlier application is allowed. Taking advantage of this option, the Group applied a simplification in relation to some of the contracts that meet the following conditions: _PKO Leasing contract 16/027509. The changes were treated as using the terms of the contracts currently in force. The amount recognized in the result was PLN +11.8 thousand.

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

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

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

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

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

2.7 Explanations regarding the seasonality of cyclicality of activities of the Capital Group in the presented period

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

However, we draw attention to the atypical event related to the COVID-19 pandemic, described in the "Additional information to the consolidated financial statement" under the "Continuation of the activities" section, which may cause non-typical fluctuations in monthly sales revenues.

2.8 Estimation of the fair value and the important estimates and assumptions

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

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

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

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

Information on the estimated values relating to reserves, liabilities, assets and deferred income tax assets and write-downs on assets the of Capital Group is presented in notes 6, 7, 8, 15 and 21 of this consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Intangible assets

1.1 Intangible assets	31.12.2020	31.12.2019
a) costs of completed development works		
b) goodwill	19 315 989,20	281 848 281,08
c) advances for intangible assets	1 468 560,78	23 853 553,69
d) other intangible assets	7 521 317,45	2 671 821,33
Total intangible assets	**28 305 867,43**	**308 373 656,10**

NOTE 2 Goodwill

2.1. Goodwill	31.12.2020	31.12.2019
a) goodwill - subsidiaries	19 315 989,20	281 848 281,08
b) goodwill - jointly controlled entities		
c) goodwill - associates		
Total goodwill	**19 315 989,20**	**281 848 281,08**

2.2. Goodwill	31.12.2020	31.12.2019
Polish Group	19 315 989,20	19 315 989,20
Prohuman Group		255 407 066,58
APT Group		7 125 225,30
Total goodwill	**19 315 989,20**	**281 848 281,08**

Change in goodwill of subsidiaries is a consequence of the events described in detail in Consolidated Financial Statement for 2020 in section 2.3 Business continuity, subsection 4.

Assets with an indefinite useful life, such as goodwill, are not subject to depreciation but are tested annually for possible impairment. Goodwill which final settlement took place earlier than a year ago are subject to Impairment test. The remaining goodwill, because of the low risk of impairment is not subject to test. An impairment loss is recognised in the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount constitutes the higher of the two amounts: fair value of assets less costs of sale or value in use
Goodwill arose in the process of the purchase price allocation of M & A transactions carried out by the Parent Company of Work Service Capital Group; has been fully allocated to the acquired group that is considered cash-generating units. Article 81 of IAS 36 states that: "In many cases, assignment of goodwill to individual cash-generating units is not possible, there is, however, possible to assign goodwill to groups of units. As a result, the lowest level at which goodwill is monitored in the entity for internal management purposes, includes in some cases, a number of cash-generating units to which the goodwill relates, but cannot be assigned. Therefore, a reference to the cash-generating unit in paragraphs 83 - 99 should be interpreted as a reference to the group of units to which goodwill has been allocated."

The specified groups are coherent economic entity which performs alone individual elements of the process and the services implemented for the final client have a substantially homogeneous nature; in the Board's opinion there is no need to extract -within specified groups - units generating lower order cash flow, and then testing them for impairment,. Each of the following groups is also a separate unit, for which partial budget of the annual budget of the Capital Group is prepared.

Polish Group include: Finance Care Sp. z o.o., Industry Personnel Services Sp. z o.o., Sellpro Sp. z o.o., Krajowe Centrum Pracy Sp. z o.o. and WS Support Sp. z o.o., Work Service International Sp. z o.o., and Kariera Sp. z o.o. The object of activity of those companies is discussed in item 1.3. of introduction to the consolidated financial statements.

Prohuman Group includes Prohuman 2004 Kft with its seat in Hungary - direct subsidiary of Work Service SA and its subsidiaries: Prohuman Outsourcing Kft, Human Existance Kft., Finance Care Hungary Kft, HR GLOBAL d.o.o., HR Rent Kft, Finance Sales Hungary Kft (Profield 2008 Kft), Naton kadrovsko-svetovanje d.o.o The object of activity of those companies is discussed in item 1.3. of introduction to the consolidated financial statements.

APT Group includes APT Resources & Services, APT Human Resources, APT Broker, APT Finance Broker.

In relation to goodwill allocated to groups, in accordance with IAS 36, the value in use of the value of the company was measured as "the current estimated value of future cash flows which are expected due to the further use of an asset or a cash generating unit" (hereinafter: "value in use of cash generating units")
Future cash flow was measured on the basis of operating profit forecast (EBIT), increased by the forecast amortisation, forecast investment costs and forecast working capital for each of the above mentioned groups of companies.
Future cash flow was discounted by the forecast WACC, where the weight of own and borrowed capital cost were measured on the basis of the carrying value. The result of the measurement ("measurement of the current value of a cash generating unit") was compared to the value of the company of a group of companies which was the subject of measurement, plus business receivables (trade receivables, receivables due to taxes and insurance, receivables claimed at court, other receivables), minus prepaid trade liabilities, tax, customs duty and insurance liabilities and payroll liabilities (hereinafter: "value in carrying amount of cash generating units").

The result of impairment tests and goodwill adjustments

As a result of works related to impairment tests and as a result of events described in detail in the "Additional information to the consolidated financial statement" under the "Continuation of activities" section, the following events were recognized:

1) The following assumptions were adopted for the Polish Group:
    - Revenue dynamics for 2021: +29,1%
    - Revenue dynamics for 2025: +16,3%
    - Direct margin dynamics* as % of revenues for 2021: +8,6%
    - Direct margin dynamics* as % of revenues for 2025: +8.3%
    - Intermediate cost dynamics for 2021: -27,9,0%
    - Intermediate cost dynamics for 2025: +7,7%
    - Discount rate - WACC in 2021: 9.18%
    - Goodwill before test (in PLN): 19, 316
    - Goodwill after test (in PLN): 19 316

The value Prohuman Group and APT Groups, was reduced to zero due to the change in the consolidation method of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. due to the loss of control. The change in the method of consolidation is more fully described in item 2.3 Business Continuity.

NOTE 3 Tangible fixed assets

3.1. Tangible fixed assets	31.12.2020	31.12.2019
a) fixed assets, including:	10 519 712,90	18 270 053,18
- land (including the right of perpetual usufruct)	387 535,20	408 996,00
- buildings, premises and civil engineering facilities (including the right of use)	9 705 294,63	14 673 593,06
- technical equipment and machinery	242 743,49	682 254,11
- means of transport (including the right of use)	177 871,38	1 793 775,57
- other fixed assets	6 268,20	711 434,45
b) fixed assets under construction		15 386,21
c) advances on fixed assets under construction		9 000,00
Tangible fixed assets, total	**10 519 712,90**	**18 294 439,39**

3.2. Fixed assets recorded off-balance.

There was no fixed assets recorded off-balance.

3.3. Fixed asset movement table

Changes in fixed assets in 2020	Land, including the right of perpetual usufruct of lan)	Buildings and structures	Technical equipment, machines	Means of transport	Other fixed assets	Fixed assets under construction
Net worth at the beginning of the period	**408 996,00 zł**	**14 673 593,06**	**682 254,11**	**1 793 775,57**	**711 434,45**	**24 386,21 zł**
deconsolidation	- 408 996,00 zł	-1 281 611,22	-410 813,14	-1 191 920,84	-699 794,63	-24 386,21
Net worth after deconsolidation		**13 391 981,84 zł**	**271 440,97 zł**	**601 854,73 zł**	**11 639,82 zł**	
Increase, in this:	**0,00**	**459 862,61**	**0,00**	**170 774,45**	**0,00**	**0,00**
- acquisition		459 862,61		170 774,45		
-international displacements						
Reduction in this :	**0,00**	**4 146 549,82**	**32 784,41**	**202 770,63**	**5 736,66**	**0,00**
- depreciation		4 139 302,83	32 784,41	187 252,69	5 736,66	
- liquidation		7 246,99		15 517,94		
- value updatei						
- sale						
- international displacements						
- other						
Net worth at the end of the period		**9 705 294,63 zł**	**238 656,56 zł**	**569 858,55 zł**	**5 903,16 zł**	

3.4 Tabela ruchów na wartościach niematerialnych

Changes in Intangible assets in 2020	Development costs	Goodwill	Intangible assets undr cinstruction	Oprogramowanie komputerów	Other	Together
Net worth at the beginning of the period		**281 848 281,08**	**2 671 821,33**	**0,00**	**23 853 553,69**	308 373 656,10
deconsolidation		-247 130 695,54		0,00	-17 431 549,78	-264 562 245,32
Net worth after deconsolidation		**34 717 585,54**	**2 671 821,33**	**0,00**	**6 422 003,91**	**43 811 410,78**
Increase, in this:	0,00	0,00	3 869 271,04	0,00	5 197 692,40	9 066 963,44
- acquisition			481 210,05			481 210,05
- international displacements					5 197 692,40	5 197 692,40
- other			3 388 060,99			
Reduction in this :	0,00	15 401 596,33	5 072 531,59	0,00	4 098 378,86	24 572 506,78
- depreciation					**3 467 737,14**	3 467 737,14
- liquidation						0,00
- value updatei						0,00
- sale						0,00
- international displacements			5 197 692,40			5 197 692,40
- other			-125 160,81		630 641,72	505 480,91
- exchange differences		15 401 596,33				15 401 596,33
Net worth at the end of the period	**0,00**	**19 315 989,21**	**1 468 560,78**	**0,00**	**7 521 317,45**	**28 305 867,45**

NOTE 4 Leasing

Included in property, plant and equipment are right-of-use assets with the following carrying amounts, which relate to the following classes of underlying assets and which were subject to the following depreciation charges:

Underlying asset class	Carrying amount of the right to use	Write-off of the right to use	Carrying amount of the right to use	Write-off of the right to use
	31.12.2020	**01.01 - 31.12.2020**	**31.12.2019**	**01.01 - 31.12.2019**
Land				
Buildings and constructions	10 131 193,04	3 387 073,59	14 193 867,29	5 067 658,76
Machinery and equipment				
Vehicles	-	-	-	-
Other fixed assets				
Investment estates				
Inventories				
Total	**10 131 193,04**	**3 387 073,59**	**14 193 867,29**	**5 067 658,76**

The most significant leases under development in 2020 include building leases with a carrying value of the right-of-use of PLN 10 131 thousand as at the balance sheet date. The Group does not recognize liabilities for short-term leases and leases for which the underlying asset has a low value. In addition, contingent lease payments that depend on factors other than the index or rate are not recognized in the value of lease liabilities. Costs from these titles were immaterial.

Interest expense related to the lease was PLN 859 952,21 in 2020.

NOTE 5 Investment real estates

Investment properties include office building in Wrocław at ul. Ostrowskiego 13. Changes in carrying value during the reporting period were as follows:

	01.01 - 31.12.2020	01.01 - 31.12.2019
Carrying amount at the beginning of the period	2 390 231,55	2 495 938,00
Acquisition by business combination		
Acquisition of real estate		
Acquisition of the right to use		
Activating subsequent expenditures		
Sale of a subsidiary (-)		
Disposal of real estate (-)		
Revaluation of lease liability (+/-)		
Other changes (reclassifications, transfers, etc.) (+/-)	43 740,60	43 740,60
Revaluation to fair value (+/-)cations, transfers, etc.) (+/-)		
Net exchange differences on translation (+/-)		
Carrying amount at the end of the period	**2 346 490,95**	**2 390 231,55**

NOTE 6 Other financial assets

6.1 Other long-term financial assets	31.12.2020	31.12.2019
a) in subsidiaries		
- stocks or shares		
b) in associated companies consolidated using the equity method	221 200 000,00	
Write-downs of other financial assets		
b) in other entities	154 521,62	351 374,34
shares	154 521,62	154 524,20
other securities		131 202,98
loans granted		65 647,16
other long-term financial assets		
Long term financial assets-total	**221 354 521,62**	**351 374,34**

The Parent Company lost control of the Prohuman Group, which is described in more detail in section 2.3 Business continuity.

6.2 Change in other gross long-term financial assets	31.12.2020	31.12.2019
a) balance at the beginning of the period	154 524,20	10 002,68
- shares	154 524,20	10 002,68

b) increases	221 200 000,00	144 521,52
- shares	221 200 000,00	144 521,52
c) decreases	2,58	
- shares –change in consolidation method	2,58	
d) balance at the end of the period	221 354 521,62	154 524,20
- shares	221 354 521,62	154 524,20

6.3 Other financial assets	31.12.2020	31.12.2019
Other long-term financial assets		
Total other assets		

There are no other long-term financial assets in 2019 and 2020.

NOTE 7 Change in assets due to deferred income tax

The Group recognised deferred tax assets based on management's estimates of the tax base in future reporting periods, indicating the possibility of implementation of the above assets. These estimates have been made based on the information available at the time of preparation of the financial statements. These estimates may change in the future as well as the actual tax base in future reporting periods and as a result the amount of recognised deferred tax assets may differ from these estimates.
In the periods presented, assets and liabilities of deferred tax assets were not compensated, as the temporary differences arising from the different titles and reversed in different periods are not subject to compensation.

7. Change in assets due to deferred income tax	31.12.2020	31.12.2019
1. Balance of deferred tax assets at the beginning of the period, including:	**45 232 916,84**	**40 868 598,65**
a) charged to financial result	24 173 489,83	22 894 869,25
- provision for future costs	3 543 169,63	8 397 084,87
- write-downs of receivables	5 465 474,85	3 251 535,90
- provision for Social Security	9 938 929,98	10 690 335,46
-other	5 225 915,37	555 913,02
b) charged to financial result of the period due to tax loss	21 059 427,01	17 973 729,40
2. Increases	**1 959 977,38**	**43 941 416,33**
a) charged to financial result in respect of deductible temporary differences (due to)	1 673 176,45	18 900 812,29
- provision for future costs	66 590,21	6 732 899,93
- write-downs of receivables	226 666,59	2 213 938,95
- provision for Social Security	1 379 919,65	4 653 896,46
-other		5 300 076,95
b) charged to financial result of the period due to tax loss	286 800,93	25 040 604,04
c) charged to equity in connection with the deductible temporary differences (due to)		
d) charged to equity in connection with tax loss		
e) charged to goodwill or excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost in relation to deductible temporary differences (due to)		
3. Decreases	**22 154 852,81**	**39 577 098,14**
a) charged to financial result in respect of deductible temporary differences (due to)	8 058 890,95	17 622 191,71
- provision for future costs	188 342,16	11 586 815,17
- write-downs of receivables	1 558 688,65	
- provision for Social Security	1 091 484,59	5 405 301,94

-other	5 220 375,55	630 074,60
b) charged to financial result of the period due to tax loss	14 095 961,86	21 954 906,43
c) charged to equity in connection with the deductible temporary differences (due to)		
d) charged to equity in connection with tax loss		
e) charged to goodwill in connection with the deductible temporary differences (due to)		
4. Balance of deferred tax assets at end of period including:	**25 038 041,41**	**45 232 916,84**
a) charged to financial result	17 787 775,33	24 173 489,83
- provision for future costs	3 421 417,68	3 543 169,63
- write-downs of receivables	4 133 452,79	5 465 474,85
- provision for Social Security	10 227 365,04	9 938 929,98
-other	5 539,82	5 225 915,37
- In connection with tax loss	7 250 266,08	21 059 427,01

NOTE 8 Inventories

8.1 Inventories	31.12.2020	31.12.2019
a) materials	91 079,07	261 888,44
b) semi-finished products and products in progress	866 291,26	6 764 813,94
c) finished products		
d) goods		435 121,15
e) advances for deliveries	1 620,02	943,83
Total value of inventories	**958 990,35**	**7 462 767,36**

8.2 Change in inventory write-downs	31.12.2020	31.12.2019
Balance at the beginning of the period		
a) increases		
b) utilisation		
c) termination		
Total inventory write-downs	**0,00**	**0,00**

The position of semi-finished products and products in progress constitutes mainly activated costs relating to the execution of contracts invoiced in the next period.

No inventory revaluation was required in 2019 or 2020.

NOTE 9 Trade and services receivables and other receivables

As on 31 December 2020, trade receivables and other gross receivables amounted to PLN 262 477 120,42. Write-downs on receivables were created according to the best knowledge and experience Capital Group by way of a detailed risk analysis of debt repayment. The costs and revenues associated with the establishment and termination of write-downs are recognised in the income statement in other operating activities.

9.1. Short-term receivables	31.12.2020	31.12.2019
- from related entities	24 713,24	0,00
- from deliveries and services, by maturity:	24 713,24	
- up to 12 months	24 713,24	
-other		
b) receivables from other entities	76 632 811,63	231 558 202,28
- from deliveries and services, by maturity:	64 996 277,79	185 425 581,98

- up to 12 months	61 012 257,24	181 441 561,43
- over 12 months	3 984 020,55	3 984 020,55
- due to taxes, subsidies, customs, social security and health insurance and other benefits	1 579 432,66	12 753 218,08
-other	10 057 101,18	33 379 402,22
- judicial		
Net short term receivables, total	**76 657 524,87**	**231 558 202,28**
Write-downs of receivables value	26 810 874,64	30 918 918,14
Gross short-term receivables, total	**103 468 399,51**	**262 477 120,42**

The carrying amount of trade receivables is considered by the Group to be a reasonable approximation of fair value.

The Group assessed its receivables for impairment in accordance with its accounting policy The allowances for impairment of receivables charged, which in 2020 decreased by PLN 4,108,043.50 and was recognized as Other operating income.

In accordance with the accounting policy adopted, for trade receivables the Group applies the simplified approach assuming calculation of allowance for expected credit losses for the entire life of the instrument.
Changes in allowances for accounts receivable during the period covered by the consolidated financial statements are presented in the tables below:

9.2. Change in write-downs on short term receivables	31.12.2020	31.12.2019
Balance at the beginning of the period	30 918 918,14	16 190 687,10
Write-offs recognized as expense during the period	1 218 853,77	14 728 231,04
Reversal of write-downs recognized as income during the period (-)	5 326 897,27	
Write-offs used (-)		
Other changes (net exchange differences on translation)		
Balance of write-downs of the value of short term receivables at the end of the period	**26 810 874,64**	**30 918 918,14**

NOTE 10 Cash and cash equivalents

Cash at bank and in hand and short-term deposits held to maturity are measured at nominal value.

10.1. Cash and cash equivalents	31.12.2020	31.12.2019
a) cash in hand and at bank	18 450 654,95	38 134 382,15
b) other cash	-394,05	3 054,98
c) other cash assets	-703,54	2 001,23
Cash and cash equivalents, total	**18 449 557,36**	**38 139 438,36**

10.2 Cash and other cash assets (currency structure)	31.12.2020	31.12.2019
a) in domestic currency	18 448 964,41	13 431 775,74
b) in foreign currencies	592,95	24 707 662,62
Cash and other cash assets, total	**18 449 557,36**	**38 139 438,36**

10.3. Cash	31.12.2020	31.12.2019
Cash related to assets held for sale	4 434 025,42	
Cash and cash equivalents	18 449 557,36	38 139 438,36
Total cash	**22 883 582,78**	**38 139 438,36**

As of December 31, 2020, cash with a carrying amount of PLN 269 260,43 thousand (2019: PLN 60 669,76 thousand) were subject to restrictions on disposition due to split payment and ZFŚS.

For the purpose of preparing the consolidated statement of cash flows, the Group classifies cash in the manner adopted for presentation in the statement of financial position.

Note 11 Prepayments and accruals

11. Prepayments and accruals	31.12.2020	31.12.2019
Długoterminowe	**6 896 628,52**	**661 004,31**
– extension fee	6 896 628,52	
– other		661 004,31
Krótkoterminowe	**3 111 767,19**	**5 242 476,36**
– property insurance	150 930,16	255 723,04
– counselling		9 455,04
– rental		42 842,82
– extension fee	2 024 693,99	
– IT support	6 253,57	8 950,26
– other	244 792,36	3 624 731,15
– materials	62 069,64	366 032,30
– raising capital	275 849,45	
– financial prepayments and accruals	342 311,89	337 612,08
–organization of foreign offices		346 380,00
–advertising	4 866,13	89 453,23
– BSC (balanced Scorecard implementation)		151 296,43
Prepayments and accruals, total	**10 008 395,71**	**5 903 480,67**

NOTE 12 Non-current Assets Held for Sale and Discontinued Operations

Amounts presented in the consolidated statements of earnings as a single line item for discontinued operations (i.e., "Net income (loss) from discontinued operations") relate to the German Group sale transaction in 2020.
Revenues, expenses and income taxes related to discontinued operations are as follows:

	01.01 - 31.12.2020	01.01 - 31.12.2019
Profits (losses) from activity:		
Operating income	118 147 953,96	260 582 465,84
Operating expenses (-)	-114 412 101,77	-269 679 036,28
Net financial costs (- / +)	-1 020 774,52	-1 692 222,59
Profit (loss) on discontinued operations before tax	2 715 077,67	-10 788 793,03
Income tax (-)	-34 613,38	32 102,50
Profit (loss) after tax	2 680 464,29	-10 820 895,51
Profits (losses) on valuation and sales:		
Profit (loss) on revaluation to fair value less selling costs	2 680 464,29	-15 454 066,00
Profit (loss) on disposal of discontinued operations	9 704 360,36	-4 336 113,87

	01.01 - 31.12.2020	01.01 - 31.12.2019
Income tax (-)		
Profit (loss) after tax	9 704 360,36	-19 790 179,87
Net profit (loss) from discontinued operations	**2 680 464,29**	**-30 611 075,38**

As anticipated by Parent's management, the sale of the remaining assets will occur during 2021. Assets and liabilities included in the held for sale group include the following components on a per balance sheet basis:

	31.12.2020	31.12.2019
Assets		
Intangible assets		
Fixed asstets	456 661,46	
Deferred tax assets	69 997,29	
Inventories	350 692,03	
Liabilities	20 191 345,81	
Cash	4 434 025,42	
Other assets	306 072,81	
Assets classified as available for sale	**25 808 794,82**	**0,00**
Liabilities		
Provision for deferred tax		
Provisions	10 111,44	
Credits, loans and other debt instruments	298 652,83	
Liabilities from deliveries and services	544 140,16	
Other liabilities	8 598 131,22	
Liabilities classified as available for sale	**9 451 035,65**	**0,00**

NOTE 13 Share capital of the Parent Company as at 31.12.2020

13 **Share capital of the Parent company as at 31.12.2020**								
Series / emission	type of share	Type of preference of shares	Restrictions on shares	No. of shares	Value of series issued at nominal value	Coverage of capital	Date of registration	Right to dividend (since)
A	bearer shares	ordinary	-	750 000	75 000	cash	14.12.2000	14.12.2000
B	bearer shares	ordinary	-	5 115 000	511 500	cash	14.11.2002	01.01.2003
C	bearer shares	ordinary	-	16 655 000	1 665 500	cash	20.11.2006	20.11.2006
D	bearer shares	ordinary	-	100 000	10 000	cash	06.09.2007	06.09.2007
E	bearer shares	ordinary	-	100 000	10 000	cash	21.11.2007	21.11.2007
F	bearer shares	ordinary	-	7 406 860	740 686	compensation	20.05.2008	20.05.2008
G	bearer shares	ordinary	-	2 258 990	225 899	cash	26.06.2009	26.06.2009
H	bearer shares	ordinary	-	9 316 000	931 600	cash	13.01.2010	13.01.2010

K	bearer shares	ordinary	-	1 128 265	112 827.5	cash	26.01.2011	31.12.2011
L	bearer shares	ordinary	-	5 117 881	511 788.1	cash	26.04.2012	26.04.2012
N	bearer shares	ordinary	-	12 000 000	1 200 000	cash	30.04.2013	30.04.2013
P	bearer shares	ordinary	-	91 511	9 151.1	cash	14.10.2014	14.10.2014
S	bearer shares	ordinary	-	5 000 000	500 000	cash	28.11.2014	28.11.2014
T	bearer shares	ordinary	-	55 316	5 532	cash	06.08.2015	Starting from dividend for 2015
R	bearer shares	ordinary	-	171 750	17 175			
U	bearer shares	ordinary	-	225 750	22 575			
W	bearer shares	ordinary	-	98 315	9 832			
Total numer of shares					**65 590 638**			
Total share capital in PLN					**6 559 063.80**			
The nominal value of one share in PLN					**0.1**			

We present below the data on the ownership structure of share capital of the Parent Company and the number and nominal value of subscribed shares, including preferred shares.

Shareholding on 31 December 2020

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
GI International S.R.L.	33 261 010	50,71%	33 261 010	50,71%
Others	32 329 628	49,29%	32 329 628	49,29%
Total	**65 590 638**	**100,00%**	**65 590 638**	**100,00%**

The summary of shares of the Parent Company or rights to them by persons managing and supervising the Parent Company at the date of the report for year 2020, together with changes in ownership, in the period since the previous report separately for each person.

Shareholder	As at the date of publication of this statement for 2020	Changes in ownership: acquisition (disposal)	Balance at the date of this statement for 2020	Nominal value of the held shares (PLN) as of the date of this statement
Iwona Szmitkowska - President of the Board of the Directors	32 712	32 712	0	3 271
Jarosław Dymitruk - Vice-President of the Board of Directors	13 000	-1 562	14 562	1 300

NOTE 14 Other capital

Due to the fact that some of the companies in Work Service Capital Group transmits the results for the given year to the "Retained earnings from previous years", and some companies to the "Supplementary capital", capitals are considered together (in the balance sheet presented as supplementary capital) . The following table shows the amount of retained earnings from previous years (the sum of the supplementary capital and retained earnings from previous years net of agio).

The Parent Company has no own shares in its possession or in the possession of subsidiaries and affiliates, nor the shares reserved for issuance under options and agreements for the sale of shares.

NOTE 15 Non-controlling equity

15. Non-controlling shares	31.12.2020	31.12.2019
Non-controlling shares at the beginning of the period	**30 359 873,58**	**24 718 569,71**
Changes in the structure of shareholders in subsidiaries	4 717 768,12	5 641 303,87
Deconsolidation of Prohuman Group	-35 904 352,15	
Sale of 2% in Kariera	-11 908,32	
Non-controlling shares at the end of the period	**-838 618,77**	**30 359 873,58**

Loss of control

The Parent Company lost control of the Prohuman Group, which is described in more detail in Consolidated Financial Statement for 2020 in section 2.3 Business continuity, subsection 4.

Financial data of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. at the moment of change the method of consolidation are presented in the table below:

	Net assets at the time of loss of control
Assets	
Intangible assets	150 639 315,79
Fixed assets	2 958 549,62
Long-term financial assets	1 403 631,56
Deferred tax assets	101 072,11
Inventories	2 375 934,44
Receivables and loans	127 180 835,59
Other assets	1 721 611,15
Cash	35 291 120,04
Total assets	**321 672 070,30**
Liabilities	
Provision for deferred tax	141 241,98
Provisions	5 039 161,03
Credits, loans	34 040 487,43
Liabilities from deliveries and services	9 387 201,71
Other liabilities	130 236 240,28
Total liabilities	**178 844 332,43**
Net Asset Value	**142 827 737,87**

NOTE 16 Provision for deferred income tax

16. Change in liabilities due to deferred income tax	31.12.2020	31.12.2019
1. Balance of the provision for deferred income tax assets at beginning of the period, including:	**3 868 849,44**	**4 459 965,97**
a) charged to financial result	3 868 849,44	4 459 965,97
- Unrealised interest on loans	2 760 124,44	2 728 471,93
- the difference in the value of fixed assets	28 459,47	432 586,68
-other	1 080 265,53	1 298 907,36
b) charged to equity		
c) charged to goodwill		
2. Increases	**1 209 920,05**	**588 157,89**
a) charged to financial result	1 209 920,05	588 157,89
- Unrealised interest on loans	8 422,14	34 354,33
- the difference in the value of fixed assets	1 131 617,03	713,47
-other	69 880,88	553 090,09
b) charged to equity		
c) charged to goodwill		
3. Decreases	**1 492 394,71**	**1 179 274,42**
a) charged to financial result	1 492 394,71	1 179 274,42
- Unrealised interest on loans	633 583,33	2 701,82
- the difference in the value of fixed assets	0,00	404 840,68
-other	858 811,38	771 731,92
b) charged to equity		
c) charged to goodwill		
4. Balance of the provision for deferred income tax assets at the end of the period, including:	**3 586 374,78**	**3 868 849,44**
a) charged to financial result	3 586 374,78	3 868 849,44
- Unrealised interest on loans	2 134 963,25	2 760 124,44
- the difference in the value of fixed assets	1 160 076,50	28 459,47
-other	291 335,03	1 080 265,53
b) charged to equity		
c) charged to goodwill		

NOTE 17 Liabilities for employee benefits

Employee benefit obligations and provisions recognized in the consolidated statement of financial position include:

	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Short-term employee benefits:				
Payroll liabilities	15 894 636,02	57 220 612,83		
Social security liabilities	61 261 357,11	179 460 879,05		
Provisions for unused vacation leaves	1 842 075,46	2 973 563,08		
Short-term employee benefits	78 998 068,59	239 655 054,96		-
Other long-term employee benefits:				
Provisions for jubilee awards				
Provisions for retirement gratuities		10 878 332,36		279 607,53
Other provisions				
Other long-term employee benefits	-	10 878 332,36	110 623 753,22	-
Liabilities and provisions for total employee benefits	**78 998 068,59**	**250 533 387,32**	**110 623 753,22**	**279 607,53**

The change in other long-term employee benefits was primarily impacted by the loss of control of the Prohuman Group.

NOTE 18 Other long-term liabilities

18. Other long-term liabilities	31.12.2020	31.12.2019
a) Other financial liabilities	5 882 155,89	7 513 099,63
b) Other long-term liabilities	110 623 753,22	9 880 177,97
c) due to issuance of debt securities		
d) credits and loans	55 243 053,00	374 271,95
From related enties	30 416 913,00	
Other long-term liabilities, total	**171 748 962,11**	**17 767 549,55**

Changes in the items of long-term liabilities are caused by their reclassification to short-term liabilities.

NOTE 19 Trade liabilities and other liabilities

19.Trade and other liabilities	31.12.2020	31.12.2019
a) liabilities to related entities	100 675 859,17	
- liabilities from deliveries and services	80 389,51	
- loans	100 595 469,66	
b) to other entities	122 096 521,81	462 911 324,36
- other financial liabilities	11 859 689,00	11 951 056,67
- for deliveries and services with a maturity of:	5 195 073,12	27 930 312,16
up to 12 months	5 195 073,12	27 917 384,06
- advances for deliveries	969 369,19	1 863 218,27
- for taxes, duties, insurance and other benefits	61 261 357,11	179 460 879,05
- payroll liabilities	15 894 636,02	57 220 612,83
- other liabilities	4 481 872,03	48 770 653,13
- credits and loans	22 302 441,73	135 714 592,25
- special funds	132 083,61	
c) due to issuance of debt securities		45 396 882,89
Trade and other liabilities, total	**222 772 380,98**	**508 308 207,25**

Liabilities due to leasing and factoring

The table below presents the lease liabilities as at December 31, 2020 and comparable data as at December 31, 2019.

18.2. Financial liabilities	31.12.2020	31.12.2019
Up to 1 year	11 859 689,00	11 951 056,67
1-5 years	5 882 155,89	7 513 099,63
Over 5 years	0,00	0,00
Total	**17 741 844,89**	**19 464 156,30**

Financial liabilities include leasing and factoring liabilities. The decrease in liabilities in 2020 results from the repayment of liabilities and the limitation of the use of factoring as well as the reduction of components covered by IFRS 16.

Liabilities due to bonds

The table below presents data on the amount of liabilities under intragroup bond issues in value at adjusted purchase price and in nominal value as of December 31, 2020. Data has been excluded from consolidation.

Intra-group investors:

Series	Number	Interest rate	Nominal price	Date of purchase	The nominal value of the bonds in PLN	Earlier purchase / purchase	The value of liabilities resulting from the adjusted purchase price
ICO	7 750	variable (*)	1 000	2020-12-31	7 750 000**		7 750 000,00
			balance as on 31.12.2020 (net)		**7 750 000**	**TOTAL, including:**	**7 750 000,00**
						short-term	1 750 000,00
						long-term	0,00

variable interest rate (*) = WIBOR 3M + interest margin at 3.87 pp

bonds purchased by an affiliated company (**) – reported as a long-term liability from affiliated entities

NOTE 20 Credits and loans

20.1 Credits and loans	31.12.2020	31.12.2019
a) credits	44 136 442,07	120 303 528,89
b) loans	134 004 522,32	15 785 335,30
Total credits and loans	**178 140 964,39**	**136 088 864,19**
Long-term credits and loans, total	55 243 053,00	374 271,95
Short-term credits and loans, total	122 897 911,39	135 714 592,25

20.2 Loans by maturity date	31.12.2020	31.12.2019
Up to 1 year	19 309 220,00	120 080 860,85
Total credits, including:	**134 004 522,32**	**15 785 335,30**
- Long-term	30 416 913,00	161 347,24
- Short-term	103 587 609,32	15 623 988,06

20.3 Credits and loans as at 31.12.2020

Name (business name) of the entity	Credit/loan amount acc. to contract		Outstanding credit/loan amount		Terms of interest	Due date	Collaterals
Credits:	PLN	currency	PLN	currency			
Bank BGŻ BNP Paribas	22 070 000,00	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	surety of GI Group S.P.A up to PLN 82,762,500.00, pledge on shares of Prohuman , Work Service SA statement on voluntary submission to enforcement up to PLN 165,525,000.00, GI Group S.P.A statement on voluntary submission to enforcement up to PLN 82,762,500.00
Bank Millennium S.A.	22 070 000,00	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	
Bank Zachodni BZ WBK	22 070 000,00	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	
Raiffeisen Bank Polska	22 070 000,00	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	
PKO Bank Polski	22 070 000,00	PLN	8 827 072,00	PLN	WIBOR 3M + 2.0%	30.06.2023	
Credit cards	brak	PLN	1 082,07	PLN	None	None	no security on the Company's assets
Prohuman	4 143 737 244,00	HUF	50 431 995,86	PLN	8%, 6%	31.12.2021	Declaration on voluntary submission to enforcement
GI International S.R.L.	80 582 507,63	PLN	80 582 507,63	PLN	WIBOR 6M+1,75%, WIBOR 6M +2%	31.12.2025	Security under the financing agreement: 1. Declaration on voluntary submission to enforcement up to the amount of PLN 210,000,000.00, 2. registration pledge on assets (shares of subsidiaries) - the highest security amount is PLN 315,000,000.00. Security under the Bridge Loan Agreement No. 1 concluded between Sellpro Sp. z o.o. and GI International S.R.L: 1. Sellpro's declaration of voluntary submission to enforcement up to the amount of PLN 7,500,000.00, 2. pledges on German companies which were subsequently sold, Security under the Bridge Loan Agreement No. 2 concluded between Work Service SA and GI International S.R.L: 1. declaration of Work Service SA on voluntary submission to enforcement up to PLN 3,500,000.00, 2. pledge on shares in Krajowe Centrum Pracy Sp.- With the highest security amount is PLN

							5,250,000.00, Security under the Bridge Loan Agreement No. 3 concluded between Work Service SA and GI International S.R.L: 1. declaration of Work Service SA on voluntary submission to enforcement up to PLN 9,000,000.00, 2. pledge on shares in Finance Care Sp. z o.o. - With the highest security amount is PLN 13,500,000.00
YEZERO HOLDINGS LTD	4 090 000,00	PLN	1 490 018,83	PLN	8,5%	During negotiations	no security on the Company's assets
IT CONTRACT & CONSULTING SMELA MARCELI	1 500 000,00	PLN	1 500 000,00	PLN	8 %	30.06.2021	no security on the Company's assets
Total Credits			**44 136 442,07**				
Total Loans			**134 004 522,32**				

20.4. Credits and loans as at 31.12.2019

Name (business name) of the entity	Credit/loan amount acc. to contract		Outstanding credit/loan amount		Terms of interest	Due date	Collaterals
Credits:	PLN	currency	PLN	currency			
Bank BGŻ BNP Paribas	22 070 000	PLN	17 861 785,96	PLN	WIBOR 1M + 2.0%	30-09-2020	pledge on bank accounts, contract on assignment of rights under the insurance policy as collateral, security contracts on assets, security contracts on shares and stocks, statements on submission to enforcement
Bank Millennium S.A.	22 070 000	PLN	21 885 902,48	PLN	WIBOR 1M + 2.0%	30-09-2020	as above
Bank Zachodni BZ WBK	22 070 000	PLN	21 733 298,06	PLN	WIBOR 1M + 2.0%	30-09-2020	as above
Raiffeisen Bank Polska	22 070 000	PLN	21 449 015,65	PLN	WIBOR 1M + 2.0%	30-09-2020	as above
PKO Bank Polski	22 070 000	PLN	22 070 200,00	PLN	WIBOR 1M + 2.0%	30-09-2020	as above
Credit cards	None	PLN	31 388,79	PLN	None	None	None
UniCredit leasing CZ a.s.	40 823,67	CZK	23 803,81	CZK	other in different contracts	28.09.2020	
ŠkoFIN s.r.o	629 852,45	CZK	384 052,33	CZK	other in different contracts	other in different contracts	
ČSOB Leasing	1 456 515,51	CZK	126 673,05	CZK	other in different contracts	other in different contracts	
Other cash	None	PLN	1 115,49	PLN	None	None	None
Other cash	None	PLN	798,47	PLN	None	None	None
Other cash	None	PLN	60,86	PLN	None	None	None
Other cash	None	PLN	434,34	PLN	None	None	None
Other cash	None	PLN	248,62	PLN	None	None	None
Other cash	None	PLN	1 191,08	PLN	None	None	None

20.4. Credits and loans as at 31.12.2019							
Other cash	None	PLN	261,62	PLN	None	None	None
Other cash	None	PLN	111,06	PLN	None	None	None
Citibank	44 381 700,00	HUF	14 673 006,12	PLN	"O/N" BUBOR + Bank margin	None	shareholder guarantee
Citibank	None	HUF	1 437,54	HUF	None	None	None
Citibank	None	HUF	1 125,50	HUF	None	None	None
Citibank	None	HUF	1 566,89	HUF	None	None	None
UNICREDIT BANK	895 300,00	RON	54 569,57	RON	2.5%+ ROBOR 3M	04.09.2020	Receivables and promissory notes
UNICREDIT BANK	None	RON	5 688 150,88	RON	2.5%+ROBOR 3M	04.09.2020	Overdraft
Porsche Leasing Romania SRL	None	RON	219 621,21	RON	other in different contracts	03.04.2023	leased car
Abanka	None	EUR	774 408,23	EUR	2,10%	16.05.2021	assignment of receivables, promissory note, prohuman statement
Addico bank	None	EUR	4 471 424,70	EUR	other in different contracts	other in different contracts	assignment of receivables, promissory note, prohuman statement
Gorenjska Banka	None	EUR	638 775,00	EUR	3,00%	None	promissory note, assignment of claims
Total credits			**120 303 528,89**				
Total loans			**15 785 335,30**				

Currency breakdown on credits and loans				
Currency	31.12.2020		31.12.2019	
	Bank loans (acc. to agreement)	Loans (acc. to agreement)	Bank loans (acc. to agreement)	Loans (acc. to agreement)
PLN	44 136 442,07	83 572 526,46	105 040 230,53	15 785 335,30
CZK			3 189 314,98	
RON			6 698 507,64	
UAH			0,00	
EUR			1 381 849,93	
HUF		4 143 737 244	1 139 087 005,00	
LOANS AND CREDITS IN TOTAL CONVERTED TO PLN	44 136 442,07	134 004 522,32	136 088 864,19	

Financial Resources Management of the Capital Group Work Service is subject to achievement of core business aims of the Group, which consists of:

- increase in value of Work Service Capital Group through consistent and effective implementation of the strategy, which mainly consists of activities described in more detail in the Consolidated Financial Statements for 2020, in section 2.3 Business continuity,
- optimisation of operating costs.

NOTE 21 Provisions for other liabilities and charges

The value of provisions recognized in the consolidated financial statements and their changes in each period were as follows:

21.1 Provisions for other liabilities and charges	31.12.2019	Transfer to provisions from discontinued operations	Increase	Use	Reverse	31.12.2020
Other provisions (accrued expenses)	**25 217 392,86**	**3 584 204,34**	**3 409 168,05**	**16 323 040,17**	**3 576 959,83**	**5 142 356,57**
- long-term	1 228 390,43	750 026,21	33 500,00			511 864,22
- short-term	23 989 002,43	2 834 178,13	3 375 668,05	16 323 040,17	3 576 959,83	4 630 492,35
Including:						
Provision for court proceedings	2 500 000,00			1 100 000,00	800 000,00	600 000,00
Provisions for losses on contracts	15 000 000,00			12 223 040,17	2 776 959,83	0,00
Provision for restructuring costs	3 000 000,00		1 811 550,52	3 000 000,00		1 811 550,52
Other provisions	3 489 002,43	2 834 178,13	1 564 117,53			2 218 941,83

21.2 Provisions for other liabilities and charges	31.12.2018	Transfer to provisions from discontinued operations	Increase	Use	Reverse	31.12.2019
Other provisions (accrued expenses)	29 910 811,40	-	14 000 000,00	4 656 700,53	14 036 718,00	25 217 392,86
- long-term	1 265 108,43				36 718,00	1 228 390,43
- short-term	28 645 702,96	-	14 000 000,00	4 656 700,53	14 000 000,00	23 989 002,43

Provision for restructuring costs in the amount of PLN 1 811,6 thousand.

NOTE 22 Determining the book value per share and earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the Parent Company by the weighted average number of issued ordinary shares outstanding during the period.
Diluted earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders (after deducting interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

22. Earnings per share	31.12.2020	31.12.2019
The calculation of basic earnings per share		
Earnings	-11 322 743,46	-111 638 071,48
(A) Earnings attributable to shareholders of the company	-16 040 511,58	-117 279 375,35
No. of shares		
(B) Number of ordinary shares of the Company for the purposes of calculating earnings per share	65 590 638,00	65 590 638,00
Basic earnings per share in PLN = (A)/(B)	-0,24	-1,79
Book value		
(C) Equity attributable to shareholders	2 344 259,38	59 676 485,70
Book value per share in PLN = (C)/(B)	0,04	0,91
EPS		
(D) Earnings for the calculation of EPS	-16 040 511,58	-117 279 375,35
(E) Number of shares fully diluted	66 332 644,00	66 332 644,00
Diluted earnings per share in PLN = (D)/(E)	-0,24	-1,77

NOTE 23 Long-term financial assets of Work Service

In the table below we present the shares that the company Work Service SA held in the subsidiaries as of 31.12.2020 and 31.12.2019.

	31/12/2020		31/12/2019	
Company name	Value of shares held	Percentage of share capital	Value of shares held	Percentage of share capital
Finance Care Sp. z o.o.	5 107 331,00	100%	5 107 331,00	100%
Industry Personnel Services Sp. z o.o.	40 001 490,00	100%	40 001 490,00	100%
Virtual Cinema Studio Sp. z o.o.	25 000,00	50%	25 000,00	50%
Work Service International Sp. z o.o.	22 660 328,80	100%	22 660 328,80	100%
Sellpro Sp. z o.o.	57 599 597,20	100%	57 599 597,20	100%
WS Support Sp. z o.o.	17 487 500,00	100%	17 487 500,00	100%
Krajowe Centrum Pracy Sp. z o.o.	2 799 915,20	100%	2 799 915,20	100%
WS East	55 643,89	100%	55 643,89	100%
Group Work Express	0,00	100%	0,00	100%
Prohuman 2004 Kft	144 338 978,29	80,22%	144 338 978,29	80,22%
Work Service SPV Sp. z o.o.	0,00	100%	0,00	100%
Work Service Czech Republic s.r.o.			16 759 182,67	100%
Fundacja Work Service S.A.			10 000,00	100%
Total			**306 844 967,05**	

Loss of control:

- The Parent Company lost control of the Prohuman Group, which is described in more detail in Consolidated Financial Statement for 2020 in section 2.3 Business continuity, subsection 4.
  The net asset value of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. at the moment of change the method of consolidation was PLN 142 827,7

- On 12 July 2020, the Parent Company sold 100% of its shares in Work Service CO KG seated in Berlin. The revenue from the sale of the subsidiary amounted to PLN 4,500 thousand and was paid in full in 2020. The net asset value of the subsidiary as at the time of sale was PLN 3 675,3

Moreover, due to the expected restructuring involving a significant reduction in the scale of the Work Express group entities, the shares in Work Express were written off at 100%.

The Work Service SPV was covered by a 100% write-off due to the anticipated restructuring of the company after the sale of German assets.

More detailed information on deinvestments is presented in the "Additional information to the consolidated financial statement" under the "Continuation of the activities" section.

NOTE 24 The risk associated with financial instruments and method of the risk management

This note presents a description of the risks associated with financial instruments.

Market risk

Sensitivity analysis for currency risk

The majority of transactions in the Group are carried out in PLN. The Group's exposure to currency risk arises from foreign sales and purchases transactions which are primarily denominated in EUR and USD. In addition, the Group has taken out loans in EUR to finance transactions in the European market.

The Group does not use forward contracts and foreign currency options due to the minimal amount of contracts executed in foreign currency at present.

The Group's financial assets and liabilities other than derivatives denominated in foreign currencies, translated into PLN at the closing rate prevailing at the balance sheet date, are presented in Note 20.4.

The sensitivity analysis assumes a 10% increase or decrease in the EUR/PLN and USD/PLN exchange rates vs. the closing rates at the balance sheet dates. Such fluctuation was assumed to be reasonable based on an analysis of historical exchange rate fluctuations over the past 5 years

	Value expressed in currency							Value after conversion
	EUR	RON	GBP	HUF	USD	RUB	CZK	
As at 31.12.2020								
Financial assets (+):								
Loans	11 891 986,98					179 851 758,40	19 644,70	63 893 158,33
Trade receivables and other financial receivables	1 649 822,50							7 613 600,87
Other financial assets	212 698,64	60 907,00						1 039 295,43
Cash and cash equivalents								
Financial liabilities (-):								
Loans, borrowings and other debt instruments				4 143 737 244,00				52 211 089,27
Lease liabilities								
Trade and lease liabilities other financial liabilities	199 667,13		455,62	3 132 924,00	1 368,56		391 429,00	1 036 998,37
Total exposure to currency risk	**13 554 840,99**	**60 907,00**	**-455,62**	**-4 146 870 168,00**	**-1 368,56**	**179851758,40**	**-371 784,30**	**19 297 966,99**

	Impact on the financial result:							
	EUR	RON	GBP	HUF	USD	RUB	CZK	Total
As at 31.12.2020								
Increase in the exchange rate	2 000 875,97	5 773,37	-233,86	-5 225 056,41	-514,36	901 057,31	-43 038,73	-2 361 136,71
The decline in the exchange rate	-2 000 875,97	-5 773,37	233,86	5 225 056,41	514,36	-901 057,31	43 038,73	2 361 136,71

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

Internal instruments, i.e. natural hedging, are used in the Capital Group to hedge foreign exchange risk, such as:

- settlement of foreign payments in national currency;
- accelerating or delaying payments;
- deposit and lending operations;
- combining several smaller transactions into a larger one;
- adjustment clauses.

Sensitivity analysis for interest rate risk

Management of interest rate risk focuses on minimizing fluctuations in interest flows on financial assets and liabilities bearing interest at variable interest rates. The Group is exposed to interest rate risk in connection with the following categories of financial assets and liabilities:

- loans;
- debt securities (other financial assets);
- loans, borrowings, other debt instruments;
- lease.

Credit risk

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

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

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

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

	Trade receivables					
	Current	Overdue				
		0 – 30 days	31 – 90 days	91 – 180 days	181 - 360 days	Over 360 days
As at 31.12.2020						
Write-off ratio						
Related	6%	29%	37%	43%	58%	100%
External	1%	31%	45%	55%	67%	100%

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

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

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

LIQUIDITY RISK

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

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

	Note	Short-term		Long-term			Total cash flows before discounting
		up to 6 months	6–12 months	1–3 years	3–5 years	over 5 years	
As at 31.12.2020							
Loans in credit account	9.5						**0,00**
Overdraft facilities	9.5	11 033 840,00	8 275 380,00	24 826 140,00			**44 135 360,00**
Loans	9.5		100 595 469,66		30 416 913,00		**131 012 382,66**
Debt securities	9.5						**0,00**
Lease liabilities	7.1	5 929 845,00	5 929 844,00	5 882 155,89			**17 741 844,89**
Trade and other financial liabilities	18	5 195 073,12					**5 195 073,12**
Exposure to liquidity risk total		**22 158 758,12**	**114 800 693,66**	**30 708 295,89**	**30 416 913,00**	**-**	**198 084 660,67**
As at 31.12.2019							
Loans in credit account	9.5		120 080 860,85	374 271,95			**120 455 132,80**
Overdraft facilities	9.5						**0,00**
Loans	9.5		15 785 335,30				**15 785 335,30**
Debt securities	9.5		45 396 882,91				**45 396 882,91**
Lease liabilities	7.2		11 800 748,82	7 288 757,98			**19 089 506,80**

	Note	Short-term		Long-term			Total cash flows before discounting
		up to 6 months	6–12 months	1–3 years	3–5 years	over 5 years	
Trade and other financial liabilities	18	23 230 907,61		12 928,09			**23 243 835,70**
Exposure to liquidity risk total		**23 230 907,61**	**193 063 827,88**	**7 675 958,02**	**-**	**-**	**223 970 693,51**

Other market risks

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

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

Financial Instruments

The table below presents the main financial instruments used by the Group in 2019-2020.

24.1. Categories of financial instruments:	31.12.2020	31.12.2019
Financial assets	**83 817 850,36**	**224 649 278,10**
Cash and cash equivalents	18 449 557,36	38 139 438,36
receivables from deliveries and services	64 996 277,79	185 425 581,98
loans granted	372 015,20	1 080 519,34
other financial assets	0,01	3 738,42
Financial liabilities	**201 158 271,91**	**228 880 215,56**
bank credits and advances received	178 140 964,39	136 088 864,19
bonds		45 396 882,91
other financial liabilities	17 741 844,89	19 464 156,30
liabilities from deliveries and services	5 275 462,63	27 930 312,16
liabilities from valuation of options		0,00

24.2.		Contracted cash flows 2020			
Financial assets	**Current value**	**Total**	**up to 1 year**	**1 to 5 years**	**>5 years**
Measured at fair value by financial result					
Measured at depreciated cost method	152 633 282,71	152 633 282,71	148 649 262,16	3 984 020,55	

24.3.		Contracted cash flows 2020			
Financial liabilities	**Current value**	**Total**	**up to 1 year**	**1 to 5 years**	**>5 years**
Measured at fair value by financial result	19 326 470,52	19 326 470,52	19 326 470,52		
Measured at depreciated cost method	134 457 760,17	134 457 760,17	79 214 707,17	55 243 053,00	

24.4.		Contracted cash flows 2019			
Financial assets	**Current value**	**Total**	**up to 1 year**	**1 to 5 years**	**>5 years**
Measured at fair value by financial result					
Measured at depreciated cost method	271 133 272,74	271 133 272,74	270 781 898,40	351 374,34	

24.5.		Contracted cash flows 2019			
Financial liabilities	**Current value**	**Total**	**up to 1 year**	**1 to 5 years**	**>5 years**
Measured at fair value by financial result					
Measured at depreciated cost method	220 992 843,99	220 992 843,99	203 449 636,09	17 543 207,50	

NOTE 25 Transactions between related entities and transactions with members of the Management Board

In the period from 1 January 2020 until 31 December 2020 Work Service SA was a party to the transaction with related parties which within a specified period or part thereof held or still hold such status.

In accordance with IAS 24, relating to disclosure of transactions on related entities, adopted in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, the following entities shall be deemed to be related entities of Work Service SA in 2020:

1. Criterion - Management Board members, Supervisory Board members:
   a) Iwona Szmitkowska – President of the Management Board
   b) Paolo Caramello – Vice President of the Management Board
   c) Nicola Dell'Edera – Vice President of the Management Board
   d) Maurizio Uboldi – Chairman of the Supervisory Board
   e) Dario Dell'Osa – Chairman of the Supervisory Board
   f) Davide Toso – Member of Supervisory Board
   g) Antonio Carvelli – Member of Supervisory Board
   h) Federica Giulia Giovanna Polo – Member of Supervisory Board
   i) Francesca Garofolo – Member of Supervisory Board
   j) Maria Luisa Cammarata – Member of Supervisory Board
   k) Donato Di Gilio – Member of Supervisory Board
   l) Marcus Preston – Member of Supervisory Board
   m) Thibault Lefebvre - President of the Management Board (till December 2020)
   n) Jarosław Dymitruk – Vice President of the Management Board (till August 2020)
   o) Przemysław Schmidt – Chairman of the Supervisory Board (till October 2020)
   p) Paweł Ruka – Member of Supervisory Board (till October 2020)
   q) Tomasz Bujak – Member of Supervisory Board (till October 2020)
   r) Piotr Żegleń – Member of Supervisory Board (till October 2020)
   s) Robert Oliwa – Member of Supervisory Board (till October 2020)
   t) Andrzej Witkowski – Member of Supervisory Board (till October 2020)
   u) Pierre Mellinger – Member of Supervisory Board (till August 2020)
   v) Tomasz Wojtaszek – Member of Supervisory Board (till August 2020)

2. Criterion - shareholders:
   a) GI International S.R.L
   b) WorkSource Investments S.a.r.l. (till October 2020)
   c) Central Fund of Immovables Sp. z o.o. (till August 2020)
   d) ProLogics (UK) LLP (till August 2020)
   e) Tomasz Misiak (till August 2020)
   f) Tomasz Hanczarek (till August 2020)

3. Criterion - the share of equity in the subsidiary:
   a) Finance Care Sp. z o.o.
   b) Industry Personnel Services Sp. z o. o.
   c) Work Service International Sp. z o.o.
   d) WS Support Sp. z o.o.
   e) Sellpro Sp. z o.o.
   f) Krajowe Centrum Pracy Sp. z o.o.
   g) Virtual Cinema Studio Sp. z o.o.
   h) Prohuman 2004 Kft
   i) Work Express Sp. z o.o.
   j) Work Service SPV Sp. z o.o.
   k) Work Service Czech s.r.o

4. Criterion - subsidiaries of Work Service SA subsidiaries:

a) subsidiaries of Work Service International Sp. Z o.o.:
- Work Service Slovakia s.r.o.,
- Work Service SK s.r.o. (through przez Work Service Slovakia s.r.o)
- Work Service Outsourcing s.r.o. (through Work Service Slovakia s.r.o)

b) subsidiaries of Industry Personnel Services Sp. z.o.o.
- Work Service Slovakia s.r.o.
- Krajowe Centrum Pracy Sp. z o.o.
- Kariera.pl Sp. z o.o. (through Krajowe Centrum Pracy Sp. z o.o.)

c) subsidiaries of Prohuman 2004 Kft:
- Prohuman Outsourcing Kft
- Human Existence Kft
- HR Rent Kft
- Finance Sales Hungary Kft (Profield 2008 Kft)
- HR Global d.o.o.
- APT Finance Broker s.r.l.
- APT Broker s.r.l.
- APT Human Resources s.r.l.
- APT Resources and Services s.r.l.
- Naton kadrovsko svetovanje d.o.o.
- Naton Ljudski potencial d.o.o. (through Naton kadrovsko svetovanje d.o.o.)

d) subsidiaries of Work Express Sp. z o.o.: z o.o.:
- Outsourcing Solutions Partner Sp. z o.o.
- Support and Care Sp. z o.o.

e) subsidiaries of Work Service Gmbh & Co.KG (till July 2020)
- IT Kontrakt Gmbh
- Work Service 24 Gmbh
- Work Service Deutschland Gmbh
- Work Service Fahrschule Gmbh (through Work Service Deutschland Gmbh)
- Work Service Outsourcing Deutschland Gmbh
- Work Service GP Gmbh
- Enloyd Gmbh

f) subsidiaries of Work Service SPV Sp. z o.o.
- Work Service Gmbh & Co. KG (till July 2020)

g) subsidiaries of Finance Sales Hungary Kft (Profield 2008 Kft)
- Finance Care Hungary Kft

h) subsidiaries of Krajowe Centrum Pracy Sp. z o.o.
- Kariera.Pl Sp. z o.o.

Transactions with related entities - not excluded from consolidation;

2020	GI International S.R.L	Prohuman 2004 Kft
REVENUES	0,00	0,00
COSTS	0,00	0,00
RECEIVABLES	0,00	0,00
PAYABLES	80 582 507,63	50 431 995,86

All related party transactions are presented below, except for transactions with subsidiaries included in the consolidated financial statements, as these transactions are eliminated in the process of consolidation:

Transactions with related parties

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

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

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

NOTE 26 Error adjustment

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).

Stan na 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**

Stan na 31-12-2019

Correction title	Report item	Correction amount	Published	After correction
Deferred tax assets	Deferred tax assets	-9 370 381,62	54 603 298,46	45 232 916,84
	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	-78 680 417,68
Adjustment for tax liability	Profit (loss) from previous years	-7 737 084,00		
Tax interest adjustment for 2019	The current result	- 500 000,00		
Korekta podatku odroczonego	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	179 460 879,05	187 697 963,05
Tax interest		500 000,00		
	TOTAL EQUITY AND LIABILITIES	**-9 370 381,62**	**668 214 220,52**	**658 843 838,90**

NOTE 27 Key assumptions and sources of estimates

Assumptions concerning the future and other key sources of uncertainty occurring as ant balance sheet date that have a significant risk of material adjustment to the balance sheet assets and liabilities within the next financial year are presented below

Write-downs of receivables value

Write-downs on receivables are recognised if there is objective evidence of impairment. Write-down is assessed on the basis of possible future cash flows. Both the amount and the time distribution of these flows is determined by the professional judgement of the Group Management Board. A detailed description of the estimate is presented in Note 2.4.

Depreciation rates

Depreciation rates are determined based on the expected useful economic lives of tangible fixed assets and intangible assets. Group entities shall review annually the useful lives based on current estimates. The principles of depreciation applied in the Company are presented in the introduction to the financial statements.

Impairment of goodwill and other intangible assets and tangible fixed assets

The Group performs impairment tests for goodwill and other intangible with an indefinite Use · at least once a year. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. Estimating the value in use is based on the expected future cash flows generated by cash generating unit on the basis of financial plans and determination of a discount rate to apply for calculation of the present value of those cash flows. According to the same approach, the Group also conducts tests for impairment of intangible assets with finite lives and assets, while the tests are carried out only if there are indications of possible impairment. The reasons may include e.g. long-term adverse effects of market as well as the losses incurred by the entity. In the case of the parent company, the premise may be (occurring over a longer period) the level of capitalisation not covering the carrying value of net assets. When testing for impairment of fixed assets, the method for discounting future cash flows of the cash-generating unit can be used. When using this method, it is required to use business assumptions and variables such as the cost of capital and the residual growth rate, which size and variability in the future is determined by the subjective evaluation of the Management Board. This assessment is based both on internal sources of knowledge (units budgets, forecasts, profitability), as well as on external sources (public data of macro-and microeconomic). The basis of the estimates on the valuation of the form is contained in Note 2.

Deferred tax assets

The Group recognizes deferred tax assets on the assumption that the future taxable income will be achieved allowing for its use. Deterioration of tax results in the future could cause that this assumption could be unjustified. Basis for the creation of deferred tax assets is presented in Note 6 of the consolidated financial statements.

NOTE 28 Equity management

The Group manages capital to ensure the Group's ability to continue as a going concern and to provide the expected rate of return to shareholders and other stakeholders in the Group's financial health.

The Group monitors the level of capital based on the carrying amount of equity plus subordinated loans received from the owner and less capital on valuation of cash flow hedging derivatives. Based on the amount of capital thus determined, the Group calculates the ratio of capital to total funding sources.

In addition, the Group monitors its capital levels on the basis of indicators such as:

- debt ratio – calculated as the ratio of net debt to EBITDA;
- debt coverage ratio – calculated as the relation of free cash flow (calculated as adjusted EBITDA less the value of tax payments) to interest and loan instalments;
- leverage ratio, calculated as the ratio of net debt to net assets.

Neither the Group nor the Parent Company is subject to external capital requirements.

During the period covered by the consolidated financial statements, the ratios presented above were as follows:

	31.12.2020	31.12.2019
Capital:		
Equity	1 505 640,61	72 428 893,66
Subordinated loans received from owner	131 012 382,66	
Capital from valuation of cash flow hedges (-)		
Capital	132 518 023,27	72 428 893,66
Total funding sources:		
Equity	1 505 640,61	72 428 893,66
Loans, borrowings and other debt instruments	178 140 964,39	181 476 003,76
Lease liabilities	17 741 844,89	19 089 506,80
Total funding sources	197 388 449,89	272 994 404,22

	31.12.2020	31.12.2019
Capital to total financing sources ratio	**0,7**	**0,27**
EBITDA		
Profit (loss) from operations	7 674 688,55	3 346 836,13
Depreciation	10 624 640,45	15 295 936,37
EBITDA	18 299 329,01	18 642 772,50
Debt:		
Loans, borrowings and other debt instruments	178 140 964,39	181 476 003,76
Lease liabilities	17 741 844,89	19 089 506,80
Debt	195 882 809,28	200 565 510,56
Debt to EBITDA ratio	**10,70**	**10,76**

NOTE 29 Information on business segments

An operating segment is a component of an entity:
a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
b) whose operating results are regularly reviewed by the main body responsible for operating decision in the unit and using the results to decide on the allocation of resources to the segment and when assessing the segment, as well as
c) in the case of which separate financial information are available.

In accordance with the requirements of IFRS 8, operating segments should be identified on the basis of internal reports about components that are regularly reviewed by the people deciding on the allocation of resources to the segment and assessing its financial performance.

The Capital Group assumes that the basic division into segments is the breakdown by economic activities. Economic activities of the Capital Group are carried out in separate subsidiaries. The vast majority of the Group's business relates to temporary work. In this report, The Capital Group has revealed information on the revenue broken down by industry segments - because in this system, it is analysed by the Management Board of the Parent Company.

The Management Board of Parent Company monitors the operating results of segments to make appropriate business decisions. The basis of assessment is the operating result , which is measured in the same manner as operating profit in the consolidated financial statements after taking into account the elimination of intersegment transactions (as outlined in the attached tables below). Transaction prices used in transactions between operating segments are determined on a commercial basis as transactions with unrelated parties.

The accounting policies used in the preparation of the financial data for the reportable segments are consistent with the Group's accounting policies described in item 2.5 of the notes to the consolidated financial statements for the year 2020 "Summary of significant accounting policies".
Group financing (including finance costs and finance income), income taxes and share in the profit or loss of entities accounted for using the equity method are monitored at Group level and are not allocated to the segments.
Group does not use asymmetric allocation of costs and revenues for reportable segments.
Group presents the value of the profit or loss for each reportable segment, and does not represent the total assets and liabilities for each reportable segment, as these amounts are not regularly provided to main body responsible for taking operating decisions.
The Group does not disclose the allocation of revenue from external customers for specific titles of products and services as the information on this topic are not available and the cost of its obtaining would be excessive.

The following tables present data on the revenues and costs of the Group's business segments for the years ended on: 31 December 2020 and comparative data for the year ended on 31 December 2019.

The financial data presented is for continuing operations for the 12 months ended December 31, 2020 and for the 12 months ended December 31, 2019.

The financial data presented for continuing operations for the year ended December 31, 2020 includes:

* results of Polish and Ukrainian companies for the period 01.01.2020–31.12.2020

* results of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. for the period 01.01.2020–30.09.2020

Data for continuing operations are not comparable due to lack of data from Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. for Q4 2020.

	31.12.2020		31.12.2019	
	Temporary work	**Other**	**Temporary work**	**Other**
External sale	811 351 683	91 576 790	1 228 628 779	149 056 962
Internal sale	81 112 992	13 564 044	90 183 215	22 092 793
External operating costs	804 748 206	96 261 368	1 219 982 872	144 541 495
Result	**6 603 477**	**-4 684 577**	**8 645 907**	**4 515 467**
Other operating revenue	50 173 972		66 390 204	
Other operating costs	44 418 183		83 916 808	
Profit (loss) from operating activities	**7 674 689**		**-4 365 230**	

Due to the fact that the activity of the Parent Company is homogeneous in terms of the type of services and significant clients and the legal environment, the Company determines its entire activities as temporary employment segment. Accordingly, the company does not identify reportable segments.

Revenue from external customers attributed to the country in which the entity is established (Poland) and assigned to all other countries jointly in which the entity derives its revenues, are presented in the table below:

NET REVENUES	2020	[%]	2019	[%]
Poland	390 010 193	43,2%	610 973 950	44,3%
Abroad	512 918 280	56,8%	766 711 791	55,7%
Total	**902 928 473**	**100,00%**	**1 377 685 741**	**10,00%**

The Group does not identify the distribution of fixed assets located in the country in which the entity is established and located in all other countries jointly, in which the entity maintains its assets. From the Group's point view, such a division is not relevant to the business.

Structure of sale of services of the Work Service Capital Group together with comparative data in geographical foreign markets.

NET REVENUES	2020	[%]	2019	[%]
Poland	390 010 193	43,2%	610 973 950	44,3%
Hungary	354 948 621	39,3%	580 430 504	42,1%
Romania	127 319 360	14,1%	119 376 798	8,7%
Slovenia	30 583 204	3,4%	66 051 150	4,8%
Croatia	67 095	0,01%	823 780	0,06%
Ukraine			29 559	0,002%
Total	**902 928 473**	**100,0%**	**1 377 685 741**	**100,0%**

Information concerning the main clients

Revenues from transactions with any of the external customers did not constitute 10% or more of total revenue of the Capital Group in 2020 from continued operations.

According to the best knowledge of Work Service SA management Board, the said threshold was not exceeded also by the transactions with a group of customers under common control.

Revenues from the 10 largest contractors of Work Service Group from the perspective of continuing operations are presented in the table below. For reasons of commercial confidentiality, the industries in which each major contractor operates are shown.

	2020	[%] share
Automotive 1	45 276 826	5,0%
Financial and Insurance Services	34 522 676	3,8%
Other services	23 272 297	2,6%
Call center	22 666 369	2,5%
Automotive 2	19 217 930	2,1%
Electronics 1	13 524 173	1,5%
Electronics 2	12 914 823	1,4%
Industry others 1	12 381 432	1,4%
Electronics 3	9 670 976	1,1%
Industry others 2	9 097 097	1,0%

NOTE 30 Other operating income

30. Other operating incomes	2020	2019
a) profit from sale of non-financial fixed assets	562 596,08	26 081,81
b) grants	19 903 715,66	42 732 341,51
c) other operating income	29 707 660,37	28 731 780,75
*reclassification to discontinued operations		-5 100 000,00
Other operating income, total	**50 173 972,11**	**66 390 204,07**

* negative values result from regrouping of costs and revenues connected with sales to the other revenues and operating costs and transfer of the result on sales of Antal Group to the discontinued activity

The largest items in other operating income are impairment losses on receivables of approximately 8.6 million , release of the provision for estimated liabilities to PFRON of 3.9 million , and release of the restructuring provision assumed at the end of 2019 of approximately 1.4 million

NOTE 31 Other operating expenses

31. Other operating costs	2020	2019
a) loss from sale of non-financial fixed assets	490 556,68	404 510,80
b) update of non-financial assets	7 527 245,43	17 207 623,90
c) other	36 400 380,67	71 404 672,99
*reclassification to discontinued operations		-5 100 000,00
Other operating expenses, total	**44 418 182,78**	**83 916 807,69**

* negative values result from regrouping of costs and revenues connected with sales to the other revenues and operating costs and transfer of the result on sales of Antal Group to the discontinued activity

The most important item in other operating costs are costs related to subsidies related to activation of unemployed persons in the amount of 16,5 million and costs related to the adjustment or delayed payment of public and legal liabilities in the amount of approximately 2.4 million.

NOTE 32 Financial incomes

32. Financial incomes	2020	2019
a) Dividends and shares in profits, including:		
- from related entities		
b) Interest, including:	2 234 810,17	1 618 683,71
- from related entities		-1 522,91
c) Profit on disposal of investments		14 202,00
d) Revaluation of investments	576 122,02	
e) Other	94 502 787,74	10 512 857,34
*reclassification to discontinued operations		-5 300 000,00
Financial income, total	**97 313 719,93**	**6 845 743,05**

* negative values result from regrouping of costs and revenues connected with sales to the other revenues and operating costs and transfer of the result on sales of Antal Group to the discontinued activity

Other financial revenue includes mostly exchange rate differences under conversions in foreign companies and profit on sale of companies Proservice and Exact corrected by other sale transactions within the Group.

Additionally, in 2020, income from the redemption of bonds and loans in the amount of 81.4 million was recognized in financial income.

NOTE 33 Financial expenses

33. Financial costs	2020	2019
a) Interest, including:	13 857 631,58	12 623 248,55
- for related entities*	596 903,40	-91,33
b) Loss on disposal of investments*	57 438 242,17	-405 000,02
c) Revaluation of investments	1 171 659,38	74 022 397,83
d) Other	14 709 721,72	7 524 264,96
*reclassification to discontinued operations		-5 100 000,00
Financial expenses, total	**87 177 254,85**	**88 664 911,32**

* negative values result from regrouping of costs and revenues connected with sales to the other revenues and operating costs and transfer of the result on sales of Antal Group to the discontinued activity

In 2020, the method of consolidation of Prohuman 2004 Kft. and companies controlled by Prohuman 2004 Kft. was changed due to loss of control. The impact of this event on finance costs is approximately 57.4 million

The largest item of other finance costs comprises the factoring servicing costs of.

NOTE 34 Income tax

34. Income tax	2020	2019
A. Gross profit	17 811 153,62	-86 184 398,35
B. Current income tax	2 243 279,97	2 008 088,85
C. Deferred income tax	29 571 081,42	-437 391,48
D. Other obligatory decreases		
Total income tax	31 814 361,39	1 570 697,37
Effective income tax rate (B+C)/A	1,79	-0,02

The difference is due to the application by foreign entities of local tax rates and eligibility to tax or non-tax costs and revenues in accordance with local law.

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

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

NOTE 35 Data on off-balance sheet positions, especially on contingent liabilities, including on guarantees and sureties granted by the Capital Group

No.	The surety on behalf of	Promissory note beneficiary	Surety subject	Date of agreement	Date of termination of the agreement	The 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 04.12.2018	Indefinite period	14 000 000,00
2.	Sellpro Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 04.12.2018	Indefinite period	14 000 000,00
3.	Finance Care Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 04.12.2018	Indefinite period	14 000 000,00
4.	Sellpro Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 07.08.2018	Indefinite period	20 000 000,00
5.	Industry Personnel Services Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 07.08.2018	Indefinite period	20 000 000,00
6.	Work Service International Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 10.06.2019	Indefinite period	20 000 000,00

Changes in contingent liabilities or contingent assets that have occurred since the last annual reporting period

Title of contingent liability	Type of security	31.12.2020	31.12.2019
Loan collateral	Statement of GI Group S.P.A on voluntary submission to the enforcement of art. 777	82 762 500,00	
	surety of GI Group S.P.A	82 762 500,00	
	Statement of Work Service SA on voluntary submission to the execution, art. 777	165 525 000,00	66 210 000,00
	surety of subsidiaries		360 000 000,00
	registered pledge on assets - Prohuman shares	221 200 000,00	277 500 000,00
Lease collateral	blank promissory note with a promissory note declaration	4 621 782,30	4 621 782,30
Factoring security	blank promissory note with a promissory note declaration and suretyship of subsidiaries	34 450 000,00	39 105 000,00
Performance guarantee	surety	3 000 000,00	3 000 000,00
Bond collateral	Pledge on shares of subsidiaries: Work Service Slovakia s.r.o and entities controlled by Work Service Slovakia s.r.o, as well as Work Service Czech s.r.o.		120% of outstanding bonds
Commitment to repurchase additional Prohuman shares from Profolio	-	86 000 000,00	86 000 000,00
Contingent liability for repayment of loan in case of default of court settlement	-	55 168 856,85	
Loan security from GI International S.R.L under the Financing Agreement	Statement of voluntary submission to the execution, art. 777	210 000 000,00	
	registered pledge on assets (shares of subsidiaries)	315 000 000,00	
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 1	Statement of voluntary submission to the execution, art. 777	7 500 000,00	
Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 2	Statement of voluntary submission to the execution, art. 777	3 500 000,00	
	pledge on shares in Krajowe Centrum Pracy Sp. z o.o.	5 250 000,00	

Security for a loan from GI International S.R.L under the Bridging Loan Agreement No. 2	Statement of voluntary submission to the execution, art. 777	9 000 000,00
	pledge on shares in Finance Care Sp. z o.o.	13 500 000,00

NOTE 36 Information on average employment, with breakdown into professional groups in the Parent Company

36.1 Average employment rate of own employees in	2020	2019
Administrative employees	154	172
Blue-collar employees	0	0
Total	154	172

36.2. Gross benefits for persons holding functions in the Management Board (in PLN) WSSA		
Full name	**2020**	**2019**
Witucki Maciej	250 000,00	855 447,77
Dymitruk Jarosław	541 675,61	483 184,59
Christodoulou Paul	241 573,00	411 738,33
Ślęzak Tomasz	0,00	308 899,31
Preston Marcus	310 374,02	0,00
Szmitkowska Iwona	674 052,61	677 936,38
Gajek Piotr	0,00	479 349,60
Krzysztof Rewers	0,00	1740,00

The table shows all amounts paid to management board members (current and former) in 2020. The other members of the Management Board did not receive any remuneration.

36.3. Gross benefits for persons holding functions in the Supervisory Board (in PLN) WSSA		
Full name	**2020**	**2019**
Bujak Tomasz	51 139,53	36 774,19
Di Gillo Donato	14 934,48	0,00
Misiak Tomasz	0,00	44 500,00
Ługowski Tomasz	0,00	3 000,00
Oliwa Robert	47 009,16	9 000,00
Perston Marcus	17 488,53	14 000,00
Ruka Paweł	32 374,41	23 225,81
Schmidt Przemysław	56 777,98	12 000,00
Witkowski Andrzej	53 373,24	9 000,00
Żegleń Piotr	49 733,94	12 000,00
Kamiński Piotr	0,00	21 129,03
Hanczarek Tomasz	0,00	84 500,00
Kaczmarczyk Krzysztof	0,00	12 677,39

The other members of the Supervisory Board did not receive any remuneration.

NOTE 37 The total value of salaries and bonuses paid or payable for persons managing and supervising the company and for performing the functions in the management bodies

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

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

NOTE 38 Information on liabilities to the State Budget and Local Government Units in respect of the right to ownership of buildings and structures

As on 31 December 2020 the Capital Group had no obligations towards the state budget or local government entities from obtaining ownership of buildings and structures.

NOTE 39 Significant events after the balance sheet date

Providing information to the public

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

In the Notification, the GI also indicated that:

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

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

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

Providing information to the public

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

In the Notification, the Beneficial Owner also indicated that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 10 February 2021 the Supervisory Board of the Work Service S.A. has agreed to the Issuer to carry out transactions consisting in the sale of all shares of the Issuer's subsidiaries, i.e. Work Service Czech s.r.o. and Work Service Slovakia s.r.o. to GI International SRL (wholly owned by Gi Group SpA, based in Milan). At the same time, the Supervisory Board accepted the key terms of the Transaction specified in the draft of the relevant framework agreement, which includes in particular the determination of the selling price of the shares of the above-mentioned subsidiaries for the total amount of PLN 29,200,000.00, the payment of which may be made in cash or by setting off the Issuer's claims against GI International SRL or by settling part of the amount in cash and the remaining amount by a deduction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Registration of the changes in Articles of Association of the Company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 18 March 2021 the Management Board of Work Service S.A. informs about registration of the 163,250 ordinary bearer Y-series shares, with a nominal value of PLN 0.10 each shall take place in the securities depository, marked with the ISIN code

PLWRKSR00019, in accordance with the KDPW Statement No. 946/2019 dated 06/11/2019, to which current report No. 84/2019 is related to.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3) Recognizes receivables and liabilities towards the Prohuman group;

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

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

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

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

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

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

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

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

I. Information on the Call for Subscription

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

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

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

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

II. Grounds for the Management Board's position

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

a) content of the Call for Subscription,

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

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

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

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

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

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

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

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

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

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

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

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

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

iii. Financing Agreement between the Caller and the Company

As at the date of the Call for Subscription:

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

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

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

The Loan Amount shall become due and payable as follows:

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

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

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

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

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

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

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

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

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

As stated in the Invitation:

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

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

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

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

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

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

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

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

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

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

ii Other significant factors influencing the Management Board's position

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

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

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

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

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

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

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

b) Debt restructuring:

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

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

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

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

c) Investor acquisition process

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

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

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

V. Reservations

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

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

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

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

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

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

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

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

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

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

Providing information to the public

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

In the Notification, the GI also indicated that:

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

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

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

NOTE 40 Significant litigation as on 31 December 2020

1) Litigation with minority Shareholders.

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

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

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

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

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

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

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

2) Other court cases.

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

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
Work Service S.A	Halibut sp. z o.o.	62 081,60 zł	Case concerning a payment of outstanding VAT invoices
Work Service S.A.	Matras S.A.	114 940,58 zł	Case for the payment of invoices. Proceedings suspended due to deficiencies in the composition of the defendant's management board - an application for the appointment of a probation officer was submitted
Work Service S.A.	Dominik U. Lechosław O. Maciej C.	366 029,98 zł	Case concerning a payment, pursuant to Article 299(1) CCC, following a previous ineffective execution against the company in which the defendants were members of management board. Case at the stage of enforcement proceedings.
Work Service S.A.	Pielle sp. z o.o.	122 465,49 zł	Case concerning a payment, at the stage of enforcement proceedings
Haitong Bank	Work Service S.A.	790 135,35 zł	Case concerning a payment of remuneration in respect of bond issue
Monika P.	Work Service S.A., Samsung Electronics Poland Manufacturing Sp. z o.o.	65 335,33 zł	Case concerning a compensation and damages for an accident suffered by the contractor during the performance of the contract
Work Service S.A.	PAYPRO S.A. Intercash Polska sp. z o.o.	97 821,73 zł	Case concerning a payment of outstanding invoices issued for the remuneration of the provided service of temporary work (interim order).
Work Service S.A.	Agencja Ochrony Osób i Mienia Inter – Pol Security sp. z o.o.	130 099,87 zł	Case concerning a payment for unpaid invoices issued in respect of the provision of service directed to the customer of temporary employees by Industry Personnel Services sp. z o.o. Although the service was performed, the customer did not pay the invoices – a company affiliated with Vision Group
Work Service S.A.	Alma Market S.A.	74 100,68 zł	Insolvency proceedings
Work Service S.A.	Conbelts S.A.	153 822,37 zł	Sanative procedure is under way
Work Service S.A.	Wioletta K., Karolina K.	81 079,32 zł	Case concerning a payment, pursuant to Article 299(1) CCC, following a previous ineffective execution against the company in which the defendants were members of management board.

Work Service S.A.	Fashion Marketing Investments Group sp. z o.o.	1 027 357,10 zł	Case at the stage of enforcement proceedings. Work Service S.A. won the case in court and is currently trying to enforce the debt in the enforcement procedure.
Work Service S.A.	Dynaminds sp. z o.o.	895 220,90 zł	The case concerning a payment of outstanding invoices; a court settlement has been concluded in the case, which is at the stage of implementation
Work Service S.A.	Skyline Investment S.A. .	61 811,66 zł	Case concerning a payment of invoices for outstanding rent fees
Work Service S.A.	Jakub P.	58 291,66 zł	A criminal case in which the victim Work Service S.A. seeks compensation for its material loss
Work Service S.A.	Valmet Sp. z o.o.	142 631,42 zł	Case concerning a payment
PFRON	Work Service S.A.	423 722,26 zł	Case concerning a reimbursement of co-financing of remuneration of disabled persons for the reporting periods of: June and July 2014; March, April, June – September and November 2016; February, March, August – December 2017 and January and February 2018
Sellpro Sp. z o.o.	Hygienika Dystrybucja S.A. w Lublińcu	114 518,26 zł	Case at the stage of insolvency proceedings. The court has dismissed the application of the debtor for the declaration of bankruptcy, the decision is not binding
Sellpro Sp. z o.o.	Egips Sp. z o.o.	167 918,93 zł	Case concerning a payment of outstanding invoices. The defendant has accepted the action and a settlement has been concluded before the court. Case at the stage of enforcement proceedings
Sellpro Sp. z o.o.	Tkt Rent sp. z o.o.	73 000,00 zł	Case concerning a repayment of deposits for the rent of a dwelling
Sellpro Sp. z o.o.	Badford Continental Group sp. z o.o.	656 733,54 zł	Case concerning a payment of outstanding invoices for the performance of services
Sellpro sp. z o.o.	Orion.pl sp. z o.o.	934 945,72 zł	Restructuring procedure
Ori Service Sp. z o.o. Sp. k.	Sellpro sp. z o.o.	251 812,29 zł	Claim for reimbursement of the costs of renting premises for employees after the termination of the contract
Sellpro sp. z o.o.	Phillmore sp. z o.o.	133 732,19 zł	Case concerning a payment of outstanding VAT invoices
Marzena S.	Industry Personnel Services Sp. z o.o.	139 800,00 zł	Case for compensation and redress for an accident at work
Eva M.	Industry Personnel Services Sp. z o.o.	144 000,00 zł	Appeal from the termination of employment agreement and termination of employment agreement without notice
PFRON	Industry Personnel Services Sp. z o.o.	63 300,70 zł	Case concerning a payment of co-financing of remuneration of disabled persons for the reporting period of: December 2018

PFRON	Work Express Sp. z o.o.	465 890,77 zł	On 4 December 2019, a request for a re-examination has been lodged; no decision until today reimbursement of co-financing of remuneration of disabled employees for the period: 01-02/2018 and 04-06/2018, due to arrears in the payment of insurance premiums to Social Insurance institution (ZUS)
Work Express Sp. z o.o.	PFRON	125 202,46 zł	PFRON extended the deadline for the examination of the case until 23 March 2020 payment of co-financing of remuneration of disabled employees for 10/2017
Work Express Sp. z o.o.	REVOLTA BLAUDEAU ISOLATION SAS	16 947,20 Euro	Claim lodged with a French court. – no payment of an invoice issued for the services provided for the secondment of temporary staff to work in France
Work Express Sp. z o.o.	SARL PEINTURE REVOLTA BLAUDEAU – PRB	16 736,40 Euro	Claim lodged with a French court. – no payment of an invoice issued for the services provided for the secondment of temporary staff to work in France
Trybunał Administracyjny	Work Express Sp. z o.o.	12 000,00 Euro	The decision to impose an administrative penalty for not declaring the stay of employees in France within the deadline – the case at the stage of judicial administrative procedure; in the first instance the court maintained the fine in force; in February 2020, the company made an appeal – the case defended by a French lawyer
Outsourcing Solutions Partner Sp. z o.o.	SAS LEG NEWAL	97 904,83 Euro	Submission of claims in the restructuring procedure
Outsourcing Solutions Partner Sp. z o.o.	EURL GASSEND	181 699,80 Euro	Claim lodged with a French court. – no payment of an invoice issued for the services provided for the secondment of temporary staff to work in France

NOTE 41 The financial statements adjusted by inflation rate

There was no need to adjust statements of the Group companies by inflation rate.

NOTE 42 Changes in accounting principles (policy) and the method of preparation of the financial statements, in relation to the previous year

The accounting principles adopted in these consolidated financial statements were applied on a continuous basis.

NOTE 43 In case of uncertainty as to the ability to continue operations, a description of these uncertainties and a statement that such uncertainty occurs

We draw attention to important information regarding assumptions about the Continuation of the activities is described in detail in the "Additional information to the consolidated financial statement" under the "Continuation of the activities" section.

NOTE 44 Branches

The Group does not have self-balancing branches.

NOTE 45 Information on joint ventures, which are not subject to consolidation

In 2019-2020, there were no such transactions in accordance with IAS 31 "Interests in Joint Ventures".

NOTE 46 Significant changes in financial and economic situation of Capital Group

Description of any significant change in the financial or economic situation, that have occurred since the end of the last reporting period for which audited financial information or interim financial information was published or provision of an appropriate negative statement.

Since the end of the last reporting period, there have been events which have an impact on the assessment of the financial and economic situation of the Capital Group. All these events are described in detail in the "Additional information to the consolidated financial statement" under the "Continuation of the activities" section.

NOTE 47 Remuneration of the entity authorised to conduct the audit

Remuneration of the entity authorised to audit financial statements for the years 2019 and 2020 is presented in the following table. Audits for those years were conducted by the company Grant Thornton Polska sp. z o.o. sp. k.

47. Remuneration of the entity authorised to conduct the audit	Year ended as on 31.12.2020	Year ended as on 31.12.2019
Mandatory audit and review of the financial statements	197 600,00	195 050,00
Mid-year review	88 600,00	85 000,00
Other	0,00	0,00
Total	**286 200,00**	**195 050,00**

GLOSSARY – WORK SERVICE CAPITAL GROUP COMPANIES

ABBREVIATION	NAME
WSSA	Work Service S.A.
IPS	Industry Personnel Services Sp. z o.o.
FC	Finance Care Sp. z o.o.
WSI	Work Service International Sp. z o.o.
SEL	Sellpro Sp. z o.o.
CLEAN	WS Support Sp. z o.o.
KCP	Krajowe Centrum Pracy Sp. z o.o.
KAR	Kariera.pl Sp. z o.o.
fiegSPV	Work Service SPV Sp. z o.o.
presWS	WorkExpress Sp. z o.o.
presLOG	Support and Care Sp. z o.o.
presOSP	Outsourcing Solutions Partner Sp. z o.o.
skWSK	Work Service SK s.r.o.
skWS	Work Service Slovakia s.r.o.
skoutWS	Work Service Slovakia Outsourcing s.r.o.
czWS	Work Service Czech s.r.o.
ger24WS	Work Service 24 GmbH
gerKON	IT Kontrakt GmbH
humPRO	Prohuman 2004 Kft
humFC	Finance Care Hungar Kft
humHR	HR-Rent Kft
humFIE	Profield 2008 Értékesítés Támogató Kft.
humEXI	Human Existence Kft
humOUT	Prohuman Outsourcing Kft
fiegWSF	Work Service Fahrschuhe QC GmbH
fiegGP	Work Service GP GmbH
fiegWS	Work Service Deutschland GmbH
fiegOUT	Work Service Outsourcing Deutschland GmbH
fiegKG	Workservice GmbH & Co.KG
antGER	Enloyd GmbH

antSK	Work Service 2000 s.r.o. (Slovakia)
bAPT	APT Broker s.r.l.
fbAPT	APT Finance Broker s.r.l.
hrAPT	APT Human Resources s.r.l.
rsAPT	APT Resources&Services s.r.l.
ukr2WS	Work Service East Lcc
natCR	Naton Ljudski potencial d.o.o.
natSLV	Naton kadrovsko-svetanoje d.o.o.

PREPARED BY:

Anna Kropielnicka
Main Accountant

SIGNATURES:

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