Capital Group
Work Service

The Report of Management Board of Work Service S.A. on the activities of Capital Group for the period from 1 January 2019 to 31 December 2019

Wrocław, 29 June 2019

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1. Basic information on the Work Service Capital Group

1.1. The Parent Company

The Parent Company of the Work Service Capital Group is a company Work Service S.A. Parent Company's registered office is located in Wroclaw, at ul. Gwiaździsta 66 The company was established by notarial deed dated 12 December 2000 prepared in a Notary Office in Oleśnica (Files no. A No. 7712/2000). The company is registered in the National Court Register, in Register of Entrepreneurs kept by the District Court for Wroclaw - Fabryczna in Wroclaw, 6th Commercial Division of the National Court Register under the number KRS 0000083941. The Company was entered into the register of Entrepreneurs of National Court Register on 28 January 2002. Work Service S.A is the successor of Work Service Sp. z o.o.

The core business of the Company according to the Polish Classification of Activities (PKD 7820Z) are activities related to recruitment and provision of personnel.

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

Company name, address and communication numbers:

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

Work Service SA operates under Polish law. The basis of the Company's operations are primarily Commercial Companies Code and the regulations of the General Meeting, the Supervisory Board and Management Board.

1.2.Basic information on the Work Service Capital Group

Introduction to the consolidated financial statements for 2018 have been prepared on the basis of separate financial statements of the Capital Group and compiled in a way that the Group constituted a single entity.

The basis for preparation of the consolidated report is the report of parent company, prepared in accordance with International Financial Accounting Standards that have been approved by the European Union and restated financial statements of subsidiaries. The consolidated financial statements has been adjusted by the amounts of mutual revenues, expenses, unrealised margins and balances arising from transactions between Group companies. Individual financial statements, constituting the basis for preparation of the consolidated financial statements, have been prepared on assumption of continuation of activities of entities within the Capital Group in the foreseeable future, and the belief that there are no circumstances indicating a threat to the continuation of activities.

The core business of the companies comprising the Capital Group is:

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

1.3.Composition of the Management Board of the Parent Company as on 31 December 2019

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

On 10 September 2019, the Supervisory Board of the Company adopted a resolution to dismiss Mr. Paul Christodoulou from the position of the Vice President of the Management Board of the Company with effect on 10 September 2019. The reason for the appeal was not indicated.

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

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

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

1.4. Composition of Supervisory Board of Work Service S.A. as on 31 December 2019

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

On 18 October 2019, the Extraordinary General Meeting appointed to the Supervisory Board: Mr. Robert Oliwa as member of the Supervisory Board and Mr. Przemysław Schmidt as the Chairman of the Supervisory Board.

On 16 October 2019, the Management Board of Work Service S. A. received document containing the resignation of Mr. Maciej Witucki from the Supervisory Board including being chairman of the Supervisory Board of Work Service S.A. with effect on 17 October 2019. Mr. Maciej Witucki didn't indicate the reason for the resignation.

On 9 October 2019, the Management Board of Work Service S. A. received document containing the resignation of Mr. Paweł Paluchowski from the position of the Member of the Supervisory Board of Work Service S.A. with effect on 17 October 2019. Mr. Paweł Paluchowski as the reason for resignation indicated personal reasons.

On 8 October 2019, the Extraordinary General Meeting appointed to the Supervisory Board: Mr. Paweł Paluchowski, Mr. Andrzej Witkowski as members of the Supervisory Board and Mr. Marcus Preston as the Vice-Chairman of the Supervisory Board.

On 8 October 2019, the Extraordinary General Meeting dismissed Panagiotis Sofianos, Tomasz Misiak and Tomasz Hanczarek from the Supervisory Board. The reason for the appeal was not given.

On 16 May 2019, the Management Board of Work Service SA received document dated on 15 May 2019 containing information from the shareholder – WorkSource Investments S.a.r.l. – acting according to § 12 sec. 4 of the Articles of

Association of Work Service SA about the dismissal Mr. John Leone from the position of member of the Supervisory Board of Work Service SA.

On 16 May 2019, the Management Board of Work Service SA received document dated on 15 May 2019 containing information from the shareholder – WorkSource Investments S.a.r.l. – acting according to § 12 sec. 4 of the Articles of Association of Work Service SA about the appointment Mr Tomasz Jakub Wojtaszek for a member of Supervisory Board of Work Service SA.

On 7 May 2019, the Management Board of Work Service SA received document containing the resignation of Mr Piotr Kamiński from the position of the Member of the Supervisory Board of Work Service SA with effect on 7 May 2019. Mr Piotr Kamiński didn’t indicate the reason for the resignation.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) of the Articles of Association of the Company, dismissed from the Supervisory Board - Mr Pangiotis Sofianos.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) Company's Articles of Association, appointed Mr Maciej Witucki to perform the duties of Chairman of the Supervisory Board of Work Service SA.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) Company's Articles of Associations, appointed Mr Panagiotis Sofianos to the composition of the Supervisory Board of Work Service SA for the function of member of the Supervisory Board of the Company.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) Company's Articles of Associations, appointed Mr Paweł Ruka to the composition of the Supervisory Board of Work Service SA for the function of member of the Supervisory Board of the Company.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) of the Articles of Association of the Company, dismissed from the Supervisory Board - Mr Everett Kamin.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) Company's Articles of Associations, appointed Mr Tomasz Bujak to the composition of the Supervisory Board of Work Service SA for the function of member of the Supervisory Board of the Company.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) of the Articles of Association of the Company, dismissed from the Supervisory Board - Mr Krzysztof Kaczmarczyk.

On 7 May 2019, the Extraordinary General Meeting of Work Service SA, acting on the basis of § 10 para. 1 point e) Company's Articles of Associations, appointed Mr Piotr Żegleń to the composition of the Supervisory Board of Work Service SA for the function of member of the Supervisory Board of the Company.

On 6 May 2019, the Management Board of Work Service SA received document containing the resignation of Mr. Robert Ługowski from the position of the Member of the Supervisory Board of Work Service SA with effect on 6 May 2019. Mr. Robert Ługowski as the reason for resignation indicated personal reasons.

2. Principles of Capital Group Management

2.1. Composition of Work Service Capital Group

The Work Service Capital Group provides services in the field of human resource management. It specialises in seeking and recruitment of workers, personal consulting, outsourcing functions related to human resources management and auxiliary processes in enterprises and offering solutions based on the use of temporary employment contracts. Capital Group operates throughout the country through regional offices and representative offices as well as abroad in Europe and Asia. The business of Work Service Capital Group is based on the ability to integrate the needs of businesses in terms of cost optimisation and structure of employment, with available resources of the labour market, which is the amount of economically active people, with their skills and labour cost.

The dominant company's dependent entities are dependent entities covered by consolidation of the financial statements, namely all Group companies except for: Company Virtual Cinema Studio Sp. z o.o and Company Work Port sp. z o.o.
Due to the fact that Work Service SA has no control over Virtual Cinema Studio Sp. z o.o. , understood according to §19 IFRS 3 as "ability to direct the entity's financial and operational policy or a venture, in order to derive benefits from its operations", does not consolidate it by the purchase method.
On the other hand, the application of the principle of significance mentioned in §31 IAS 1 results in the exclusion of Work Port sp. z o.o. from consolidation with the equity method as a dependent entity. The fact of excluding the aforementioned Company from consolidation does not affect business decisions made on the basis of the financial statement.

The composition of Work Service Capital Group include:

Work Service SA – This is the Parent Company of the Work Service Group. The company's activity is based on the provision of services: temporary employment, HR consulting, recruitment, competency assessment, outplacement, providing personnel and payroll services.

Finance Care Sp. z o.o. – in cooperation with insurance companies and banks, Care Finance company provides outsourcing services for listed companies.

Industry Personnel Services Sp. z o.o. - carries out tasks related to managing the management projects of separated parts or entire production plants.

Sellpro Sp. z o.o. - merchandising and promotions - professional service of sales process, also performs services related to recruitment and provision of personnel, business consultancy and management, activities related to databases, market research.

WS Support Sp. z o.o. - the Company's business are complex cleaning services of healthcare facilities, other functional buildings and private objects.

Work Service International Sp. z o.o. – provides services related to temporary work and recruiting workers on international markets.

Work Service Czech s.r.o. – provides services related to temporary work, outsourcing and recruitment of employees in Czech Republic.

Work Service Slovakia s.r.o. - indirect subsidiary of Work Service SA, through the company Industry Personnel Services Sp. z o o, which is the majority shareholder and Work Service International Sp. z o.o. (which holds the remaining shares in the Work Service Slovakia s.r.o). The company carries out the range of services analogous to those offered by the Parent Company in the domestic market, but in Slovakia.

Work Service Outsourcing Slovakia s.r.o. - share capital of the company in whole is covered by Work Service Slovakia s.r.o. Its core business is, among others, HR consultancy, development and sale of research and analysis of labour markets.

Work Service24 Gmbh – indirect subsidiary of Work Service SA, which 100% owner is the Work Service Gmbh & Co. KG. The registered office of the company is Hoppegarten near Berlin. Its core business is employment services in the labour market (including headhunting services, conducting recruitment), hiring employees (temporary work), the development and sale of research and analysis of labour markets.

IT Kontrakt Gmbh – indirect subsidiary of Work Service SA. The company dedicated to handle the German market in the range analogous to company IT Kontrakt Sp. z o.o.

Krajowe Centrum Pracy Sp. z o.o. with registered office in Wroclaw - 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. - A direct subsidiary of the Parent Company, in which Work Service SA holds 100% of shares. As a temporary work agency it offers comprehensive organisation of the process of temporary workers employment. The second activity of the company are job placement services and human resource consulting. The third area of business are services of process outsourcing. Using their knowledge and experience gained during servicing companies in the TSL industry in the field of temporary work, the company has created innovative solutions for customers in the following industries: IT, consumer electronics, clothing, food, heavy industry, online stores.

Outsourcing Solutions Partner Sp. z o.o. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Work Express Sp. z o.o (in 100% subsidiary of Work Service SA).

Support and Care Sp. z o.o. (LogistykaPL Sp. z o.o.) - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Work Express Sp. z o.o (in 100% subsidiary of Work Service SA).

Prohuman 2004 Kft - a direct subsidiary of the Parent Company, in which the Work Service SA holds 80,22% stake. The company is one of the largest recruitment agencies operating on the Hungarian market. Prohuman operates on the Hungarian market of personal services since 2004. The company is a part of the Prohuman Group Capital Group, covering a total of five companies operating in different areas (comprehensive HR services, merchandising, sales promotions, marketing events, telemarketing).

Prohuman Outsourcing Kft. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Prohuman 2004 Kft (80,22% subsidiary of Work Service SA).

Work Service SPV Sp. z o.o. - The company in 100.00% is a subsidiary of Work Service SA. Its establishment is related to the implementation of the provisions of the agreement with Fiege Logistik Stiftung & Co. KG with its registered office in Greven, Germany.

Enloyd Gmbh – the company conducts the activity analogous to the activity of Antal Sp. z o.o. on the German market. The company's capital was fully covered by the company Work Service Gmbh & Co. KG The Company was registered on 23.03.2015.

Antal International s.r.o. (Slovakia) – the company conducts the activity analogous to the activity of Antal Sp. z o.o. on the Slovakian market. The share capital of the company was fully covered by Work Service Slovakia s.r.o, which is a indirect subsidiary of Work Service SA.

Work Service Fahrschule QC Gmbh (the former name: Fortuncorona Gmbh) – an indirect subsidiary of Work Service SA. Specialised training of workers in the logistics industry constitutes the main object of the company’s operations. The company’s operations are aimed at improving workers’ qualifications by enabling them to obtain additional licences to operate machinery and devices used in the logistics industry. The company also offers category C+E driving courses to its own employees and external clients.

Human Existence Kft.- - Indirect subsidiaries of Work Service SA 100% of company shares is owned by company Prohuman 2004 Kft (75% subsidiary of Work Service SA). Company is engaged in leasing of temporary workers and outsourcing. It operates in the north-eastern Hungary.

Work Service Deutschland GmbH- Indirect subsidiaries of Work Service SA The company is involved in intermediation on the labour market, hiring employees (temporary work), mainly in the logistics industry. The company combines the logistics know-how with the knowledge of human resources and implements intelligent staffing solutions for the trade and logistics industry. The company operates in the German market.

Work Service Gmbh & Co. KG with the seat in Dusseldorf, Germany - a limited partnership under German law (Holding Company), in which the Work Service SPV Sp. z o.o and Fiege Logistik Stiftung & Co. KG with the seat in Greven, Germany is limited partners, and Work Service GP GmbH based based in Vienna, is the general partner. The share capital of the Holding Company (fixed capital) amounts to 100,000 euros. On the date of registration of the Holding Company (i.e. as at 4 September 2014) Fiege Logistik Stiftung & Co. KG with the seat in Greven, Germany held a participating interest of 77.000 euro i.e. 77% of the capital of Holding Company, and Work Service SPV Sp. z o.o. held a share of 23,000 euros, i.e. 23% of the capital of Holding Company. The company Work Service SPV Sp. z o.o has an equity participation of 74,000 euros, i.e. 74% of capital of Holding Company and the company Fiege Logistik Stiftung & Co. KG, based in Greven, Germany has an equity participation of 26,000 euros, i.e. 26% of the capital of the Holding Company. Work Service GP GmbH, based in Vienna, which is the general partner of Holding Company, has no equity participation in it. The purpose of the Holding Company is the management of shares in other companies.

Work Service Outsourcing Deutschland GmbH – Indirect subsidiaries of Work Service SA The company offers services related to the outsourcing of processes, with special adjustment for logistics. The company operates in the German market. The uniqueness of the company is based on training and providing staff development according to customer needs. These trainings are held in more than 100 locations of the company or in cooperation with its partners in Germany.

Work Service GP Gmbh – a company established and operating under the laws of Austria. The company is the general partner of Work Service GmbH & Co. KG.

HR-Rent Kft. - This company provides temporary employment in Hungary Baranya country and abroad (Austria, Germany).

Finance Sales Hungary Kft (Profield 2008 Kft). - is engaged in the provision of full-scope intermediary services of various financial products, i.e. financial outsourcing services.

HR Global d.o.o. - a holding company for the subsidiaries.

Naton kadrovsko svetovanje d.o.o.- the oldest HR agency in Slovenia. It holds second to third place according to size and number of agency workers in Slovenia.

Naton ljudski potencijali d.o.o. (Croatia) - the company specializes and covers Croatia with special skills recrutiment, mostly in Pharma sector.

Work Service SK s.r.o.- indirect subsidiary of Work Service SA, through the company Work Service Slovakia s.r.o. The company carries out the range of services analogous to those offered by the Parent Company in Slovakia.

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

Finance Care Hungary Pénzügyi Tanácsadó Kft. - as part of cooperation with insurance companies and banks, the company provides outsourcing services for these entities in the Hungarian market.

APT Resources&Services s.r.l – The company was established in 1994. It primarily operates in the following sectors: IT, banking and finance, engineering, retail, medical and pharmaceutical. The company provides services related to temporary work, recruitment and selection of employees and HR outsourcing.

APT Human Resources s.r.l. - the core operations of the company include providing temporary work, mostly in the following industries: food production, energy, finance and banking, insurance

APT Broker s.r.l. - the company provides financial intermediation services for the banking sector.

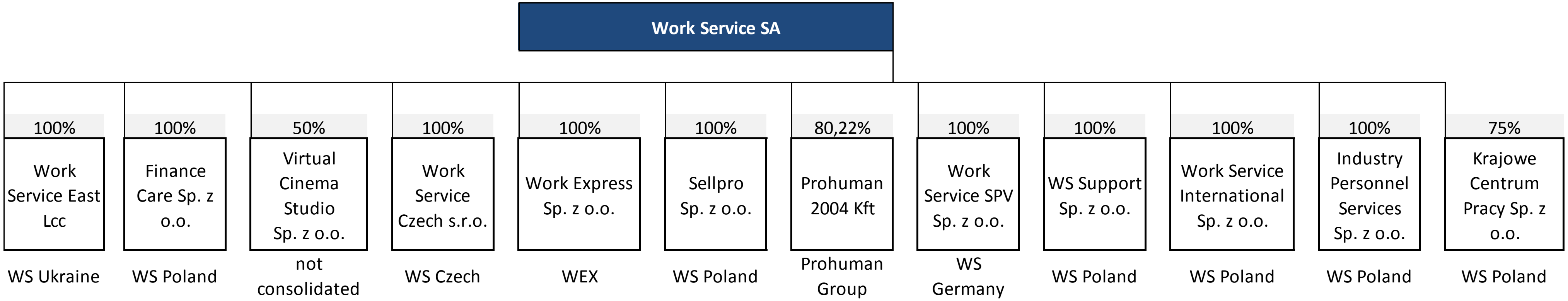
APT Finance Broker s.r.l. - the company provides financial intermediation services for the banking sector.

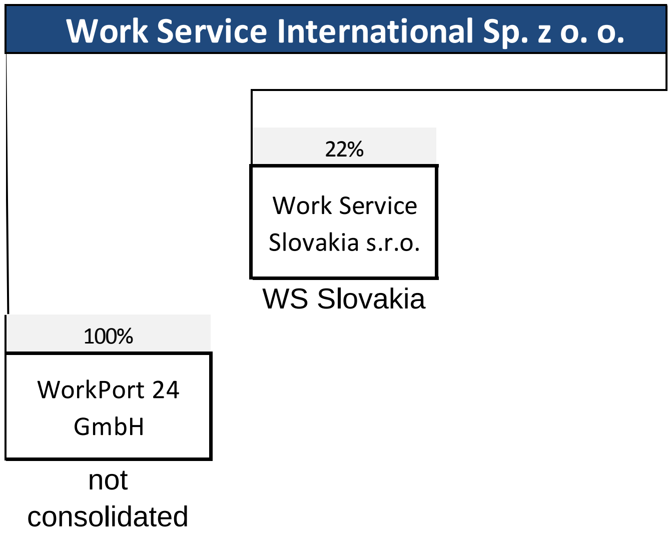
Work Service Investment - the company in 100% is a subsidiary of Work Service SA.

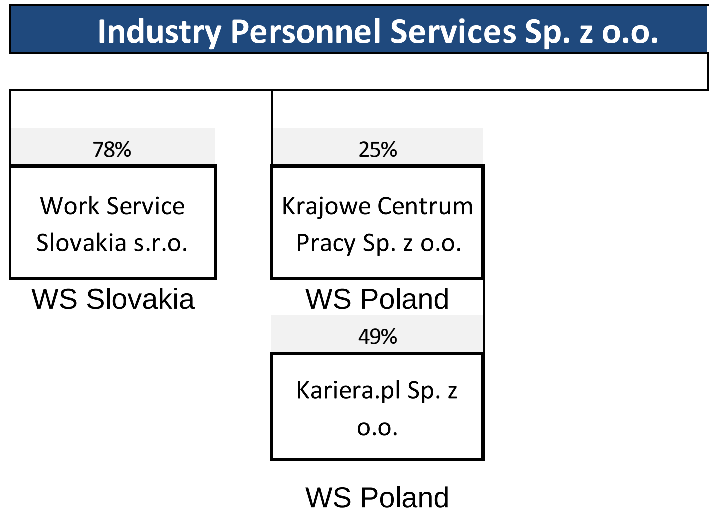
Work Service East Lcc – the company intermediates in hiring employees abroad.

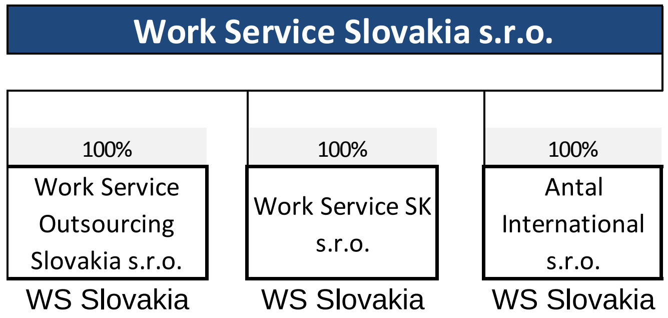
WorkPort24 Gmbh – the core business of the company is conducting on-line job portal for international employers and employees as a means to provide job offers, sales of personal services, and as a place for advertising, sales and marketing of personnel services and the implementation of training and certification of workers in accordance with the requirements of the local labour markets.

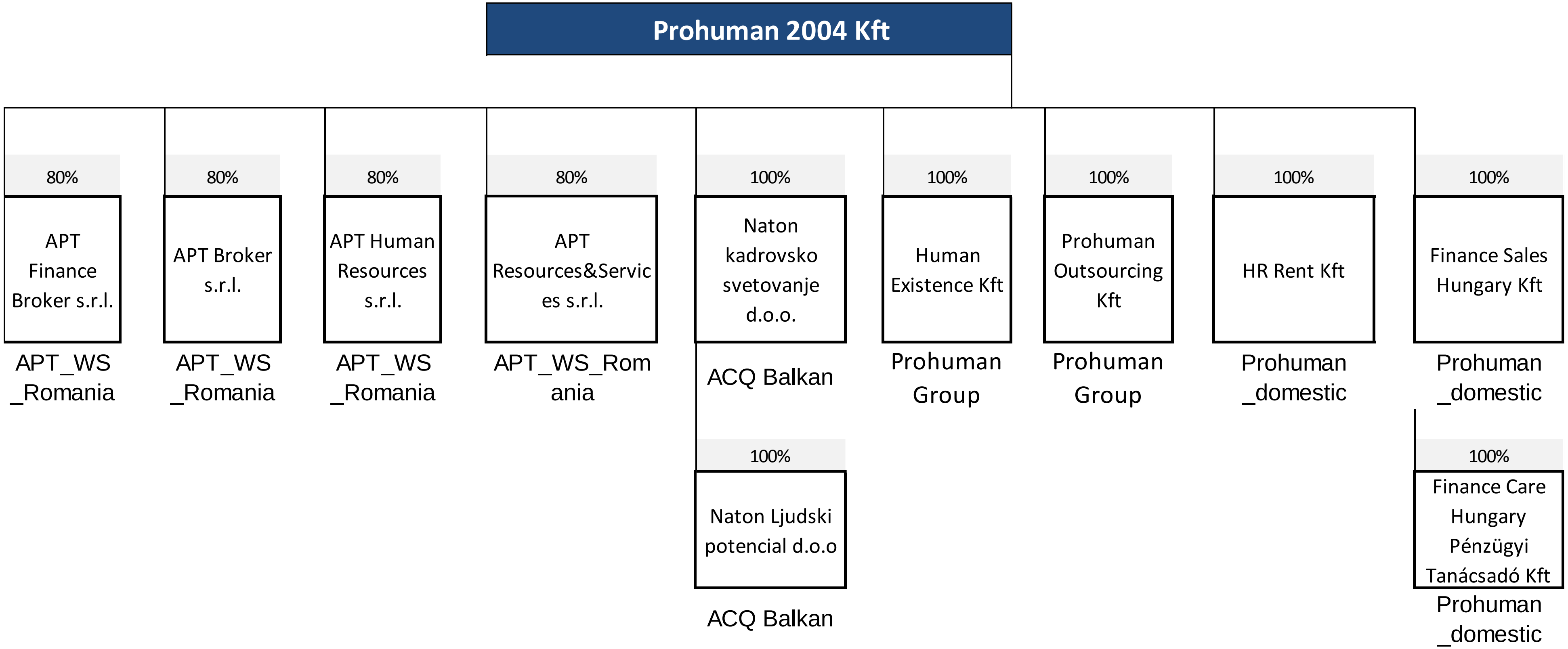
2.2 The structure of Work Service Capital Group

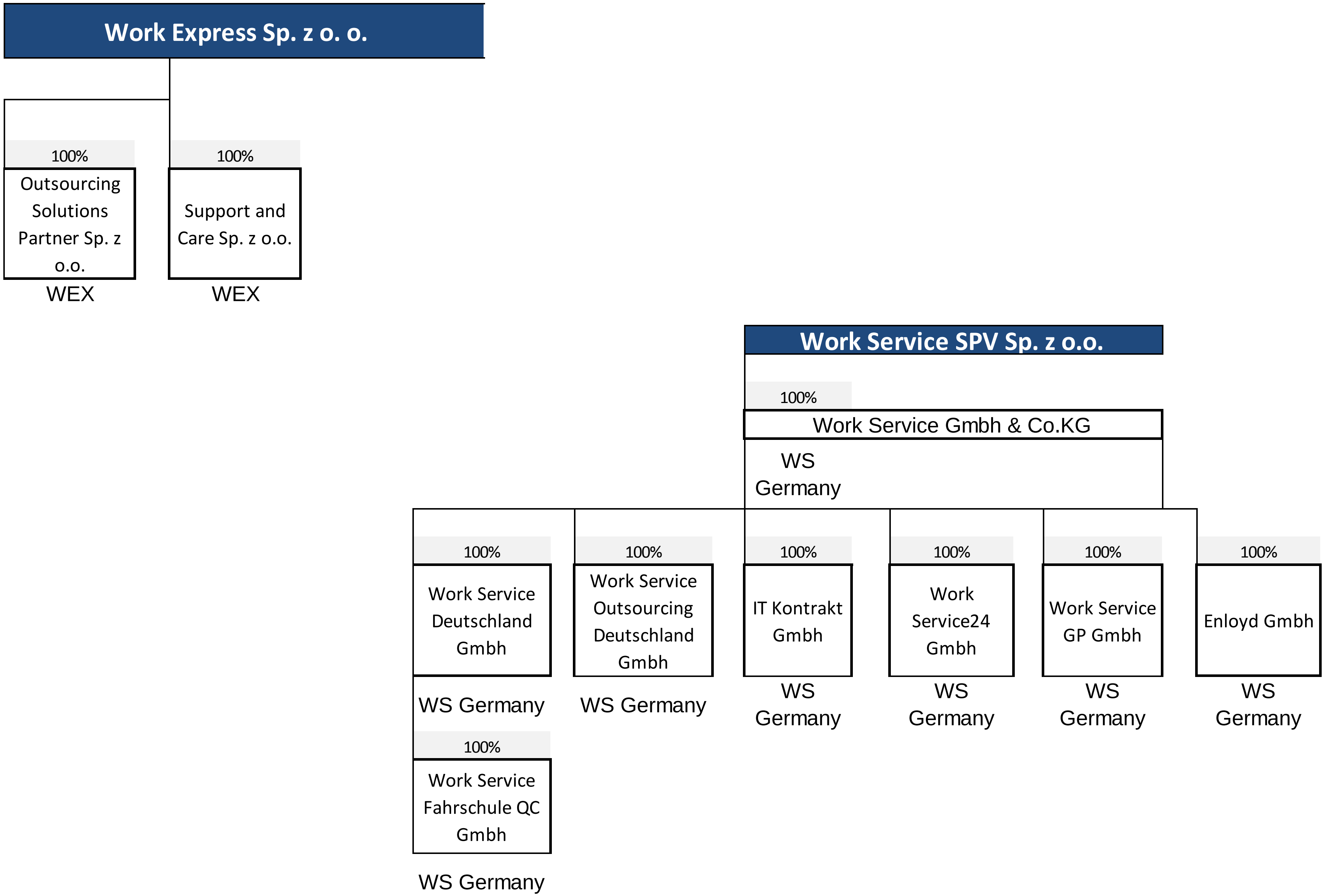



Work Service International Sp. z o. o.
22%
Work Service Slovakia s.r.o.
WS Slovakia
100%
WorkPort 24 GmbH
not consolidated


Industry Personnel Services Sp. z o.o.
78%
Work Service Slovakia s.r.o.
WS Slovakia
25%
Krajowe Centrum Pracy Sp. z o.o.
WS Poland
49%
Kariera.pl Sp. z o.o.
WS Poland


Work Service Slovakia s.r.o.
100%
Work Service Outsourcing Slovakia s.r.o.
WS Slovakia
100%
Work Service SK s.r.o.
WS Slovakia
100%
Antal International s.r.o.
WS Slovakia


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


Work Express Sp. z o. o.
100%
Outsourcing Solutions Partner Sp. z o.o.
WEX
100%
Support and Care Sp. z o.o.
WEX
Work Service SPV Sp. z o.o.
100%
Work Service Gmbh & Co.KG
WS Germany
100%
Work Service Deutschland Gmbh
WS Germany
100%
Work Service Outsourcing Deutschland Gmbh
WS Germany
100%
IT Kontrakt Gmbh
WS Germany
100%
Work Service24 Gmbh
WS Germany
100%
Work Service GP Gmbh
WS Germany
100%
Enloyd Gmbh
WS Germany
100%
Work Service Fahrschule QC Gmbh
WS Germany

2.3. Changes in the basic principles of management of the Company and its Capital Group

In the analysed period there were no changes in the basic principles of management of the Company and its Capital Group.

2.4. Changes in the structure of Work Service Capital Group, together with their reasons

The merger of Work Service Investment with WS Support

The merger of Work Service Investment Sp. z o.o. and WS Support Sp. z o.o. took place on 31 March 2019. Work Service Investment Sp. z o.o. held only shares in other companies and did not carry out any business activity. Due to the Group's restructuring, it was decided to combine it with WS Support Sp. z o.o. in order to minimize the overall costs of the Group's operation. As a result of the merger of the two companies, the share of Work Service Investment was liquidated and the share capital of WS Support increased by PLN 10,000.00.

Conclusion of the agreement on the sale of shares of ANTAL Sp. z o.o.

On 23 December 2019, the Issuer performed a sale transaction of the ANTAL Group's shares for a total amount of PLN 5,500,000.00 to Książek Holding sp. z o.o. The transaction was fully settled by 31 December 2019. The value of the sold shares amounted to PLN 21,461,964.29.

Write-off of the value of shares possessed

In addition, a write-off has been made in 2019 for the shares possessed by two companies: Work Express Sp. z o.o. in view of the planned announcement of liquidation of this company and for the shares of Work Service SPV Sp. z o.o. in view of the planned sale of the German Group in 2020, 100% of which was owned by this company. A total write-off amounted to PLN 107,802,874.60 and fully charged the Issuer's financial costs in 2019.

Increase in capital in Work Service Czech s.r.o.

On 28 May 2019, there was an increase in the share capital of Work Service Czech s.r.o. The transaction was carried out by way of repayment to the Issuer of PLN 10,209,168.98 and subsequently by payment of the same amount to increase the share capital in the company, via the notary's escrow account.

Increase in capital in Work Service EAST Sp. z o.o.

In October 2019, the share capital of Work Service East Sp. z o.o. was increased in the form of a cash contribution (bank transfer) of PLN 51,327.29. A confirmation of the increase in share capital from the Ukrainian Court was received until the closing date of the financial statement.

Abandonment of the valuation of Prohuman option

In 2019, the agreement was made, according to which the Issuer was released from the option to redeem the remaining 20% in Prohuman KFT. As a result, the amount of PLN 78,493,275.00 was removed from the accounting books as a future value of redemption of options and the liability on this account was reduced by this amount.

3. Information on shares and other securities of the Parent Company and major shareholders

3.1. Indicating the Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting on the date of publication of this report, together with the number shares held by such entities, their percentage share in the share capital, number of votes resulting from them and their percentage share in the total number of votes at the AGM and changes in ownership of large blocks of shares of the issuer in the period from submission of the last annual report

At the date of this report, the company Work Service SA has not issued any preference shares, neither as to voting, nor as to the dividend. All shares of the Company are ordinary bearer shares. The share capital of Work Service SA amounts to 6.559.063,80 and is divided into:

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

The table below presents the shareholding structure, as of the date of this report, taking into account all notice that the company Work Service SA received pursuant to art. 69 section 1 item. 1 of the act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies.

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
WorkSource Investments S.a.r.l.	13 714 286	20,91%	13 714 286	20,91%
Central Fund of Immovables Sp. z o.o.	11 009 200	16,78%	11 009 200	16,78%
ProLogics (UK) LLP London	10 466 200	15,96%	10 466 200	15,96%
Tomasz Misiak	9 553 961	14,57%	9 553 961	14,57%
Tomasz Hanczarek	3 336 420	5,09%	3 336 420	5,09%
MetLife PTE S.A.	3 254 743	5,00%	3 254 743	5,00%
Others	14 255 828	21,73%	14 255 828	21,73%
Total	**65 590 638**	**100,00%**	**65 590 638**	**100,00%**

The summary of shares of the Company or rights to them by persons managing and supervising the Company at the date of the report for year 2019. together with changes in ownership. in the period since the previous report separately for each person:

	As at the date of publication of the report for 2018	Changes in ownership: acquisition (disposal)	Balance at the date of this report	Nominal value of the held shares (PLN) as of the date of this statement
Iwona Szmitkowska – President of the Management Board	0	0	0	0,00
Jarosław Dymitruk – V-President of the Management Board	14 562	-	14 562	1 456,20

3.2. Information on agreements known to the Parent Company. which could result in future in changes in the proportion of shares held by existing shareholders and bondholders. Assessment of feasibility of investment. including capital investments. compared to the volume of funds. including possible changes in the financing structure of this activities.

There are no agreements in the Parent Company with a possible future effect on the current ownership structure of the current shareholders and bondholders.

3.3. Use of funds obtained from the issuance

No bonds were issued in 2019.

4. Characteristics of Capital Group activity

4.1. Information on basic products. goods and services

The development strategy of the Work Service Capital Group involves the construction of the Capital Group focused on in providing advanced solutions in the field of personnel management. The business model of the Capital Group Work Service involves efficiently satisfying the widest possible range of needs related to human resources management. Work Service Capital Group has a comprehensive. effective and profitable model which includes the following products:

⇒ Temporary work - allows to adjust the level of employment to changing needs of the customer. leading to a reduction in labour costs by selecting the appropriate number of employees to the reported needs. secure resources in the case of the seasonality of production. support the implementation of planned and unplanned increase in production. as well as a guarantee of continuity of service processes through the elimination of sickness absence. minimizing rotation and control of discipline and working hours. The temporary work service:
   - is a guarantor of the continuity of the business at an optimum cost structure of employment.
   - leads to lower costs associated with the selection and recruitment.
   - transfers to Work Service responsible for the administrative and legal support of employees.
   - leads to optimisation of personnel structure and forms of employment.
   - leads to the minimization of the cost of overtime. weekend work. sickness contributions. PFRON contributions.

⇒ Outsourcing– allows to focus own resources of the counterparty to its strategic tasks. This leads to a reduction in the cost of service of activity being outside the main area of his activity. facilitates access to the talented employees and know-how of provider of services. leads to a more flexible cost and increase flexibility of business model implemented at the customer's. This service is offered in all branches of production. logistics and storage. consumer service and call centre. sales and merchandising. promotion and direct sales. cross-border exchange of employees. administration. HR and Payroll. The result of using the offer of the Group in the field of outsourcing is an increase of flexibility of its business model. matching resources to fit the needs. optimization of sickness absence. working hours. weekends. overtime. etc.. lowering costs and risks of recruitment and rotation of employment.

The service is to take over from the entrepreneur parts of auxiliary functions necessary for the operation of the company. but who are not its core business. Work Service Group offering service takes responsibility for the entire process and the final result of work. With these services the Group's customers can focus their own resources and financial resources to strategic tasks. yielding cost transparency and full control of outsourcing services. The Group offers outsourced management cover the following areas:

- Financial Services (services provided by Finance Care Sp. z o.o. and Finance Care Kft) - these services consist of intermediation in the sale of financial products. They are carried out by a team fit. in terms of skills and experience. to work in the insurance market. and include assistance in the liquidation of property. communication. personal damage and constant contact with experts. Implementation of financial services allows to optimise the costs of payroll. accounting of work on the basis of the number of performed tasks and activities of insurance. a full record of the personal data that allow performing detailed analyses concerning. inter alia: working time achieved results and absenteeism. formal and legal services.

- Cross-border exchange of employees (services provided mainly by the company Work Express Sp. z o.o.) - service of conducting recruitment processes and employment of people in Poland and Europe. conducting formal and legal issues and organizational issues related to departures abroad. quality control services provided by employees.

- HR and Payroll (services provided by Work Service S.A.. Work Service Czech s.r.o.. Work Service Slovakia s.r.o.) - HR and payroll services means handling employment contracts and civil - legal contracts. payroll and their derivatives. preparation of transfer orders in respect of payments to employees and offices. preparation of documentation. settlement and time registration and absenteeism. keeping employee files. keeping a register of holidays. sick leave and other absences. preparation of certificates for use by employees. archiving documentation of personal files of former employees. preparing reports consistent with the needs of the customer.

- Services related to logistics processes - service of searching. recruitment and management of staff providing work in the logistics industry. among others. for such positions as storekeepers. packers. warehouse managers. administrative staff. auditors and inspectors supervisors. forklift operators and drivers. The Company. in addition to recruiting is also responsible for the supervision and management of selected logistics processes. This involves taking over responsibility for the effectiveness of working people and the final result of the project. Under the responsibility company must also develop the skills and competencies of posted workers. which is realised by a system of appropriate training and practices to increase the effectiveness.

⇒ Personnel Selection - This service is offered to businesses seeking appropriate professionals for key positions in the company. The Group companies carry out individual recruitment process using modern tools to assess the competence and selection of candidates. In the context of personal counselling review of existing employees for the desired skills necessary to achieve the aims of the employee are also carried out. On the basis on an independent analysis the customer can make the appropriate changes and plan further development of its staff. improve the system of remuneration and incentive schemes. As part of the HR consulting group also offers specialized services related to: recruitment of executives and professionals - Executive Search assessment and development centre" (evaluation of the strengths and weaknesses of employees and the possibility of their development). mass recruitment (employing simultaneously large teams of workers. such as commercial representatives) and outplacement (preparing employees to change jobs and active assistance in finding it) and cross-border exchange of staff. The benefits of selecting personnel are as follows: high quality of matching candidates. presenting always current market diagnosis. discreteness. high efficiency of mass recruitment.

⇒ Strategic HR Consulting - under which are offered: an audit of HR functions. optimising the PFRON contribution. competence assessment. employee assessment system. restructuring based on Art. 23 'incentive systems. Interim HR Manager +; Assessment Centre. Development Centre. audit of processes and Inhouse solutions.

⇒ Activating the long-term unemployed and those looking for new employment, as well as supporting the development of HR potential of enterprises. The company carries out projects related to professional activation and social inclusion financed from the European Social Fund. The task of KCP is to take the necessary actions to bring people to the job market and provide social inclusion. The professional activation model developed by the company assumes complex, in-depth and comprehensive support for the unemployed. The approach set out in the presented model consists in taking into account all factors that may hamper social and professional reintegration: the process of diagnosing, activating, taking up and maintaining employment by the long-term unemployed. By using this method, it is possible to offer individual and personalised activation measures for the long-term unemployed to introduce them to the labour market and to support the continuation of their employment.

⇒ Krajowe Centrum Pracy also acts as an operator of measures supporting the development of HR and competences of employees in micro, small and medium-sized enterprises in the Łódź, Lesser Poland and Greater Poland voivodships.

Structure of the Work Service Capital Group sales in 2018 – 2019 is presented in the table below

Specification	2019	share [%]	2018	share [%]
Temporary work	1 445 563 932	90,6%	1 907 926 742	93,1%
Outsourcing of processes	141 664 918	8,9%	134 179 373	6,5%
Personal counselling	8 597 557	0,5%	6 996 939	0,3%
TOTAL	**1 595 826 408**	**100,0%**	**2 049 103 054**	**100,0%**

Continued activity 01.01.2019-31.12.2019						
	Temporary work	**Other**	**Unallocated**	**Total**	**Exclusions**	**Operations total**
Revenues						
Sales to external customers	1 445 563 932	150 262 476		1 595 826 408		1 595 826 408
Internal sale	92 004 940	73 442 567		165 447 507	-165 447 507	-
Total segment revenue	1 537 568 872	223 705 043		1 761 273 915	-165 447 507	1 595 826 408
Costs						
The costs of external suppliers	1 306 146 241	117 055 377		1 423 201 618		1 423 201 618
The costs form Group suppliers	91 939 088	2 530 265		94 469 353	-94 469 353	-
Total segment costs	1 398 085 329	119 585 642		1 517 670 971	-94 469 353	1 423 201 618
Result						
Segment profit (loss)	139 417 691	33 207 099		172 624 790		172 624 790
Unallocated costs			203 160 241	203 160 241	-31 405 448	171 754 793
Other Operating revenue						
Sales to external customers			68 541 173	68 541 173	-	68 541 173
Internal sale			13 895 420	13 895 420	-13 895 420	-
Total segment revenue			82 436 593	82 436 593	-13 895 420	68 541 173
Other Operating costs						
The costs of external suppliers			85 177 996	85 177 996	-	85 177 996
The costs form Group suppliers			19 042 603	19 042 603	-19 042 603	-
Total segment costs			104 220 599	104 220 599	-19 042 603	85 177 996
Result						
Profit (loss) from operating activities of the segment						-15 766 825
Financial income						
Sales to external customers			6 128 128	6 128 128		6 128 128
Internal sale			17 216 311	17 216 311	-17 216 311	-
Total segment revenue			23 344 439	23 344 439	-17 216 311	6 128 128
Financial costs						
The costs of external suppliers			89 059 598	89 059 598		89 059 598
The costs form Group suppliers			169 123 315	169 123 315	-169 123 315	-
Total segment costs			258 182 913	258 182 913	-169 123 315	89 059 598
Result						
Profit (loss) on business activities						-98 698 296
Result						
Gross profit (loss)						-98 698 296
Tax			-4 636 986	-4 636 986		-4 636 986
Result						
Net profit (loss) of the segment						-94 061 309

Continued activity 01.01.2018-31.12.2018	Temporary work	Other	Unallocated	Total	Exclusions	Operations total
Revenues						
Sales to external customers	1 907 926 742	141 176 312		2 049 103 054		2 049 103 054
Internal sale	119 006 228	50 158 492		169 164 720	- 169 164 720	-
Total segment revenue	2 026 932 970	191 334 804		2 218 267 774	- 169 164 720	**2 049 103 054**
Costs						
The costs of external suppliers	1 752 566 526	112 969 790		1 865 536 316		1 865 536 316
The costs form Group suppliers	117 940 612	6 656 018		124 596 630	- 124 596 630	-
Total segment costs	1 870 507 138	119 625 808		1 990 132 946	- 124 596 630	**1 865 536 316**
Result						
Segment profit (loss)	155 360 217	28 206 522		83 566 738		**183 566 738**
Unallocated costs			237 327 461	237 327 461	- 44 422 344	**192 905 118**
Other Operating revenue						
Sales to external customers			30 936 463	30 936 463	-	30 936 463
Internal sale			- 2 231 256	- 2 231 256	2 231 256	-
Total segment revenue			28 705 207	28 705 207	2 231 256	**30 936 463**
Other Operating costs						
The costs of external suppliers			88 494 615	88 494 615	-	88 494 615
The costs form Group suppliers			5 071 195	5 071 195	- 5 071 195	-
Total segment costs			93 565 810	93 565 810	- 5 071 195	**88 494 615**
Result						
Profit (loss) from operating activities of the segment						**- 66 896 531**
Financial income						
Sales to external customers			118 838 968	118 838 968		118 838 968
Internal sale			3 490 292	3 490 292	- 3 490 292	-
Total segment revenue			122 329 260	122 329 260	- 3 490 292	**118 838 968**
Financial costs						
The costs of external suppliers			49 863 347	49 863 347		49 863 347
The costs form Group suppliers			7 246 398	7 246 398	- 7 246 398	-
Total segment costs			57 109 746	57 109 746	- 7 246 398	**49 863 347**
Result						
Profit (loss) on business activities						**2 079 090**
Result						
Gross profit (loss)						**2 079 090**
Tax			- 6 585 204	- 6 585 204		**- 6 585 204**
Result						
Net profit (loss) of the segment						**8 664 294**

4.2. Information on sales markets and sources of supply for raw materials. goods and services

The structure of the revenue from the standpoint of industries (sales markets) in which recipients of Work Service Capital Group are pooled. is included in the table below:

BRANCHES	2019	[%]
Automotive 1	75 773 878	4,7%
Call center	74 916 100	4,7%
Financial and Insurance Services	44 114 743	2,8%
Other services 1	26 204 102	1,6%
Others	21 845 844	1,4%
Automotive 2	18 725 815	1,2%
Electronics 1	16 803 592	1,1%
Industry others	13 398 379	0,8%
Electronics 2	12 823 278	0,8%
Other services 2	12 412 331	0,8%

Sales structure by countries:

Country	2019	share [%]	2018	share [%]
Poland	610 973 919	38,3%	1 008 344 253	49,2%
Hungary	580 430 504	36,4%	579 232 396	28,3%
Germany	122 347 595	7,7%	185 809 388	9,1%
Romania	119 376 798	7,5%	78 247 137	3,8%
Czech Republic	68 848 164	4,3%	77 311 570	3,8%
Slovenia	66 051 150	4,1%	77 372 856	3,8%
Slovakia	26 944 939	1,7%	41 874 387	2,0%
Croatia	823 780	0,05%	911 067	0,04%
Ukraine	29 559	0,002%	-	-
Total	**1 595 826 408**	**100,0%**	**2 049 103 054**	**100,0%**

	2019	share [%]	2018	share [%]
Poland	610 973 919	38,3%	1 008 344 253	49,2%
Abroad	984 852 489	61,7%	1 040 758 801	50,8%
Total	**1 595 826 408**	**100,0%**	**2 049 103 054**	**100,0%**

Work Service Capital Group operates on the markets other than Poland through its subsidiaries. The geographical structure of the Group's revenue is given in note 29 to the consolidated financial statements for the year ended 31 December 2019.
Due to the nature of business of Work Service Capital Group. which provides services in the field of human resource management. specialising in seeking and recruitment of staff. HR consulting and HR strategic consulting. and outsourcing functions related to ancillary processes in enterprises. the main suppliers to the Group are suppliers of so called universal services and suppliers of materials related to the maintenance and operation of the office. etc. Both. the portfolio of suppliers and customers is diversified - part of a single entity does not exceed 10% of the revenue of Capital Group.

4.3. Major domestic and foreign investments of Capital Group

The main investments made in 2019 are presented in Section "2.4. Changes in the structure of Work Service Capital Group. together with their reasons" of this report.

4.4. Information on significant agreements. including agreements known to the Company concluded between the shareholders (partners). insurance contracts or cooperation agreements

All significant agreements are described in the relevant parts of the consolidated financial statement for 2019.

4.5. Significant transactions with related parties. including transactions with related parties concluded on terms other than market terms

Parent Company of the Capital Group did not conclude in 2019 any transactions with related parties which. individually or collectively would be significant and at the same time were included on other than market terms. All major contracts within the Capital Group are described in the item "Characteristics of activities of Capital Group of this financial statement. Information on significant agreements. including agreements known to the Company concluded between the shareholders (partners). insurance contracts. collaboration and co-operation" of this statements. Their conditions do not differ from those commonly used in this type of contract. In turn. information on transactions with related parties are disclosed in note 25 of the consolidated financial statements of Work Service Capital Group for the year ended 31 December 2019.

5. The current financial and economic standing of the Capital Group

5.1. Evaluation of factors and unusual events having a significant impact on the operations and financial results of Capital Group

The Management Board of the Company notes that as a result of operating activity continued in the year 2019 (as presented in point 4), a number of atypical events were identified, including:

I. Events and factors of an atypical nature improving operating result in a total amount of PLN 14 million, including:

1. Recognized atypical sales revenues in total amount of PLN 1 million, including, among others:

   Recognized sales revenue due to adjustment of awarded grant in total amount of PLN 1 million;

2. Recognized other atypical operating income in the total amount of PLN 13 million, including:

   Recognized other operating income due to the termination of lease agreements in total amount of approximately PLN 1.5 million;

   Recognized other operating income due to adjustment of value of public-law liabilities in total amount of PLN 3.7 million;

   Recognized other operating income due to the reversal of the restructuring reserves in total amount of approximately PLN 4.3 million;

   Recognized other operating income due to the cancellation of the fine due to the non-timely redemption of shares in Prohuman company in the total amount of PLN 3 million.

   Recognized other operating income related to the adjustment of the value of liabilities in the balance sheet in the total amount of PLN 0.3 million;

   Recognized other operating income with sale of cars approx. 0.13 million

II. Events and factors of an atypical nature that deteriorate the operating result in a total amount of PLN 47.2 million, including, among others:

1. costs of foreign services related, among others, to (i) advice (covered and not covered by restructuring reserves), (ii) settlement of cooperation with subcontractor and (iii) other in total amount of about PLN 7 million;
2. Costs of reserve for future employment reduction in one of the customers in the amount of about PLN 0.7 million
3. Recognized atypical other operating costs in the amount of PLN 39.5 million, including, among others:

   Other operating costs related to adjustment or delay of payment of public-legal liabilities and other legal costs in the total amount of approximately PLN 5.8 million;

- Other operating costs related to the adjustment of the value of assets in the balance sheet in total amount of about PLN 3 million;
- Other operating costs related to the adjustment of the value of liabilities in the balance sheet in the total amount of about PLN 1.1 million;
- Other operating costs due to the termination of lease agreements in total amount of about PLN 0.1 million.
- Other operating costs due to write off of receivables (including from PROLOGICS (UK) LLP) in the total amount of PLN 14.4 million
- Other operating costs as a result of the dissolution and setting-up of new reserves, among others, i) restructuring, ii) advisory and iii) other in total amount about PLN 2.5 million
- Other operating costs due to the provision for estimated liabilities to PFRON in the amount of PLN 12.6 million

In view of the above (balance of points I and II in total), the impact of the identified atypical events taken into account in operating activity in point 6A is negative and amounts to approximately PLN 33.2 million.

The comparative data for 2018 for the continued operations presented in point 4 for 2018 also include atypical events that decrease operating profit in the total amount of PLN 74.7 million. These events were also presented in the published Capital Group report for 2018.

5.2. Characteristics of the external and internal factors significant for the development of the Issuer's enterprise and description of the Issuer's business development outlook at least until the end of the financial year following the financial year reported in the financial statements accompanying this annual report. taking into consideration elements of the Issuer's market strategy.

A summary of significant internal and external factors and development prospects are described in detail in section 5.3 of this report ("Basic economic - financial values”).

5.3. Basic economic – financial values

The Work Service SA Capital Group is an important entity operating on the market of HR services in Central Europe (CEE-5: Poland, Czech Republic, Slovakia, Hungary). As an operator of integrated solutions in the field of personnel services, such as: flexible forms of employment, personnel outsourcing, quality control outsourcing, personnel selection, cross-border employee exchange and strategic HR consulting. Despite the COVID-19 pandemic, the personnel services market is large and important for the sectors in which the Group is present.

The revenues of the Work Service Capital Group are generated in four main product lines:

1.Temporary work including services consisting in the recruitment of temporary employees to perform work for the counterparty, supervision of their work, reporting results, calculation of salary components, keeping personnel records and payment of salaries. Continued operations in this segment generated revenue of PLN 1.445.563 thousand, which constituted 90.6% of the total revenue of the Group from continued operations (PLN 1.907.926 thousand in 2018, which was 93.1% of the total revenue of the Group from continued operations).

2.Outsourcing including services consisting in taking over some of the auxiliary functions from counterparties, which is necessary for the operation of enterprises, but not as their core business. By offering this service, the Capital Group assumes responsibility for the entire process and for the final result. Thanks to outsourcing services, counterparties may focus their own resources on strategic tasks, achieving transparency of costs and complete control of outsourcing services. Continued operations in this segment generated revenue of PLN 141.664 thousand in 2019, which constituted 8.9% of the total revenue of the Group from continued operations in 2019 (PLN 134.179 thousand in 2018, which was 6.5% of the total revenue of the Group from continued operations).

3.Personnel consulting includes carrying out individual and mass recruitment processes at the request of enterprises as well as the provision of specialist services for the assessment of employees' strengths and weaknesses, and the opportunities for their development and outplacement (preparing employees to change jobs and active help in finding jobs). Continued operations in this segment in 2019 generated revenue of PLN 8.597 thousand, which constituted 0.5% of the total revenue of the Capital Group from continued operations (PLN 6.996 thousand in 2018, which was 0.3% of the total revenue from continued operations).

Please note that the Capital Group is currently undergoing restructuring processes described in more detail below.

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.

Below prerequisites have been presented, based on which the Management Board makes this assumption. It has been described both in the context of the Company and its Capital Group on account of complementarity of such actions.

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

The Work Service Capital Group has faced huge restructuring challenges in recent quarters and years. In the opinion of the Issuer"s Management Board, many repair processes were completed or advanced. As a result, our assessment of ability to continue the activity is subject to a further gradual improvement. Apart from the positive events, at the turn of the 1st and 2nd quarters of 2020, new risks, as described in this chapter, have also emerged, related to the current global pandemic of COVID-19, which was outside our control. This situation, apart from a significant risk factor associated with the significant reduction in sales in 2020, also offers some opportunities and possibilities discussed further in this chapter.

According to the Management Board, among important factors influencing the current strategic, financial and capital condition of the Group, there were, among others:

- **The current status of the investment agreement concluded with an international professional investor and the relevant provisions of this agreement making the financing available for Work Service in a total amount of up to PLN 210 million in the event of the implementation of certain suspensive conditions;**
- **Information on the new 4-year instalment schemes concluded with the Social Insurance Institution;**
- **Information on the potential reduction of a part of the debt to the bondholders and the Polish banks;**
- **Information on bridge financing received and deinvestments realized in 2019 and 2020;**
- **Information on performance results for 2019, including information on material atypical events, and in particular information on goodwill adjustments or write-offs; concerning write-downs of goodwill and receivables**
- **Information related to the impact of the COVID-19 pandemic on the Group's situation in 2020;**
- **A summary of significant business and financial risks recognized by the Management Board of Work Service until the date of publication of this report;**

When assessing the situation of Work Service S.A. these factors and events should be considered as a whole. At the same time, the Management Board of Work Service S.A. takes the view that the continuation of the started and advanced activities in the area of acquisition of financing and debt reduction will allow the situation of Work Service to further stabilize and, in consequence, continue its development and activities on the HR market.

1) Signing the investment agreement on 3 February 2020 with Gi INTERNATIONAL S.R.L. ("Investor"), fully owned by Gi Group SpA.

In the opinion of the Management Board of Work Service, signing this agreement was very important to stabilize the strategic situation of Work Service and gives hope for the the reduction of debt burden of our Group.

The Investor's group is an international industry entity providing temporary and permanent employment, recruitment services. At the same time, Gi Group SpA is one of the world's leading companies providing services for the development

of the labour market. In addition, in our opinion, the offer of services of the Work Service Capital Group in Central and Eastern Europe complements the offer of Gi Group SpA in this part of the world.

The potential Investment will be realized when certain suspensive conditions are met within a specified time limit, as described later in this paragraph, some of which were already fulfilled at the date of publication of this report.

The investment agreement concluded with Gi INTERNATIONAL S.R.L. is related to the decision taken by the Management Board of Work Service on 21 March 2019 to initiate a review of the strategic options with a view to selecting the most favourable way of implementing the long-term strategy of the Work Service Capital Group. The intention of the Company's Management Board was to obtain additional funding in 2020. The capital raised from investors would enable the improvement of working capital and finance the significant liabilities of the Capital Group.

The investment assumes co-financing of the Company by the Investor for a total amount up to PLN 210,200,000.00 (“Financing”) and assumes:

(a) granting by the Investor or entities designated by him ("Funding Entities") of separate bridge loans to the Company or related entities with a total amount of PLN 20,000,000.00 to finance the current activities of companies in the Company's capital group (“Bridge Loan”). The Parties will establish terms and conditions for securing a repayment of the bridge loan under a separate agreement, but these terms and conditions will not deviate from the standards applicable in such agreements. In point 4 of this chapter, current information is presented on amounts already paid under Bridge Loans;

(b) granting by the Investor or the Funding Entities of financing to the Company in the amount of PLN 108,700,000.00 to repay the Company's liabilities and transaction costs and to finance the Company's current operations;

(c) paying the remaining amount of Financing, i.e. PLN 81,500,000.00 as defined in the agreements on the reduction of bank and bond debt.

The part of Investment, referred to in points (b) and (c) above, shall be made subject to the following conditions (“Suspensive Conditions”):

(i) the Investor will obtain consents of the relevant anti-trust bodies to the acquisition of control over the Company and its related entities;

(ii) the Company will agree with the banks on the restructuring of the Company’s existing debt toward banks on terms acceptable for the Investor, providing for a reduction in the bank’s debt to the Issuer in an average amount of 44.1% of the current debt, while the reduction value shall not be different for individual banks;

(iii) the deadline for the execution of the closure within the meaning of the Call Option Agreement and the Cooperation Agreement between the Company and Profólió Projekt Tanácsadó KFT and Human Investors KFT on 3 July 2019 and the duration of the call option included in the aforementioned Agreement, will not be extended;

(iv) the Company will enter into agreement with the bondholders on the restructuring of the Company’s existing debt toward the bondholders for the issue of W, X and Z-series bonds, on terms acceptable to the Investor, providing for a reduction in the Company’s debt to the bondholders of 70% of the current debt, while the debt will be repaid once by the Company, with the exception of the debt arising from the issue of SHB-series bonds];

(v) the Investor or the entity designated by him has been granted the right to acquire from the shareholders at least 55.89% of the Company's shares at a maximum purchase price of PLN 0.30 (thirty groszy) for each share; Subsequently, on 25 February 2020, the Management Board of Work Service S.A. received information on the conclusion by Gi INTERNATIONAL S.R.L., the total owner of which is Gi Group SpA ("Investor") with key shareholders of the Company ("Shareholders") holding together 36,658,780 shares of the Company representing 55,89% of the total number of votes ("Shares"), of agreements granting the Investor the right to acquire from shareholders at least 55,89% of shares of the Company for the purchase price of PLN 0,21 (twenty-one groszy) for each Share.

(vi) the Investor will conduct a due diligence on the Company‟s capital group with a result that is satisfactory to the Investor;

(vii) the Company’s Supervisory Board agrees to make the investment; and

(viii) the Parties to the Agreement shall negotiate and conclude a Financing agreement.

In the event of a failure to meet all conditions by 30 June 2020, each party to the Agreement shall be entitled to withdraw from the Agreement in accordance with the terms set out therein.

The suspensive conditions referred to in points i, iii, iv, v, vii were fulfilled at the date of publication of this report. The suspensive condition set out in point ii, which in the opinion of the Management Board is very important for the change of strategic situation of Work Service, is close to be met at the date of publication of this report, as the Investor and the

banks funding Work Service are in advanced negotiations on the legal documentation regulating, e.g., the debt relief rules of the Issuer vis-à-vis Polish banks.

In addition, under the investment agreement, the parties undertook to take steps to increase the share capital of the Company within 12 months of the date of signing the Agreement, through the issue of new shares of the Company, which will be offered to the Investor for an issue price of PLN 0,39 per share.

2) Conclusion of new longer-term instalment settlements with a Social Security Institution;

In the opinion of the Management Board of Work Service, the new settlements, in addition to the signed investment agreement, were an important factor in determining the Work Service situation in the area of debt servicing capacity toward the Social Insurance Institution (ZUS).

Following a decrease in the level of credit 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 restructuring operations, concluding instalment settlements with ZUS, which in 2019 charged the Group's current liquidity. The Work Service Group was unable to maintain its obligations under these settlements and, in consequence, these settlements were terminated. As a consequence, the Management Board of Work Service began its efforts and negotiations with ZUS aimed at concluding longer instalment settlements in order to reduce the monthly settlement instalment. Grupa Work Service prepared new assumptions related to the instalment arrangements on the basis of the schedule of gaining financing as part of the ongoing process of strategic options review and the Management Board of Work Service initiated efforst and negotiations with the national Insurance Institution (ZUS) oriented towards the conclusion of such new longer instalment arrangements so as to reduce the monthly instalment and terminate previous arrangements.

As a result on 23 April 2020, the Issuer concluded an instalment settlement with ZUS concerning the outstanding social security contributions (including relevant interest) of PLN 60,793,747.64 In addition, the Issuer‟s subsidiary – industry Personnel Services Sp. z o.o. with its registered office in Wrocław (hereinafter: "IPS") also entered into an instalment settlement with ZUS concerning the outstanding social security contributions (including related interest) of PLN 10,065,383.60. In accordance with the instalment settlements, the premium commitments 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 shall include periods with lower instalments, financed from current cash flows and periods with relatively higher instalments.

3) Change in the maturity date of the Work Service S.A. loans and advancing discussions with the banks consortium on the redemption of part of liabilities of Work Service S.A. and conclusion a conditional agreement with the bondholders of Work Service S.A. to sell series W, X and Z bonds assuming 70% of discount.

A. Status of arrangements with the bondholders

On 24 January 2020, the Management Board of Work Service S.A. received information about the positive conclusion of negotiations on key business conditions of a possible transaction with the Issuer's bondholders ("Bondholders") entitled from issued series W bonds, series X and series Z with a total nominal value of PLN 35,250,000.00 ("Bonds"). Under the negotiated terms and conditions referred to above, all the Bondholders have obtained internal consent regarding the possible sale of their Bonds in a transaction between the Company and the Investor, assuming a 70 % discount (or redemption) on the amount of the debt, provided that, among others, they receive a one-off payment of 30 % of the value of the Bond debt, I.e. PLN 10,575,000.00 after the execution of transaction with the Investor.

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

The Agreement was concluded subject to the suspensive condition that the Investor purchased least 50 % (in words: fifty per cent) and 1 (in words: one) share in the Issuer's share capital (“Control Acquisition”) and the expiry of 15 (in words: fifteen) business days from the date of Control Acquisition (“Condition Precedent"). Under the Agreement, each of the Bondholders will be able to withdraw from the Agreement until 30 September 2020 if the events set out in the Agreement have been fulfilled, among others, if the Condition Precedent has not been met by 31 August 2020.

B. Status of agreements with Polish banks

On 13 February 2020, the Management Board of Work Service S.A received information about the conclusion of non-binding negotiations on changes to the terms of financing of the Issuer. The assumed change will result in a reduction of the Company's liabilities relative to Polish banks in an average amount of 44.1% of the existing debt (i.e. total of PLN 48,664,350.00), while according to the findings, the scope of change (including the value of reduction) and the arrangements for repayment of the remaining parts of the debt may be different for individual banks.

On 31 March 2020, the Company concluded with Bank BNP Paribas Bank Polska S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. ("Lenders") annex 5 ("Annex") to the loan agreement of 18 November 2015 ("Loan Agreement"). Pursuant to the Annex, the final repayment date was extended to until 6 April 2020. Signing of the Annex was intended to enable the Company and the Lenders to conclude on-going advanced negotiations on the long-term restructuring of the Company’s debt.

On 6 April 2020, the Company concluded with Bank BNP Paribas Bank Polska S.A., Bank Millennium S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. annex 6 ("Annex") to the loan agreement dated 18 November 2015 ("Loan Agreement"). Under this Annex, the date of final repayment of loans was extended until 31 July 2020. Signing of the Annex was intended to further enable the Company and the Lenders to conclude the ongoing advanced negotiations on the long-term restructuring of the Company’s debt.

Together with the conclusion of the Annex, the Company concluded working negotiations with Lenders on the commercial and legal conditions for the long-term restructuring of the Loan Agreement (“Term Sheet’). Further restructuring of the Loan Agreement currently requires final credit and corporate approvals, subsequent signing of Term Sheet and agreement of a full legal documentation implementing the restructuring of the Loan Agreement.

On 24 April 2020, a preliminary restructuring agreement (“Agreement”) was signed between the company and the Polish banks (“Parties”). The Agreement contains arrangements regarding the terms of the Restructuring, including in particular the partial repayment and the partial reduction of the Company’s debt to Banks due to the loan agreement of 18 November 2015 connecting of the Company with Banks (subsequently amended by annexes) (“Loan Agreement”), in the amount of PLN 110,350,000.00 (“Existing Bank Debt”) by 50% in respect of principal receivable, i.e. up to the principal receivable amount PLN 55,175,000.00 ("Repayment Amount"), on terms agreed with each Bank ("Reduction").

The Reduction will be made on the basis of agreement between the Company and the Banks, which will govern the detailed terms and conditions of the Restructuring, for preparation and negotiation of which the Company and the Banks, in connection with the signed agreement, will proceed in the upcoming days (“Agreement”) and after fulfiling the following suspensive conditions for the entry into force of the Agreement:

a) the purchase by the Investor of at least 50% of the Company's shares plus one Company share,

b) repayment by the Company and its Polish subsidiaries of liabilities due to the Tax Office and ZUS as a result of payments by the Investor of agreed financing (but excluding liabilities included in the settlement with ZUS),

c) total repayment or acquisition by the Company or the Investor or an entity related to the Company or the Investor of the Company's SHB, W, X and Z series bonds, or redemption of the Company's liabilities toward the Bondholders of those bonds (with the repayment or purchase price not higher than 30% subject to SHB series bonds, in which case full repayment is permitted),

d) granting by Gi Group S.p.A., a company formed in accordance with Italian law, with its registered office in Milan, (“Guarantor”) to each of the Banks of a conditional guarantee under Polish law enforceable in the Republic of Italy (“Guarantee”), providing security for repayment to the Banks of the Repayment Amount , including interest, commissions and other side claims (under the terms and conditions set out in a separate document agreed between the Guarantor and the Banks).

In accordance with the agreement, the deadline for the date of suspensive conditions and the entry into force of the Agreement shall be 31 July 2020

The amount of the repayment will be payable to the Banks in equal quarterly instalments and its repayment has been spread over three years, the first payment being due by 30 September 2020, and last until 30 June 2023. Any interest on the repayment amount will be calculated at WIBOR3M + 200 bps annually.

In accordance with the Agreement, the Agreement will also contain a number of provisions making the Company's liabilities to banks under the loan Agreement more flexible, including a modified catalogue of breaches that may result in early repayment of obligations and the Company's obligations to Banks.

In addition, under the Agreement, once the Guarantor has granted the Guarantee, Banks will be required to release most of the securities established for Banks under the Loan Agreement, except for pledges on the shares of ProHuman 2004 Kft, which will be maintained until the loans have been repaid.

At the date of publication of this report, the Agreement in question is in an advanced phase of agreements and negotiations between the Parties with the assistance of the Guarantor.

4) Provision of bridge financing from the Investor's group to Polish entities

In the implementation of the investment agreement described in paragraph 1 of this chapter, the bridge financing was partly made available to the Work Service Group in the following amounts and dates:

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

In addition, after the balance sheet date, the Investor's group made available the financing (loans) sold on a conditional basis to the German group in the following amounts:

- EUR 95,000 on 19 February 2020
- EUR 120,000 on 20 March 2020
- EUR 170,000 on 09 April 2020
- EUR 180,000 on 17 June 2020

The funding paid made it possible to improve the liquidity of the Work Service Group during the transaction period and was allocated in a substantial part to the partial repayment of public-legal liabilities.

5) Gradual reorganization of the capital group and the reduction of the number of entities.

The activities of the Management Board of Work Service S.A. described in this section are mainly related to the restructuring of the group comprising activities aimed at deinvesting non-profitable or non-core entities (temporary work). As a consequence, significant changes have taken place in the course of 2019 and in the period of several months of 2020 (until the date of publication of this financial statement):

- **repayment of acquisition liabilities to FIEGE Logistik Stiftung & Co. KG in several instalments in 2019 and thereafter concluding a conditional contract for sales of German companies on 5 June 2020;**
- **by the end of 2019, completing deinvestments from Antal Sp z o.o. group.**
- **measures have been taken to reduce the involvement of Polish entities in cross-border services (transfer of Polish employees to France and Belgium and partly Germany) due to the reduced efficiency and profitability of this activity and the already particularly low profitability of business during the COVID-19 pandemic**
- **withdrawal from the sale of Czech and Slovak entities in connection with the restructuring of bonds, described in paragraph 3 of this chapter.**

In addition, the purchase option for Prohuman 2004 kft was cancelled on 6 April 2020, resulting from arrangements under the investment agreement described in this chapter (one of suspensive conditions of this agreement). ;

The changes described above, apart from the impact on the Group's strategic situations, also have an impact on:

1) **Adjustment of goodwill in the consolidated balance sheet and, in the Issuer's separate balance sheet, an adjustment of the value of shares in certain entities described in point 6 of this chapter.**
2) **Presentation changes in financial statements resulting from changes in entities included in so-called continued and discontinued operations.**

As a result of these changes, in this report all entities forming the capital group are so-called continued operations (also the conditional sale of German entities, since the agreement to sell these entities was concluded after the balance sheet date) with the exception of Antal Sp z o.o. and its subsidiaries, which were sold in Q4 of 2019.

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. Antal Sp z o.o. disinvestment

In 2019, Work Service conducted a sales process of Antal Sp z o.o. and the subsidiaries of Antal Sp. z o.o. and the Antal trademark owned by the Company. This process was finally completed on 23 December 2019.

As part of the ongoing process of review of strategic options, the processes of obtaining financing and sales of Antal Sp z o.o. on 12 August, Work Service S.A. concluded a loan agreement with an entity from outside the Capital Group for the amount of PLN 8 million (secured on the shares of Antal Sp z o.o.). The funds were used to improve the current liquidity and to repay a part of the public-law liabilities. Finally, Work Service repaid the above-mentioned loan from the sale of Antal Sp z o.o. and the trademark of Antal to another entity on 23 December.

On 23 December 2019, Work Service S.A., as a seller (“Seller”), concluded with Książek Holding spółka z ograniczoną odpowiedzialnością, with its registered office in Warsaw at ul Prosta 32, entered in the National Court Register kept by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register under number KRS 0000510073, NIP 5272715282; with share capital of PLN 1,500,000.00 as a buyer (“Buyer”), the promised agreement to sell shares in Antal Sp. z o.o. with its registered office in Wrocław (“Company”), being a subsidiary of Work Service S.A. ("Agreement").

Under the Agreement, Work Service S.A. sold to the Buyer and the Buyer acquired all shares owned by Work Service S.A. As many as 27,917 shares of the Company with a nominal value of PLN 500.00, which as at the date of conclusion of the agreement constituted 100% of the share capital of the Company, entitling to 100% of votes at the general meeting of shareholders of the Company ("Shares"). The sale price of the Shares was fixed at PLN 5,300,000.00. The sale price partially entered the account of Work Service S.A. and was partly transferred directly to repay other (non-bank) liabilities described above. Other terms of the Agreement do not deviate from terms applied in agreements of this type.

In addition, as part of the closure of the sale of Shares, the price for the trademark of Antal the value of specialized talents in the amount of PLN 5,100,000.00 + VAT and the repayment of Work Service S.A. intra-group liabilities in the amount of PLN 1,240,000.00

The sale transaction of Antal Sp z o.o. was one of the elements of the restructuring operations conducted by Work Service S.A. in 2019 within the work Service Capital Group and is a consequence of the review of strategic options by the Management Board, under which the disinvestment strategy for some companies in the transaction group was adopted. The transaction is carried out with the consent of the banks financing the Issuer and all the funds from the transaction were used to repay other (non-bank) liabilities and improve working capital.

The result on the sales transaction of Antal in the consolidated statement:

Revenues earned: 10 400 000,00

Costs incurred: 30 190 179,87

- trade mark 15 454 066,00

- goodwill 8 613 110,76

- the costs of exclusion of Antal - 6 123 003,11

The result on sales - 19 790 179,87

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 amounts resulting from the inter-group liabilities of the Company and its subsidiaries in the amount of approximately PLN 3,000,000.00.

The total value of the transaction will be PLN 7,500,000.00 and will consist of the price and the amount of the intra-group liabilities.

The planned sale of German entities was one of the elements of Work Service's restructuring activities within the Issuer‟s capital group and also the effect of the planned investment of Gi Group S.p.A. in the Capital Group.

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

On 10 December 2018, the Company fully implemented the conditional agreement concluded on 6 December 2018 and completed the restructuring and refinancing of the bonds. Under the terms of the bond issue conditions, the Company committed to restructuring activities including, among others, the 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., Work Service Outsourcing Slovakia s.r.o. within the specified schedule.

In view of the ongoing bond restructuring described in point 3 of this chapter, the sale process of Czech and Slovak entities at the date of this report is not active.

6) Adjustments of financial data for 2019: 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 presented financial data relate to continued operations (data without the Antal group) for the 12-month period ended on 31 December 2019 and for the 12-month period ended on 30 September 2018.

The presented financial data in the scope of continued operations for the year ended on 31 December 2019 concern the entire group (excluding the Antal group). The comparative data for the year ended on 31 December 2018 also do not include the financial data of the Antal group or the Exact and Proservice groups sold before 2019.

The presented data in discontinued operations include:

– for the period 1 January 2019 - 31 December 2019 the Antal group and additionally the result on the sales transaction of Antal Sp z o.o. and the trademark of Antal, which was also assigned to discontinued operations.

- for the period 1 January 2018 - 31 December 2018, the Antal group, the Exact Group and ProService group were also consolidated during that period.

	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Revenues	**1 595 826 408,17**	**2 049 103 054,15**
Net revenues from sales of products	1 594 382 542,71	2 052 206 974,23
Variation in stocks of products	1 443 865,46	-3 103 920,07
Manufacturing cost of products for entity's own purposes	0,00	0,00
Net income on sale of goods and materials	0,00	0,00
Operating costs	**1 594 956 411,15**	2 058 441 433,44
Depreciation	14 921 402,38	10 774 051,07
Consumption of materials and energy	5 506 132,95	5 217 127,19
Outside services	139 882 330,32	229 573 988,98
Taxes and charges	3 884 827,33	3 771 576,79
Remuneration	1 171 245 646,67	1 453 886 054,36
Social insurance and other benefits	243 312 697,02	321 586 408,93
Other generic expenses	16 203 374,49	33 632 226,11
Value of goods and materials sold	0,00	0,00
Profit (loss) on sales	**869 997,02**	**-9 338 379,28**
Other operating incomes	68 541 173,15	30 936 463,08
Other operating costs	85 177 995,60	88 494 615,14
Profit (loss) on operating activities	***-15 766 825,42***	**-66 896 531,34**
Financial incomes	6 128 128,11	118 838 968,35
Financial costs	89 059 598,32	49 863 347,09
Gross profit (loss)	-98 698 295,63	2 079 089,92
Income tax	-4 636 986,36	-6 585 203,96
Net profit (loss) from continued operations	*-94 061 309,27*	8 664 293,88

	01.01.2019-31.12.2019	01.01.2018-31.12.2018
Net revenues from sales of products	39 826 801,52	396 615 532,16
Operating costs	37 349 962,41	360 930 017,18
Other operating incomes	10 992 044,83	3 735 158,52
Other operating costs	30 954 038,90	-2 072 104,78
Financial incomes	28 991,62	-12 180 004,98
Financial costs	108 912,27	19 342 439,95
Gross profit (loss)	-17 565 075,61	9 970 333,34
including the results on Antal sales and Antal trademark	-19 790 179,87	0,00
Income tax	11 686,60	5 520 155,60
Profit for the financial year from discouted operations	-17 576 762,21	4 450 177,74
including the results on Antal sales and Antal trademark	-19 790 179,87	0,00

Comment on financial data of the continued operations.

As a consequence of the conclusion of annex 4 to the loan agreement in December 2018 after the sale of the Exact group and the partial repayment of the debt to Polish banks and the stabilization of the debt situation in the area of bonds, the Management Board of the Company planned to focus its attention on the core operating activity.

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

Therefore, we are observing two important trends:

1) **Adjustment of the scale of activity (decrease in revenue);**
2) **In parallel with the adjustment of the scale of activity, a gradual reduction of operating costs.**

In addition, the Management Board of Work Service notes that a number of atypical events, described in point B of this section, were reported in the results for 2019.

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 objective has not yet been fully achieved and is a further challenge for the Management Board in the upcoming months of 2020, which is now somewhat more difficult to achieve due to the COVID-19 pandemic described in point 7 of this chapter. At the same time, in the opinion of the Management Board, the tool for achieving this objective is changing – the Company and its entities to a greater extent plan to focus on the recovery of sales revenue (with a restructured cost base) rather than on further significant adjustments of the busiess operating costs. These costs will continue to be adjusted, due to the COVID-19 pandemic, but after a possible transaction with the investor, further reduction will not be the main business objective.

The Management Board of the Company notes that despite the COVID-19 pandemic described in paragraph 7 of this chapter, the Company continues to operate on the prospective market for HR services and after completion of operations in the area of operational and financial restructuring and the entry into the Group of an international professional investor, it will focus only on rebuilding trust and on the return to higher levels of sales revenue, which, because of the leverage effect, can help the group to achieve better financial results in the future.

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

Comments on financial data of discontinued operations.

In 2019, the financial data of discontinued operations shall include data of the sold Antal group and additionally the result on the sales transactions of the Antal group and the trademark of Antal group calculated as follows:

- Revenue PLN 5,100,000.00 (trademark) + PLN 5,300,000.00 (shares) = PLN 10,400,000.00
- Costs: 15. PLN 454,066.00 (net value of trade mark)+ PLN 8.613,110,76 = PLN 24.067,176.76
- Loss on sales = PLN 13,667,176.76

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

The Management Board of the Company notes that as a result of operating activity continued in the year 2019 (as presented in point 4), a number of atypical events were identified, including:

III. **Events and factors of an atypical nature improving operating result in a total amount of PLN 14 million, including:**

3. Recognized atypical sales revenues in total amount of PLN 1 million, including, among others:

   Recognized sales revenue due to adjustment of awarded grant in total amount of PLN 1 million;

4. Recognized other atypical operating income in the total amount of PLN 13 million, including:

   Recognized other operating income due to the termination of lease agreements in total amount of approximately PLN 1.5 million;

Recognized other operating income due to adjustment of value of public-law liabilities in total amount of PLN 3.7 million;
Recognized other operating income due to the reversal of the restructuring reserves in total amount of approximately PLN 4.3 million;
Recognized other operating income due to the cancellation of the fine due to the non-timely redemption of shares in Prohuman company in the total amount of PLN 3 million.
Recognized other operating income related to the adjustment of the value of liabilities in the balance sheet in the total amount of PLN 0.3 million;
Recognized other operating income with sale of cars approx. 0.13 million

IV. Events and factors of an atypical nature that deteriorate the operating result in a total amount of PLN 47.2 million, including, among others:

1. costs of foreign services related, among others, to (i) advice (covered and not covered by restructuring reserves), (ii) settlement of cooperation with subcontractor and (iii) other in total amount of about PLN 7 million;
2. Costs of reserve for future employment reduction in one of the customers in the amount of about PLN 0.7 million
3. Recognized atypical other operating costs in the amount of PLN 39.5 million, including, among others:

Other operating costs related to adjustment or delay of payment of public-legal liabilities and other legal costs in the total amount of approximately PLN 5.8 million;
Other operating costs related to the adjustment of the value of assets in the balance sheet in total amount of about PLN 3 million;
Other operating costs related to the adjustment of the value of liabilities in the balance sheet in the total amount of about PLN 1.1 million;
Other operating costs due to the termination of lease agreements in total amount of about PLN 0.1 million.
Other operating costs due to write off of receivables (including from PROLOGICS (UK) LLP) in the total amount of PLN 14.4 million
Other operating costs as a result of the dissolution and setting-up of new reserves, among others, i) restructuring, ii) advisory and iii) other in total amount about PLN 2.5 million
Other operating costs due to the provision for estimated liabilities to PFRON in the amount of PLN 12.6 million

In view of the above (balance of points I and II in total), the impact of the identified atypical events taken into account in operating activity in point 6A is negative and amounts to approximately PLN 33.2 million.

The comparative data for 2018 for the continued operations presented in point 4 for 2018 also include atypical events that decrease operating profit in the total amount of PLN 74.7 million. These events were also presented in the published Capital Group report for 2018.

C. Recognition of atypical events in financial activity (for continued operations);

A loan write-off (including from Zao Work Service Russia) was made in the total amount of PLN 13.3 million. In addition, the Company’s Management Board draws attention to several events of an atypical nature that deteriorate the result from financial activities.

Provision was made for interest related to estimated liabilities to PFRON of about 2.1 million.

A write-down of the company's value in Polish and German entities was carried out in total in the amount of PLN 60.8 million. This write-off is due to impairment (no expected profitability).

In particular, in the case of German companies, the aforementioned write-down was affected by material deterioration of the financial situation, and in consequence, a material change of financial forecasts in the current accounting year and in the consecutive years. Such situation resulted mainly from (i) the loss of a significant client from the logistic sector responsible for the significant part of the German business of WS group, (ii) limited demand for services in Germany on account of slowdown in the German market and iii) additionally, due to the COVID-19 pandemic since 2020. These factors alltogether drastically changed the assessment of economic and financial situation of conditionally sold in 2020 German group.

In the case of Polish companies, the aforementioned write-down concerned companies conducting cross-border transfer of employees and was related to the lack of proper demand for services in this scope, negative profitability of the activity conducted (relatively high fixed costs and a low scale of operations caused by the lack of sales growth), no prospects for a change of the situation in a short- and medium-term period. Therefore, the decision was made to slowly reduce operations in this area since 2020 so as to limit financial loss of the Capital Group on this account.

D. No payment for the sale of shares in ProService worldwide (Cyprus) Limited

In connection with the sale by Work Service S.A. for PROLOGICS (UK) LLP based in London ("Buyer") of 100 % of shares in ProService Worldwide (Cyprus) Limited and the non-payment to Work Service S.A. of the price for the shares in ProService in 2019 were run with an employed law firm in to enforce the debt. In the event of a failure, these receivables were included in the write-down (this write-off was partly included in the operating activity and partly in the financial activity and was included in the description under points B and C above). About the sale transaction of Proservice Worldwide, the Management Board of Work Service S.A. informed, among others, in the report of the Capital Group for 2017.

E. Creation of reserve for estimated liabilities to PFRON

The reserves for the amount of PLN 14.8 million were created for the expected estimated liabilities toward PFRON and charged the result of the current year (the cost of the reserve was partly included in operating activity and partly in financial activity and was included in the description under points B and C above).

Some Group companies have administrative procedures in place to determine the correct amount of state aid granted and paid from state fund for PFRON.

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

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

The Issuer expects that the effects may have a negative impact on the situation of the Issuer and its subsidiaries, among others, in relation to:

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

(ii) a temporary reduction in the level of sales revenue due to a decrease in orders.

The Work Service Group noted a decline in orders mainly in May and June 2020, but expects an increase in the number of orders in the coming months. At the same time, at the date of publication of this report, the Work Service is unable to assess more accurately the impact of the pandemic on sales revenues of 2020 (decrease in relation to the planned pre-pandemic sales budget).

Currently, Work Service S.A. is undertaking the following actions:

(i) Seeks contracts from sectors where demand may be reported despite potential recession, in particular logistics, food and medical industries,

(ii) Continues to reduce the operating costs by adjusting them to the scale of the business,

(iii) Negotiates new more favorable payment terms resulting from the obligations of the Issuer toward certain contractors,

(iv) carries out active monitoring and, where necessary, more resolute than hitherto recovery of its debts.

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

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

II. 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 in several months of 2020, the Capital Group made significant restructuring progress in relation to the situation described by the Management Board in the report for the previous year.

At the same time, in the opinion of the Management Board, the Capital Group is still in a difficult situation until the actual reception of financing from the investor in the context of the capital increase or other strategic options and the full repayment of all existing public-law liabilities related to the agreements concluded with the Social Security Institution, existing credit and bond liabilities and other public-law and other liabilities.

At the date of publication of these financial statements, we shall address the risks which are still present:

1) A risk of a potential investor's withdrawal from a planned transaction (at the date of publication of this report, the Management Board of Work Service S.A. does not have such information that the investor would discontinue to be interested in the transaction in the execution of the investment contract but cannot be assumed to have been executed until its full closure);

2) A risk associated with high liabilities - if the investor waives the investment agreement, there is a risk that the Work Service Group will not be able to find possible new sources of financing in the short term to cover liabilities (public-law, debt, others);

3) A risk associated with the protracted COVID-19 pandemic — the final effects of the situation

cannot be precisely assessed on the market in which the Issuer Group is present at the date of publication of this report;

These circumstances show that there is significant uncertainty that may arouse significant doubts as to the possible continuation of the activity by the Company and by the Capital Group.

Other risks specific to the business are described in the Capital Group report for 2019 in the Financial Statement of Work Service S.A. for 2019, in the Report of the Management Board of Work Service S.A. on the activity of the Capital Group for 2019 and in the Report of the Management Board of Work Service S.A on the activity for 2019.

In conclusion, the Management Board shall make every effort to ensure that the above activities can be fully implemented and the restructuring of the Company's and the Capital Group's debt started in 2018 can be completed effectively. Additionally, the Directors are aware that not all factors influencing the success of the debt restructuring process executed by the Company and the Capital Group, including the processes of obtaining financing and sale of group's assets enabling to reduce the debt, depend on the efforts and decisions of the Directors.

5.4. Structure of assets and liabilities

The following table presents selected balance sheet items of the Work Service Capital Group.

	Note	as on 31.12.2019	as on 31.12.2018
FIXED ASSETS		384 727 078,40	**444 967 044,96**
Intangible assets	1	26 525 375,02	35 115 236,93
Goodwill	2	281 848 281,08	351 096 736,76
Tangible fixed assets	3	18 294 439,39	11 722 887,65
Investment real estates	4	2 390 231,55	2 690 484,05
Other financial assets	5	351 374,34	40 172,57
Other long-term assets	5	54 603 298,46	207 982,50
Other long-term financial assets		661 004,31	82 663,87
Deferred income tax assets	6	391 757 707,19	44 010 880,64
Accruals		26 525 375,02	-
CURRENT ASSETS		283 487 142,12	**433 361 475,87**
Inventory	7	7 462 767,36	7 871 700,12
Trade and other receivables	8	231 558 202,28	322 192 786,82
Other financial assets	9	1 084 257,76	40 789 190,37
Other short-term assets	5	0,00	-
Cash and cash equivalents	10	38 139 438,36	56 486 007,74
Prepayments	11	5 242 476,36	6 021 790,83
Assets classified as held for sale		0,00	-
TOTAL ASSETS		668 214 220,52	***878 328 520,83***
EQUITY		90 036 359,28	**115 652 186,10**
Share capital	12	6 559 063,80	6 509 482,30
Supplementary capital (Fund)	13	353 211 033,43	236 084 819,51
Capital from option valuation	13	-92 276 850,89	-92 106 141,79
Previous years' profit (loss)		-67 801 051,69	-52 622 554,11
Net profit (loss)		-117 279 375,35	8 147 732,57
Foreign exchange differences		-22 736 333,60	-15 119 961,09
Equity attributable to non-controlling shareholders	14	30 359 873,58	24 718 569,71
LIABILITIES		**578 177 861,24**	**762 676 334,73**
Long-term liabilities		**23 144 396,95**	**160 398 045,53**
Long-term loans and credits	20	374 271,95	109 331 275,46
Deferred income tax liabilities	15	3 868 849,44	4 459 965,97
Liabilities for pension benefits	16	279 607,53	14 084 136,03
Provisions for other liabilities and charges	21	1 228 390,43	29 910 811,40
Other liabilities	17	17 393 277,60	51 066 770,07
Short-term liabilities	18	**546 084 314,29**	**534 019 888,81**
Trade and other liabilities	18	363 644 465,01	53 324 306,95
Short-term loans and credits	20	135 714 592,25	47 538 834,56
Provisions for other liabilities and charges	21	46 725 257,04	433 156 747,30
Liabilities from assets classified as held for sale	31	0,00	0
TOTAL LIABILITIES		***668 214 220,52***	***878 328 520,83***

The Group manages its capital to maintain its ability to continue as a going concern, taking into account the financial needs arising from its business. Factoring lines are the main financial instrument ensuring current financial liquidity. Regarding instruments such as loans, bonds and other liabilities, all the Group's activities are under the restructuring processes described in section 5.3 of this report.

5.5. Selected financial ratios

Selected financial ratios of the Capital Group are presented in the following table

Selected financial ratios	Formula	2019	2018
Profitability ratios			
Profitability of sales	Profit on sales / revenues from sales	0,1%	-0,5%
Profitability of EBIT	Operation activities result / revenues from sales	-1,0%	-3,3%
Profitability of EBITDA	(Operation activities result + amortisation)/ revenues from sales	-0,1%	-2,7%
Net profitability	Net financial result/revenues from sales	-5,9%	0,4%
ROA	Net financial result/total assets	-14,1%	1,0%
ROE	Net financial result/share capital at the end of period	-104,5%	7,5%
Liquidity ratios			
The cash conversion cycle (in days)	Inventories cycle + receivables cycle - liabilities cycle	40	42
Receivables turnover in (days)	Average balance of receivables from supplies and services / sales revenue) *360	47	49
Liabilities turnover in (days)	(Average balance of liabilities from supplies and services / costs of services sold) *360	9	9
Inventory rotation (days)	inventory/net sales revenues*360	2	2
Total debt ratio	Total liabilities / Total assets	0,79	0,79
Debt to equity ratio	Short term and long term liabilities / Equity	5,84	6,00

5.6. Explanation of differences between the financial results and forecasts for 2019

In 2019 the Group did not announce forecasts regarding the expected financial result.

6. Description of significant risks and threats with determination of the extent to which the Group is exposed

Please note that the information in this chapter describing risks should be analysed with information on the restructuring progress and the significant risks described in section 5.3 of this report.

a. Risk associated with personal data protection

Due to the nature of the business, the Capital Group has an extensive database of employees' personal data, the size of which exceeds hundreds of thousands of records. Pursuant to the Act of 29 August 1997 on personal data protection (consolidated text: Journal of Laws of 2016, item 922) information on this data is confidential and cannot be shared with unauthorised persons. Nevertheless, there is a risk of access to databases by unauthorised persons as a result of theft, hacking or forced entry, or other unwanted actions. In such a case, the information stored by Work Service SA could be used to the detriment of the Company and its customers, which would adversely affect the image of the Company, and thus worsened its position in the market. To reduce this risk of providing unauthorised persons with access to the database, Work Service created technical infrastructure based on a properly secured server facility, electronic security systems and high-end servers. These measures contributed to the reduction of the above risk.

b. Liquidity risk

By offering so-called flexible employment services, the Capital Group of conducts comprehensive trainings to prepare employees for a particular job. Then, those employees are delegated to enterprises that have reported their demand for this kind of service. Until receipt of payment for the service, Work Service SA bears all costs relating to employment (salaries, insurance, etc.) of people taking up the employment. Companies renting the workers pay for the service on specific, contractual payment dates. This business model requires the effective working capital management, while causing vulnerability to the risk of periodical and relevant decrease in liquidity.
In connection with the instalment arrangements with the Social Insurance Institution (ZUS), the Capital Group companies must pay their arrears in instalments. The Management Board points out that in the absence of an adequate working capital, both the Company and the Capital Group companies may be additionally exposed to the risk of losing liquidity. Please note the processes of obtaining financing described in section 5.3 of this report.

c. Risks associated with social and economic situation in Poland and Europe and COVID-19 pandemic

The activities of companies related to the offering of services on the labour market depends on the socioeconomic situation in Poland and abroad. The financial results of companies are particularly affected by macroeconomic factors such as the level of business investment resulting in an increase in employment, GDP growth rate, the growth rate of wages, interest rates and inflation, and, with the increasing globalisation of economies, foreign direct investments. The factor that had a significant impact on the development of the industry, in which the Group operates is the degree of absorption of funds from the European Union budget. In the event of breakdown or deterioration of market conditions there is a risk of a reduction in demand for the product offered by the Group. This risk is also generated by the COVID-19 pandemic, which reduces the economic activity of many of the Group's clients. The Management Board conducts ongoing analysis of the market situation and adjusts strategic decisions accordingly, in particular the costs of business are reduced in the period of lower demand for the Group's services.

d. Risk associated with the competitor's operation

The personnel services market in Central and Eastern Europe (Poland, Czech Republic, Slovakia and Hungary) is attractive because of its size. Recognized global brands such as Adecco, Manpower and Randstad treat the Central European market as a strategic market and have been competing strongly with the Work Service Group for years. Work Service S.A. has the relevant experience and recognised brand, it can react early enough to actions of competition and flexibly respond to the needs of both the candidate/employee and the employer/customer. However, recently there has been a crisis of confidence in connection with the situation and restructuring processes described in section 5.3 of this report. However, the Work Service Group still has the appropriate competences to compete with the largest global players, thanks to its suitable recruitment facilities, experience and the ability to attract appropriate candidates.

e. Risk associated with fluctuations in the market

In recent years, we could see a dynamic development of the temporary job market as well as the changing needs of this market. Entrepreneurs expect Temporary Employment Agencies to provide prepared employees who are trained and do not require additional investment such as various training and courses. As a leader in Poland and in the Central and Eastern Europe market, the Group has adequate technical facilities, knowledge and years of experience; it monitors, anticipates and knows the needs of the market. With the knowledge of the characteristics of local and regional markets, the Work Service Group increases its competitiveness. Through the presence in Poland and Europe, it is able to respond to changes in trends in the market. However, in the case of activities on the markets of European countries one should pay attention to the possible presence of periodic changes caused by e.g. a short presence in the markets or cultural differences.

f. Risk associated with changes in legal regulations

The macroeconomic situation of the country may force a change in tax law, labour law, changes in the area of social insurance or in the area of trade activities. Any such change can result in increased operating costs of the Group, which in turn translate into financial results and may cause difficulty in assessing the impact of future events or decisions. In addition, the risk in this area is strengthened by the fact of conducting the activities by the Work Service Group companies across several countries. The Management Board of the Group monitors on an ongoing basis the changes in legislation in the markets on which it operates and reacts in advance to ensure that its operations comply with local laws.

7. Indication of the proceedings pending before the court. competent authority for arbitration or a public authority with the value of dispute over 50 thousand zlotys

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.	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
Elżbieta N.	Work Service S.A.	50.000,00 zł	Case concerning a compensation for harassment (currently at the stage of a complaint of the decision on the award of costs to Work Service S.A.)
BCT – Bałtycki Terminal Kontenerowy Sp. z o.o.	Work Service S.A.	122.000,00 zł	Case concerning a compensation for damage caused to the customer by the contractor directed by Work Service S.A. to the customer for the purpose of performing temporary work on the basis of a civil law agreement. Case at the stage of cassation complaint.
Haitong Bank	Work Service S.A.	796 136,00 zł	Case concerning a payment of remuneration in respect of bond issue
Work Service S.A.	Matras S.A.	114. 940,58 zł	Case at the stage of insolvency proceedings

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
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.	Vision Group sp. z o.o.	99 455,00 zł	Case concerning a payment of receivables for the performed service of temporary work
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.	Neo Group sp. z o.o.	220 065,00 zł	Case concerning a payment of outstanding invoices for the performance of services
Work Service S.A.	Automotive Assembly Systems sp. z o.o.	1 276 979,62 zł	Case concerning a payment of outstanding invoices for the performance of services
Paweł G., Lesław W.	Work Service S.A.	1 285 320,00 zł	Case concerns a claim for payment of contractual penalties
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

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
PFRON	Work Service S.A.	6.934.445,62 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
Work Service S.A.	PFRON	345.264,49 zł	Case concerning a payment of co-financing of remuneration of disabled persons for the reporting period of: November 2018
Work Service S.A.	PFRON	193.765,72 zł	Case concerning a payment of co-financing of remuneration of disabled persons for the reporting period of: November 2019
Work Service S.A.	Dyrektor Izby Administracji Skarbowej we Wrocławiu	538.078,00 zł **III SA/196/19**	Judgement of the Court of First Instance repealing the contested provisions and referring the case for re-examination
Work Service S.A.	Dyrektor Izby Administracji Skarbowej we Wrocławiu	488.645,70 zł **I SA/Wr/676/19**	No hearing date
Work Service S.A.	Dyrektor Izby Administracji Skarbowej we Wrocławiu	495.246,90 zł **I SA/Wr/673/19**	No hearing date
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.	Fashion Marketing Investment Group sp. z o.o.	586.693,07 zł	Case at the stage of enforcement proceedings. Sellpro Sp. z o.o. won the case in court and is currently trying to enforce the debt in the enforcement procedure.
Sellpro Sp. z o.o.	Port Lotniczy Goleniów sp. Z o.o.	491 924,44 zł	Case concerning a payment of outstanding invoices for the performance of services
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.	Good Bites Factory Sp. z o.o.	134.211,39 zł	Case at the stage of enforcement proceedings. Sellpro Sp. z o.o. won the case in court and is currently trying to enforce the debt in the enforcement procedure.
Sellpro sp. z o.o.	Orion.pl sp. z o.o.	934 945,72 zł	Restructuring procedure

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
Sellpro sp. z o.o.	Phillmore sp. z o.o.	133 732,19 zł	Case concerning a payment of outstanding VAT invoices
Sellpro sp. z o.o.	Dyrektor Izby Administracji Skarbowej we Wrocławiu	61 827,20 zł **I SA/Wr/628/19**	Judgement of the Court of First Instance repealing the contested provisions and referring the case for re-examination
Stadion Wrocław sp. z o.o.	Industry Personnel Services Sp. z o.o. (pozostali pozwani Stadion Catering Sp. z o.o. oraz Pan Jozef N.)	330.359,41 zł	Case concerning a payment of invoices for outstanding rent fees; on 23.10.2019 the Court suspended the proceedings until the parties reach a final settlement in an analogous case (described below) for rent
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	Industry Personnel Services Sp. z o.o.	2.991.650,35 zł	Case concerning a payment of co-financing remuneration of disabled persons for the reporting periods of: April, May and July 2014; March, April, August and October 2016; January-December 2017 and January, February - December 2018.
Industry Personnel Services sp. z o.o.	Dyrektor Izby Administracji Skarbowej we Wrocławiu	121.462,30 zł **III SA/Wr/291/19**	Judgement of the Court of First Instance repealing the contested provisions and referring the case for re-examination (the decision favourable for Industry Personnel Services sp. z o.o.).
Industry Personnel Services sp. z o.o.	Dyrektor Izby Administracji Skarbowej we Wrocławiu	112.775,90 zł **II SA/Wr/290/19**	Judgement of the Court of First Instance repealing the contested provisions and referring the case for re-examination (the decision favourable for Industry Personnel Services sp. z o.o.).
Industry Personnel Services sp. z o.o.	Dyrektor Izby Administracji Skarbowej we Wrocławiu	61.827,20 zł **I SA/Wr/628/19**	Judgement of the Court of First Instance repealing the contested provisions and referring the case for re-examination (the decision favourable for Industry Personnel Services sp. z o.o.).
PFRON	Finance Care Sp. z o.o.	1.217.660,84 zł	Case concerning the payment of co-financing of remuneration of disabled persons for the reporting periods of: November and December 2012; April - July 2014; March- May, October and November 2016; February - May and July- December 2017 and January, February and April - July 2018.
PFRON	Work Express Sp. z o.o.	1.273.599,50 zł	Case at the stage of judicial and administrative procedure following the lodging of a complaint on the total amount together with a request to suspend the enforcement of the contested decision; a copy of the reply to PFRON's complaint was delivered on 7 February 2020 and a reply of the company was sent on 13 February 2020. Reimbursement of co-financing of remuneration of disabled employees for the period: 03/2016, 04/2016, 08/2016, 10/2016, 01/2017, 02/2017, 03/2017, 08/2017, 09/2017 due to arrears of payment of

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
			insurance premiums to Social Insurance institution (ZUS).
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
PFRON	Work Express Sp. z o.o.	59.314,92 zł	On 4 February 2020 a request for a re-examination of the case for reimbursement of co-financing of remuneration of disabled workers for 12/2018 was lodged due to a difficult economic situation; no decision of PFRON until today
Work Express Sp. z o.o.	PFRON	60.331,96 zł	PFRON extended the deadline for the cognisance of the case until 13 March 2020 Payment of co-financing of remuneration of disabled employees for 10/2018
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

Claimant	Defendant	Value of the subject of the dispute	Subject of the disput
Work Express sp. Z o.o.	government proceedings (FR,B)	lack of respect	No claims have been received to date

8. Information on organisational or capital relation of the Company with other entities and determination of the major domestic and foreign investments (securities, financial instruments, intangible assets and property) including capital investments outside its associates and description of methods of their financing

Work Service Company is the parent company of the Capital Group of the same name (item "Principles of Capital Group Management. Composition of Work Service Capital Group" of this report). On the other hand the investments of Work Service SA are described in the item "Changes in the structure of the Work Service Capital Group" of this report.

9. Information on contracts incurred and terminated in a given year on credits and loans

Information about the status of credits at the end of December 2019 are presented under "Assessment. together with its justification. concerning the management of financial resources. with particular emphasis on the ability to meet its obligations and to identify potential threats and actions that the Company has taken or intends to take in order to counter these threats "of this report.

10. Information on loans granted in the financial year. with particular emphasis on loans granted to related parties of the Company. providing at least the amount. type and value. interest rate. currency and maturity

In addition to the loans disclosed in the separate management board reports:

Customer's name	Borrowing amount (in EUR)	Interest rate	Maturity date of the borrowing
WORKPORT 24 GMBH	34 919	fixed	2018-12-31
Work Port 24	18 250	variable	2018-12-31
Naton zapošljavanje	54 487	fixed	unspecified
Naton HR ltd.	35 464	fixed	unspecified
Naton HR ltd.	3 800	fixed	unspecified
Naton zapošljavanje	1 700	fixed	unspecified
Kadrovi Naton	4 845	fixed	unspecified

Customer's name	Borrowing amount (in HUF)	Interest rate	Maturity date of the borrowing
ProAktív	1 001 026	variable	2018-06-30
Naton Bulgária	3 101 400	fixed	unspecified

11. Information on warranties and guarantees given and received in a given year. with particular emphasis on guarantees granted to related parties

Information on guarantees granted and received in the financial year 2019 are presented in Note 36 to the consolidated financial statements of Work Service Capital Group for the year ended 31 December 2019.

12. Information on guarantees and sureties.

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

Contingent liabilities				
Title of contingent liability	Type of security	31/12/2019	31/12/2018	change
Loan collateral	surety	360 000 000,00	360 000 000	
	Statement of voluntary submission to the execution, art. 777	66 210.000,00	66.210.000,00	
	registered pledge on assets	277 500.000,00	277.500.000,00	
Lease collateral	blank promissory note with a blank promissory note agreement	4 621 782,30	4 621 782,30	
Performance guarantee	surety	3 000 000,00	1 354 370,88	
Commitment to purchase additional Pro Humana shares from Portfolio	-	86 000 000,00	0,00	

13. Assessment. together with its justification. concerning the management of financial resources. with particular emphasis on the ability to meet its obligations and to identify potential threats and actions that the Company has taken or intends to take in order to counter these threats

The Group is currently undergoing significant restructuring processes, including financial and capital changes as well as risk and threat prevention, described in detail in section 5.3 of this report ("Basic economic - financial values”).
The processes of current financial liquidity management are significantly influenced by the fact that the major part of production costs are the costs of salaries and associated social security costs. The above-mentioned items of expenses are, by nature, payable in a relatively short period, and moreover, the terms of payment are rigid and cannot be exceeded. The Company actively uses factoring lines that are important to ensure adequate short-term liquidity. In addition, processes for ongoing control of the flow of receivables are actively performed.

14. Assessment of the capability for realising investment objectives. including capital investments. in comparison to the volume of the possessed resources. recognising the possible changes in the financing structure of the activity

The major investments planned for the foreseeable future involve the purchase of the remaining shares in Prohuman 2004 Kft. As. as the time of signature of this report. the Company has not secured the sources for financing the entire investment. the Company is currently selling its significant assets. namely shares in Exact Systems S.A. This transaction combined with the planned external sources of financing. should provide the necessary resources for the conclusion of the investment in Prohuman 2004 Kft.

15. Assessment of factors and unusual events affecting the result of the activities for the year. specifying the impact of these factors or unusual events on the achieved result

The factors and unusual events affecting the result of the activities were described in item “V.1. Evaluation of factors and unusual events having a significant impact on the operations and financial results of the Capital Group” of these statements.

16. Any agreement concluded between the company and its management stipulating compensation in case of resignation or dismissal from the position without valid reason or if their resignation or dismissal is due to merger of the Company through takeover

Mrs Iwona Szmitkowska concluded a non-competition agreement with Work Service SA after the termination of the employment agreement on 10 October 2014, providing a guaranteed payment of compensation for refraining from competitive activities in the amount of PLN 600,000 gross, payable in 12-month instalments of PLN 50,000 per month for each moth of refraining from competitive activities, for a period of 12 months after the termination of the agreement.
Mrs Iwona Szmitkowska concluded a non-competition agreement with Industry Personnel Services Sp. z o.o. after the termination of the cooperation agreement on 1 March 2007, which provides a guaranteed payment of compensation for refraining from competitive activities in the amount of PLN 3.520 + VAT for each month of refraining from competitive activities, in the period of 6 months after the termination of the cooperation agreement concluded on 1 September 2005.
Mr. Jarosław Dmitruk concluded a non-competition agreement with Work Service International Sp. z o.o. after the termination of the employment contract, on 2 February 2012, which provides a guaranteed payment of compensation for refraining from competitive activities in the amount of 50 % of the average monthly gross remuneration calculated over three months for each month of refraining from competitive activity, during the 12 months following the termination of the contract.

17. The value of salaries. bonuses and benefits. including those arising from incentive or bonus programs based on the Company's capital. including programs based on senior bonds. convertible bonds. subscription warrants (in cash. kind or other potentially payable separately for each of the directors or supervisory bodies of the company. no matter whether they were included in the costs or resulted from profit distribution)

The following table presents the information on the remuneration paid to the members of the Management Board and the Supervisory Board in 2019.

Gross benefits for persons holding functions in the MAnagement Board (in PLN)		
Imię i nazwisko	2019	2018
Witucki Maciej	855 447,77	1 244 367,95
Dymitruk Jarosław	483 184,59	0,00
Christodoulou Paul	411 738,33	4 196,00
Ślęzak Tomasz	308 899,31	517 499,75
Rozpędek Hubert	0,00	- 7 500,00
Szmitkowska Iwona	677 936,38	249 577,77
Gajek Piotr	479 349,60	386 887,02
Krzysztof Rewers	174 400,00	536 091,91
Ambrozowicz Piotr	0,00	238 709,60

Gross benefits for persons holding functions in the Supervisory Board (in PLN)		
Imię i nazwisko	2019	2018
Bujak Tomasz	36 774,19	0,00
Sofianos Panagiotis	0,00	4 650,40
Misiak Tomasz	44 500,00	74 707,57
Ługowski Tomasz	3 000,00	10 683,90
Oliwa Robert	9 000,00	0,00
Perston Marcus	14 000,00	0,00
Ruka Paweł	23 225,81	0,00
Schmidt Przemysław	12 000,00	0,00
Witkowski Andrzej	9 000,00	0,00
Żegleń Piotr	12 000,00	0,00
Kamiński Piotr	21 129,03	31 977,07
Hanczarek Tomasz	84 500,00	147 673,80
Kaczmarczyk Krzysztof	12 677,39	16 528,69

In 2019 there were no new liabilities resulting from pensions or similar benefits for former members of management. supervisory or administration bodies. and no new liabilities were incurred in relation to such pensions.

18. Description of significant off-balance sheet items in terms of the subject. scope and value

Description of significant off-balance sheet items in terms of subject. object and value is provided in note 37 to the consolidated financial statements for the financial year ended 31 December 2019.

19. Information on the conditions of co-operation with the entity authorised to audit financial statements

The entity authorised to audit financial statements of Work Service Capital Group is **Grant Thornton Polska Sp. z o.o**. with its registered office in Warsaw. The relation between the parties in this matter is governed by an agreement concluded on 18 June 2018. Information on remuneration of the entity authorised to audit financial statements. paid or payable for the year 2019 are presented in Note 49 of the consolidated financial statements for the year ended on 31 December 2019

20. Statement on the application of Corporate Governance

In consideration with entry into force as on 1 January 2016 amended Good Practices of Companies listed of Warsaw Stock Exchange 2016. in accordance with obligation effecting from § 29(3) of the Rules of Conduct of the Stock Exchange. Management Board of Work Service S.A.. publicised a report on non-application by the Company some rules of corporate governance effecting from amended set of "Good Practices of Companies listed on Warsaw Stock Exchange 2016.

a. Indication of principles of corporate governance applied in Parent Company and the place where principles are publicly available

The Parent Company. declaring operation in accordance with the highest standards of communications of capital market and corporate governance principles applies the "Best Practices of WSE Listed Companies 2016". developed by the Stock Exchange in Warsaw.

As an issuer of shares listed in the main market of the Warsaw Stock Exchange. the Company is subject to the principles of corporate governance included in the "Code of Best Practice for WSE Listed Companies 2016". adopted by Resolution No 26/1413/2015 of the Council of the Warsaw Stock Exchange of 13 October 2015 which is an appendix to that resolution ("Code of Best Practice for WSE Listed Companies 2016") and which is available on the Warsaw Stock Exchange website at the address: https://static.gpw.pl/pub/files/PDF/RG/DPSN2016__GPW.pdf

b. The extent to which the Parent Company has departed from the provisions of corporate governance principles. an indication of such provisions and explanation of the reasons

Starting from stock exchange debut in April 2012. the Parent Company's intention is to follow good practices of corporate governance. as evidenced by the statement of the Parent Company. filed in the IPO Prospectus 2008 and Prospectus 2011.

Currently. the Parent Company complies with the corporate governance rules set out in the Code of Best Practice for WSE Listed Companies 2016. except for the following rules:

I.Z.1.3. A company should operate a corporate website and publish on it. in a legible form and in a separate section. in addition to information required under the legislation a chart showing the division of duties and responsibilities among members of the management board drawn up according to principle II.Z.1.

The Company does not apply a rule thoroughly. As a rule. diagram of division of tasks and responsibilities among member of Management Board is included in Regulations of the Board of Management made available on website. and considering pending development of the whole Work Service Capital Group. the Company is planning to elaborate detailed and updated division of competences and responsibilities among members of management board of the company. which will subsequently be published on the Company's website.

I.Z.1.6. A company should operate a corporate website and publish on it. in a legible form and in a separate section. in addition to information required under the legislation information on the dates of corporate events leading to the acquisition or limitation of rights of a shareholder. information on the dates of publication of financial reports and other events relevant to investors. within a timeframe enabling investors to make investment decisions.

The Company does not apply the above mentioned rule only in scope of publication of the calendar of corporate events resulting in purchase or limitation of right on side of a shareholder. However. the Company intends to implement its application in the future. elaborating for this purpose necessary procedures specifying the rules for creation of calendar and description of events included therein.

I.Z.1.16. A company should operate a corporate website and publish on it. in a legible form and in a separate section. in addition to information required under the legislation information about the planned transmission of a general meeting. not later than 7 days before the date of the general meeting.

This rule is not applied. because the Company does not broadcast debates held on general assembly. Nevertheless. if this situation occurs. the Company will publish information in this scope on www site.

II.Z.1. The internal division of responsibilities for individual areas of the company's activity among management board members should be clear and transparent. and a chart describing that division should be available on the company's website.

With reference to the rule I.Z.1.3.. the Company shows that does not apply this rule thoroughly. As a rule. diagram of division of tasks and responsibilities among member of Management Board is included in Regulations of the Board of Management made available on website. and considering pending development of the whole Work Service Capital Group. the Company is planning to elaborate detailed and updated division of competences and responsibilities among members of management board of the company.

II.Z.2. A company's management board members may sit on the management board or supervisory board of companies other than members of its group subject to the approval of the supervisory board.

The Company does not apply the above rule. At the same time. it is assumed that membership of members of management board in management boards or supervisory boards of other companies has no negative impact upon activity of Work Service company.

II.Z.5. Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

The Company applies the above rule.

II.Z.6 The supervisory board should identify any relationships or circumstances which may affect a supervisory board member's fulfilment of the independence criteria. An assessment of supervisory board members' fulfilment of the independence criteria should be presented by the supervisory board according to principle II.Z.10.2.

The above rule is not applied in full.

II.Z.10.4. In addition to its responsibilities laid down in the legislation. the supervisory board should prepare and present to the ordinary general meeting once per year the following an assessment of the rationality of the company's policy referred to in recommendation I.R.2 or information about the absence of such policy.

The rule is not applied considering the fact that according to the Company. scale of its activity specified in recommendation I.R.2 does not justify preparation of detailed assessment of rationality by the supervisory board.

IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company. and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means. the company should enable its shareholders to participate in a general meeting using such means. in particular through:
1) real-life broadcast of the general meeting;
2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.

The Company informs that shareholders did not report to the company expectations in terms of performance of abovementioned recommendation.

IV.Z.2. If justified by the structure of shareholders. companies should ensure publicly available real-time broadcasts of general meetings.

With regards to recommendation IV.R.2.. the company has currently relevant technical infrastructure.

VI.R.1. The remuneration of members of the company's governing bodies and key managers should follow the approved remuneration policy.

In terms of policy of remuneration for member of Management Board and Supervisory Board of the Company as well as rules for its establishment in the Company. the rules of remuneration and levels of pays specified by General Assembly are valid – with regards to members of Supervisory Board. by Supervisory Board – with regards to members of Management Board and by Management Board with reference to the key managers; amount of remuneration depends on scope of individual obligations and areas of responsibilities entrusted to individual persons being in composition of these bodies and key managers.

VI.R.3. If the supervisory board has a remuneration committee. principle II.Z.7 applies to its operations.

Recommendation is applied partially. The Remuneration Committee is composed of three members of Supervisory Board. including one independent member having relevant qualifications. The current vacancy arising from the resignation of one of the members will be filled soon.

VI.Z.4. In this activity report. the company should report on the remuneration policy including at least the following:
1) general information about the company's remuneration system;
2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components. including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment. contract or other similar legal relationship. separately for the company and each member of its group;
3) information about non-financial remuneration components due to each management board member and key manager;
4) significant amendments of the remuneration policy in the last financial year or information about their absence;
5) assessment of the implementation of the remuneration policy in terms of achievement of its goals. in particular long-term shareholder value creation and the company's stability.

This rule is not applied by the Company in full. Numerous information is included in annual report of management board on activity of the company. including among the others. information on conditions and amount of remuneration of each member of management board or information on non-financial components of remuneration allocated to individual members of management board and the key managers. However. the rule requires detailed implementation. what the Company is planning to do.

c. Description of the main characteristics used by the Issuer's Company of internal control systems and risk management in relation to the preparation of financial statements and consolidated financial statements

In accordance with the recommendations of the European Commission of 15 February 2005 on the role of non executive directors or being members of supervisory board of listed companies and the committees of the board (supervisory) and pursuant to § 13 section 9 Articles of Association of the Company. an Audit Committee was established. The composition of the Committee results from the resolution of the Supervisory Board No. 1 dated 9 July 2019. Appointment of the above Committee constituted adjustment of corporate structures of Work Service Capital Group to the requirements of the public market. Composition of the Committee and its tasks are described in paragraph "Composition. changes and a description of the management and supervisory bodies" Statements on corporate governance.

Guidelines for risk management in the Parent Company are discussed in „"Assessment. together with the reasons therefor. concerning the management of financial resources. with particular emphasis on the ability to meet its obligations and to identify potential threats and actions that the Company has taken or intends to take to counteract these threats" of the Management Report on the activities of Work Service Capital Group.

Control over the implementation of market risk management is exercised by the Department of Finance and Controlling Department. while supervision of the risk management process performs President of the Management Board.

Starting from stock exchange debut in April 2012. the Parent Company applies internal procedures governing the preparation. approval. publication and purpose of individual and consolidated financial statements of the Parent Company and the Group. The Parent Company also applies information policy uniform for the entire Capital Group.

Internal Control and risk management systems. applied in the Parent Company. are to ensure the provision of reliable and defect-free financial information to be concluded in current and periodic reports. The internal control system involves. among others:

- the appointment of persons responsible for the preparation of financial reports.
- carrying out regular reviews of financial results by the Management Board.
- respecting the principle of authorisation of current and periodic reports prior to their publication.
- Multistage control of consolidated and individual statements in particular with regard to the accuracy of the accounting arrangements. analysis of the merits and reliability of information.
- regular (at least once a year) defining the risks that in Management Board's opinion could affect the financial results of Capital Group.

The Management Board of Work Service Capital Group shall review and verify the strategy at least once a year. On the basis of the review and the conclusions resulting therefrom. the budgeting process is performed. covering all areas of functioning. The budgeting process involves middle and senior management. The annual budget is approved by the Supervisory Board.

d. Shareholding

The following table presents the shareholding structure. along with information about shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders. including all notice that the company Work Service SA received pursuant to art. 69 section 1 point 1 of the Act on Public Offering. Conditions Governing the Introduction of Financial Instruments to Organised Trading. and Public Companies (Journal of Laws 2016. item 1639 as amended).

Shareholder	Number of shares	Share in the share capital	Number of votes	Share in the total number of votes
WorkSource Investments S.a.r.l.	13 714 286	20,91%	13 714 286	20,91%
Central Fund of Immovables Sp. z o.o.	11 009 200	16,78%	11 009 200	16,78%
ProLogics (UK) LLP London	10 466 200	15,96%	10 466 200	15,96%
Tomasz Misiak	9 553 961	14,57%	9 553 961	14,57%
Tomasz Hanczarek	3 336 420	5,09%	3 336 420	5,09%
MetLife PTE S.A.	3 254 743	5,00%	3 254 743	5,00%
Others	14 255 828	21,73%	14 255 828	21,73%
Total	**65 590 638**	**100,00%**	**65 590 638**	**100,00%**

e. Identification of holders of securities that confer special control rights and a description of these rights

There are no holders of securities with special control rights.

f. Indication of any restrictions on voting rights

Company's Articles of Association does not provide for any restrictions on voting rights.

g. Identification of any restrictions regarding the transfer of ownership of securities

In accordance with the provisions of the Articles of Association of the Company there are no restrictions on the free transferability of the shares. in addition to the restrictions regarding disposal of shares resulting from obligations of lock-up type. in terms of temporary exclusion from disposal of shares deposited by the shareholders of the Issuer. referred to in Paragraph IV. item 19.1.1 and item 19.6.3 - 19.6.7 of Prospectus - "Registration Document".

As part of realisation of collateral provided for in the credit agreement dated 18 November 2015. annexed on March 30th 2017 Work Service SA concluded registered pledge agreements in favour of Bank BGŻ BNP Paribas S.A. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. “Bank Zachodni WBK S.A.”. Raiffeisen Bank Polska S.A. on shares in IT Kontrakt sp. z o. o.. Work Service International sp. z o. o.. Industry Personnel Service sp. z o. o.. Work Express sp. z o. o.. Antal Sp. z o.o..

In addition. shareholders of Worksource Investment s.a.r.l.. Prologics (UK). Tomasz Hanczarek and Tomasz Misiak concluded agreements for registered pledges and financial pledges on shares in Work Service SA with Bank BGŻ BNP Paribas S.A.
As part of realisation of collateral provided for in the above mentioned credit agreement.

1. Work Service SA concluded registered pledge agreements dated 30 January 2017 in favour of Bank BGŻ BNP Paribas S.A. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. “Bank Zachodni WBK S.A.”. Raiffeisen Bank Polska S.A. on shares in Antal Sp. z o. o. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. “Bank Zachodni WBK S.A.”. Raiffeisen Bank Polska S.A. on shares in Finance Care sp. z o. o.
2. Shareholders of Worksource Investment s.a.r.l.. Prologics (UK) LLP. Tomasz Hanczarek and Tomasz Misiak concluded registered pledge agreements and financial pledge agreements dated 30 January 2017 with BGŻ BNP Paribas S.A. on shares in Work Service SA.
3. Work Service S.A. concluded registered pledge agreements dated 21 March 2017 in favour of Bank BGŻ BNP Paribas S.A. and financial pledge agreements in favour of Bank BGŻ BNP Paribas S.A.. Bank Millenium S.A.. „Bank Zachodni WBK S.A.”. Raiffeisen Bank Polska S.A. on new shares in Exact Systems S.A.

Additionally: The credit agreement with PKO BP Bank Polski SA is secured by a pledgeon shares in Prohuman. covering 75% of WSSA’s share in the share capital of Prohuman. The pledge agreement on shares in Prohuman represents a pledge agreement on shares in Prohuman governed by Hungarian law. securing the Bank’s claims under the credit agreement concluded on 30 December 2016 between WSSA as the pledgor and the Bank as the pledgee.

h. Rules governing the appointment and dismissal of managers and their rights. in particular the right to decide on the issue or repurchase of shares

The rules governing the appointment and dismissal of managing persons

Management Board
The Management Board directs the activities of the Company and represents it externally. Management Board consists of one to six members appointed and dismissed by the Supervisory Board. subject to a case of occurrence of Significant. Serious Default. The number of management Board members is determined by the Supervisory Board. while: In case of occurrence of Significant. Serious Default. Investor (tj. WorkSource Investments S.a.r.l. with registered office in Luxemburg) has the right to change most. but not all (i.e.. one member if the Management Board consists of one or two members. two members if the Management Board consists of three members. three members if the Management Board consists of four or five members. and four members when the Management Board consists of six members) members of the Management Board. under the following procedures:

- Investor shall have the individual right to dismiss members of the Management Board indicated in its sole discretion.
- Investor shall have the individual right to propose to the Supervisory Board three independent candidates. with the qualifications. for each available position on the Management Board. of whose the Supervisory Board will be required to appoint a new member of the Management Board for each available position.

During the entire duration of the Significant. Serious Default . the Supervisory Board has no right to change the number of members of the Management Board. nor the composition of the Management Board otherwise than in accordance with the following scheme - where Significant. Serious Default will continue after the appointment the Management Board in the manner provided above for a period of more than 18 months after such appointment the Supervisory Board shall have the right to dismiss most. but not all (i.e.. one member if the Management Board consists of one or two members. two members if the Management Board consists of three members. three members if the Management Board consists of four or five members. and four members when the Management Board consists of six members) members of the Management Board by a simple majority of votes
The Management Board shall be appointed for a five-year terms. Management Board members may be reappointed for subsequent terms. Member of Management Board may not. without the consent of the Supervisory Board. deal with competing interests or participate in a competitive company as a partner or member of the governing bodies. In case of conflict of interests of member of the Management Board. a Management Board member should inform Management Board of this circumstance and refrain from participation in discussion and from voting on the resolution in a given case.
The following persons are authorised to submit statements on behalf of the Company: the President of the Management Board independently- if the Management Board consists of one member; two members of the Management Board acting jointly or Member of the Management Board acting jointly with a proxy - if the Management Board consists of more than one member.
Proxies may be appointed to perform specific types of activities or special tasks. operating independently within the power of attorney granted to them in writing by the Management Board. Consent of all the members of the Management is required to

grant a procuration.
With the reservation referred to below. Management Board takes decisions in the form of resolutions at meetings convened by the President of Management Board on his own initiative or at the request of a member the Management Board or at the request of the Supervisory Board. Management Boards resolutions may also be adopted outside a meeting the Management Board in writing or by means of direct remote communication. provided that all members have been notified of the draft resolution. Voting in the manner referred to in the preceding sentence may be ordered by President of the Management Board on his own initiative or at the request of any other member of the Management Board. Resolutions of the Management Board shall be adopted by an absolute majority of votes. however. if they are taken at a meeting of Management Board its validity requires the presence of all. and in the Management Boards consisting of more than three members - the presence of at least three members of the Management Board. In case of equality of votes. the vote of the President the Management Board shall prevail.
The Management Board is required to develop and transfer to the Supervisory Board until 30 November of the year proceeding the year to which it relates. the draft financial plan (budget) for the coming year. The budget should contain a plan of expenditure and revenue for the next financial year. The budget for the next financial year is adopted by the Supervisory Board on or before 31 December of the year proceeding the year to which it relates. In case of no presentation of the budget by the Management Board. as well as in case of no budget approval by the Supervisory Board. the Supervisory Board may specify the date by which the Management Board is obliged to submit a new draft budget. taking into account the Supervisory Board comments. Until the adoption of the budget for the year. a budget adopted for the previous calendar year will be in force. where each item will be increased by the rate of inflation in a given year. calculated in accordance with the index of increase in the price of goods and services (CPI). Detailed rules for the organisation and operation of the Management Board will be set out in the rules of the Management Board. adopted by the Management Board and approved by the Supervisory Board.

<u>Supervisory Board</u>
As long as the Investor remains a shareholder of the Company. the Supervisory Board consists of 9 members. including the Chairman and Vice Chairman. As long as the Company's shares are admitted to trading on a regulated market in the Republic of Poland. at least two members of the Supervisory Board should meet the criteria of independence from the Company and entities related to the Company arising from corporate governance rules applicable to the regulated market on Polish territory. on which the Company's shares are or are intended to be traded.
In case of resignation before the expiry of the term of office or in case of death of a member of the Supervisory Board. or if Investor did not appoint a member or members of Supervisory Board in manner provided by the provisions of § 12 section 4 of the Articles of Association of the Parent Company. the remaining members of the Supervisory Board. regardless of their number. are entitled to co-opt a new member in place of the resigning or deceased member of the Supervisory Board. Number of co-opted members of the Supervisory Board and not approved by General Meeting of Shareholders shall not exceed one-fourth of the members of the Supervisory Board of a given term. Number of co-opted members of the Supervisory Board and not approved by General Meeting of Shareholders shall not exceed one-fourth of the members of the Supervisory Board of a given term. . In the case of non-approval of co-opted members of the Supervisory Board by the General Meeting of Shareholders. their term of office expires with the closing of the General Meeting of Shareholders referred to above.

If the Investor ceases to be a shareholder of the Company the Supervisory Board will consist of 5 - 10 members. The number of members of the Supervisory Board in a given term is determined by General Meeting of Shareholders. As long as the Investor remains a shareholder of the Company. he is entitled to the individual right of appointment and dismissal of two members of the Supervisory Board in the form of a written notice of the appointment or dismissal of a member of the Supervisory Board delivered to the Company. The remaining members of Supervisory Board shall be appointed by the General Meeting of Shareholders. If the Investor fails to appoint a member or members of Supervisory Board within 21 days from the date of expiry of the term of office of a member or members of Supervisory Board designated by the Investor. such members of the Supervisory Board shall be appointed and dismissed by the General Meeting of Shareholders until an Investor exercise of its rights under § 12 section 5 of the Articles. in which case the term of office members of Supervisory Board appointed by the General Meeting pursuant to the above order will automatically expire. provided. however. that it will not affect the entire term of office of the Supervisory Board.

Along with consent to the appointment of the Supervisory Board. the candidate for the Independent Member of the Supervisory Board shall submit a written declaration of compliance with the independence criteria referred to in paragraph 1 above. Independent Member of the Supervisory Board should meet the independence criteria referred to in paragraph 1 above. for the duration of the term. If during the term Independent Board Member has ceased to meet any of the criteria referred to in the preceding sentence he shall notify the Management Board the Company in writing immediately. but not later than within three days of the event giving rise to cease meeting these criteria or adoption such information. Failure to meet the criteria of independence by any member of the Supervisory Board. or the loss of the status of an Independent Member of the Supervisory

Board during the term. does not result in the expiry of his mandate and has no effect on the ability of the Supervisory Board to exercise the powers provided for in the Code of Commercial Companies and these Articles.

The Supervisory Board shall be appointed for a joint term of three years. It is permissible to re-appoint to the Supervisory Board for the next term of office the same persons. Member of the Supervisory Board may not. without the authorization of the General Assembly participate in a competitive company as a partner in a civil partnership and limited company or as a member of capital company body. or participate in any other competitive legal person as a member of the body. This prohibition shall not apply to taking office or shares in companies belonging to capital group of the Company. In case of conflict of interests of member of the Supervisory Board and Company. Supervisory Board member should report this fact to the Supervisory Board and refrain from taking part in the discussion and from voting on the resolution of the case. Member of the Supervisory Board shall submit information to the Supervisory Board on any relationship with a shareholder who holds shares representing not less than 5% of the total number of votes at the General Meeting.
The Supervisory Board may appoint commission or committees. both permanent and to clarify certain issues - specifying organisation. operation and specific powers of these commissions and committees - if the subject of the work of the commission or committee falls within the competence of the Supervisory Board; while within the framework of the Supervisory Board as permanent committees shall be appointed:

- The Audit Committee. activities of which are governed by the applicable laws. competent. in particular. in cases of supervision of the Company's financial reporting process and audit of financial statements of the Company.
- Remuneration Committee. competent. in particular. for cases of supervision of the manner and form of remuneration of the members of the Management Board and matters regarding the implementation of the Company incentive programs.
- The Supervisory Board makes decisions in the form of a resolution at meetings convened by the Chairman of the Supervisory Board or. in the event of failure to convene the meeting by the Chairman. the Vice-Chairman of the Supervisory Board. This person shall convene a meeting of the Supervisory Board on its own initiative or within two weeks of receipt of the request from Management Board or Supervisory Board. Such a request must be made in writing. stating the proposed agenda.

The Supervisory Board members exercise their rights and duties in person. and they are obliged to maintain confidentiality. Meetings of the Supervisory Board are held without the participation of Management Board. If necessary. the members of the Management Board may. however. be invited to the meeting of the Supervisory Board. Meetings of the Supervisory Board shall be held as necessary. but not less frequently than once a quarter.
Subject to the provisions of paragraphs 6 § 13 of the Articles of Association of the Company Work Service SA Supervisory Board resolutions may be adopted if the meeting is attended by at least half of its members. and all members have been invited to at least 7 working days prior to the meeting. Resolutions of the Supervisory Board are also valid when its member notified within a period shorter than the period referred to in the preceding sentence shall declare in writing that he agrees to the wording of the resolution of the Supervisory Board or appear at the meeting of the Supervisory Board. In case and the time when the Investor is a shareholder of the Company. at least one member of the Supervisory Board appointed pursuant to § 12 section 4 Articles of Association must attend all meetings of the Supervisory Board. If in a given Supervisory Board meeting a member of the Supervisory Board appointed in accordance with the provisions of § 12 section 4 of the Articles is not participating. additional Meeting of the Supervisory Board shall be convened and shall be held not later than 14 (fourteen) days from the date of the meeting. in which member of the Supervisory Board appointed pursuant to § 12 section 4 of the Articles did not participate. and such a meeting is capable of adopting resolutions regardless of the presence of such a member of the Supervisory Board.
The Supervisory Board members may participate in adopting resolutions of the Supervisory Board. by casting their votes in writing through another member of the Supervisory Board. Voting in writing shall not concern matters introduced into the agenda at the meeting of the Supervisory Board.
The Supervisory Board may adopt resolutions outside a meeting in writing or by means of direct remote communication. provided that all members have been notified of the draft resolution. Voting in this mode may be ordered by Chairman of the Supervisory Board on its own initiative or at the request of a member of the Supervisory Board or the Management Board.
As long as the Investor remains a shareholder of the Company. the Supervisory Board resolutions cited in § 16. 2. point a). e). f). h). i). j). k). o). p). q). r). s). t). v). w). x). y). z). aa). bb). cc). dd) and ee) of the Articles of Company shall be adopted by qualified majority of 8/9 votes cast. and the other resolutions shall be adopted by a simple majority of votes cast. If the investor ceases to be a shareholder of the Company. the Supervisory Board resolutions shall be adopted by a simple majority of votes cast. In case of an equality of votes in a situation where a simple majority of votes is required. the chairperson has the casting vote. If the specified resolution in form and substance set forth in the invitation for the meeting of the Supervisory Board shall not be adopted. then such resolution may be re-submitted at the next meeting of the Supervisory Board. which shall be held not earlier than forty-two (42) and not later than the end of forty-five (45) days from the date of the meeting of the Supervisory Board.

which has not adopted such a resolution. Such a meeting is entitled to adopt such resolutions by a simple majority of vote. provided holding at least two additional meetings of the Supervisory Board to the point and provided that such resolution. still requiring its adoption by majority of 8/9 votes. has not been adopted.
In the agreement between the Company and a member of the management board. as well as in a dispute with such member. the Company is represented by the Supervisory Board or an attorney appointed by a resolution of the General Meeting. Detailed rules for the organisation and functioning of the Supervisory Board are determined in the Supervisory Board Regulations adopted by the General Meeting of Shareholders.
The Supervisory Board exercises permanent supervision over the activities of the Company. The special powers of the Supervisory Board include:

- assessment of the Company's financial statements and the Management Board report. as well as the conclusions of Management Board concerning the distribution of profit or covering of loss and submitting to a General Meeting an annual written report on the results of this evaluation. the evaluation of their work. as well as a brief evaluation of corporate standing. which includes the assessment of internal control system and significant risk management system;
- appointing and dismissing members of Management Board. subject to § 17 paragraph. 3 - 6 of the Articles of the Company;
- suspension. for important reasons. the individual members of the Management Board. delegation of members of the Supervisory Board to temporarily perform the duties of Management Board members who are unable to perform their duties;
- approving the regulations of Management Board; granting consent to any benefits provided by the Company or any of its affiliates in favour of members of Management Board;
- granting consent to enter into a transaction by the Company and: (i) its shareholders entitled to exercise more than 5% of votes at the General Meeting of the Company. (ii) any person related to such shareholders. including persons controlling such shareholder. (iii) members of the bodies of the Company. their relatives and other entities that are subsidiaries of members of the bodies of the Company; giving consent to the payment towards expected dividend;
- selection and change in the entity authorised to audit financial statements. including the consolidated financial statements of the Company or its capital group;
  selection of an independent external auditor of the Company;
  approval of annual and interim financial plans and substantial changes in the plans presented by the Management Board;
- employing and determining the terms of employment (including salary. bonuses and premiums) of Management Board members of the Company;
  granting consent to the issuance of ordinary bonds. m) approving the merger. transformation or liquidation of the Company or its subsidiaries;
- granting consent to the acquisition and disposal of real property. perpetual usufruct or share in real estate;
- granting consent to the lease. the establishment of the right of perpetual usufruct. lease. pledge. mortgage. the establishment of other burdens. rights of first refusal or grant other rights to any part of the undertaking or assets of the Company. but excluding the granting of the above-mentioned for the direct or indirect subsidiaries of the Company and excluding charges related to bank credits. or loans that do not require the consent of the Supervisory Board in accordance with § 16 paragraph 2 point r) of the Statute;
- granting consent to the conclusion of agreements on the establishment of strategic cooperation. e.g. in the form of partnerships or joint ventures unless they are approved in the Business Plan or the annual budget;
- granting consent for capital expenditure of the Company. with a total value exceeding EUR 1.000.000 (one million euros). unless such expenditure has been planned and approved in the Business Plan or the annual budget;
- granting consent to the Company's loans and credit. if the value of an individual credit or individual loan exceeds EUR 2.500.000 (two million five hundred euros). unless such credits or loans have been planned and approved in the Business Plan or the annual budget;
- granting consent to granting of one or more guarantees of performance by one or more third parties. with a total value exceeding EUR 100.000 (one hundred thousand euros). which is not related to normal business activities and daily operating activities. but excluding direct or indirect guarantees of subsidiaries of the Company;
- approving the purchase. acquisition or disposal by the Company of shares. units or other securities in other capital companies. partnerships or entities. and on the accession of the Company to civil partnerships. private companies with the exception of the purchase and disposal of government or bank securities for a period not longer than 360 days as a means of managing the cash position of the Company;
- granting consent to creation and liquidation of new companies or branches;
- granting consent to the introduction of the Company's incentive programs. in particular. to grant by the Company the right to subscribe for or purchase shares under the management options and changes of such programs;

- approval of any unusual matters unrelated to the Company's business or otherwise outside the scope of normal business. with a value exceeding EUR 1.000.000 (one million euros). or transaction restricting the activities of the Company (geographically or otherwise. in particular. containing clauses restricting competition) unless approved in business Plan or the annual budget;
- initiation or amicable settlement of litigation or arbitration of the amount in dispute exceeding EUR 200.000 (two hundred thousand euros) or several similar proceedings with a total value of amount in dispute exceeding 500.000 (five hundred thousand euros);
- granting consent to conclude a single contract or more contracts with the same entity or natural person to perform work or services. if the remuneration or expenses arising from such work or services exceeds EUR 500.000 (five hundred thousand euros) in any period of three months;
- granting consent to donation. including charities. with a total value exceeding EUR 15.000 (fifteen thousand euros) in any year or for donations to political organisations;
- issuance of equity interests in the Company or any subsidiary of the Company other than the issuance of equity issued by a subsidiary of the Company. or on the basis of managerial incentive schemes;
- the Company's acquisition of assets with a total value exceeding EUR 500.000 (five hundred thousand euros). unless they have been approved in the Business Plan or the annual budget;
- granting consent to change in Business Plan;
- granting approval to conclusion any significant agreements that may cause the Company's obligations in excess of PLN 2 000 000 (two million euros). unless such agreements have been planned and approved in the Business Plan or in the annual budget;
- granting consent to granting loans to third parties with a value exceeding EUR 500.000 (five hundred thousand euros). excluding loans granted to the direct or indirect subsidiaries of the Company.

For the validity of a resolution of the Supervisory Board on granting consent in cases referred to in § 16 section 2 points e. f. h. of Articles of Association. it is required to vote in favour of such resolution by at least one Independent Member of the Supervisory Board. if a person with such status is part of the Supervisory Board.

The right to take a decision on the issuance or repurchase of shares

According to § 10.1 letters f and k Articles of Association competence of the General Meeting shall include:

- increase and decrease of the share capital of the Parent Company.
- issuance bonds convertible into shares. bonds with priority rights and subscription warrants.

i. Description of amendments to Articles of Association of the Parent Company

According to §10.1 letter g and §10.11 of Articles of Association of the Company amendment of the Articles and change of business of the Parent Company is the exclusive competence of the General Meeting.

j. General Meeting - mode of action

The powers of the General Meeting include matters reserved by the Commercial Companies Code. provisions of other laws and the Articles of Association. in particular:

a) consideration and approval of the Company’s Management Report and financial statement for the previous financial year;
b) adopting resolutions on the distribution of profits to an amount equal to 20% of net profit in the financial year;
c) adopting resolutions on the distribution of profits in excess of 20% of net profit in the financial year;
d) granting discharge to the members of the Company’s bodies for the performance of their duties;
e) appointment and dismissal of members of the Supervisory Board. subject to § 12 section 4 of the Articles;
f) increase or reduction of share capital;
g) amendments to Company’s Articles of Association;
h) adoption of resolutions on the sale or lease of the Company or its organized part and the establishment of its use or other limited rights in rem;
i) dissolution of the Company;
j) adoption of the Rules of Procedure of the Supervisory Board and the General Meeting. and its amendments;
k) issuance of bonds. convertible bonds or bonds with priority rights and issuance of subscription warrants referred to in

art. 453 § 2 of the Commercial Companies Code ("CCC"). and other financial instruments. with the exception of foreign currency transactions and derivatives;

l) merger of the Company with other companies. the division of the Company. the Company's spin-off or transformation of the Company;

m) settlement of all matters relating to compensation claims for damages caused during the formation of the Company or its management or supervision;

n) determining the method and amount of remuneration of Supervisory Board members;

o) specifying the date as of which the list of shareholders entitled to dividend for a given year is being determined – determining the dividend date and the dividend payment date;

p) creation of capital reserves not required under applicable law;

q) granting consent to the extension of the Company's business of all kinds of care services for the elderly.

The Annual General Meeting shall be held annually within six months after the end of each financial year. The Extraordinary General Meeting shall be convened if the bodies or persons authorised to convene General Meetings deem it appropriate. The General Meeting is convened by the Management Board and the Supervisory Board has the right to convene the Annual General Meeting. if the Management Board fails to convene the General Meeting within the prescribed time limit. The Supervisory Board and the shareholders or shareholder holding at least one-twentieth of the share capital may request the convening of an Extraordinary General Meeting of Shareholders.

The Supervisory Board and the shareholders or shareholder holding at least one-twentieth of the share capital may request the convening of an Extraordinary General Meeting of Shareholders. Requests referred to above. together with the reasons for allowing taking on the resolution. should be submitted to the Management Board by entitled shareholders in writing or in electronic form. If the request does not contain a statement of reasons. the Management Board will ask the applicant to justify the request. The General Meeting shall be valid regardless of the number of shares represented. if the provisions of the Commercial Companies Code or Articles of Association provide otherwise. Resolutions of the General Meeting shall be passed by an absolute majority of votes. unless the provisions of the Commercial Companies Code. the provisions of other laws or the Articles of Association provide other conditions for their adoption.

A matter introduced into the agenda of the General Meeting on the initiative of an authorised shareholder or shareholders who have submitted such a request. may be – on substantiated request. when there are compelling reasons- removed from the agenda by a resolution adopted by a majority of 80% of the votes cast and with the consent of all shareholders who submitted such a request. In case where the Management Board in a substantiated manner seeks to remove from the agenda the matter introduced on the agenda of Management Board’s own initiative. the resolution requires an absolute majority of votes cast. Shareholders participate in the General Meeting in person or by proxy appointed in writing.
Change of business of the Company may be made without repurchase of shares. The resolution in this case requires for its validity two thirds of the votes cast in the presence of persons representing at least half of the share capital of the Company. Acquisition and disposal of property. perpetual usufruct or shares in real estate does not require approval of the General Meeting.

k. Personal composition. changes and a description of the management and supervisory bodies

Composition of the Management Board and the Supervisory Board was presented in Section 2 of Basic Information on the Capital Group of this report.

According to *the Recommendations of the European Commission of 15 February 2005 on the role of non executive directors or being members of supervisory board of listed companies and the committees of the board (supervisory)* and pursuant to § 12 paragraph 9 of Articles of Association of the Company two permanent committees were appointed: The Audit Committee and the Remuneration Committee. Composition of these committees has been established by resolutions of the Supervisory Board No. 1 dated 9 July 2019 and 7 November 2019. The Appointment of the above mentioned Committees constituted adjustment of the Company's corporate structure to the requirements of the public market.

The current composition of Audit Committee was established by the resolution no. 1 of the Supervisory Board dated 9 July 2019 and is as follows:

1. Tomasz Bujak – The Chairman of the Audit Committee
2. Paweł Ruka - Member of the Audit Committee.
3. Tomasz Jakub Wojtaszek – Member of the Audit Committee

The Audit Committee is particularly appropriate for the supervision of the Company's financial reporting and audit process of the financial statements of the Company. The tasks of the Committee include:

- monitoring the financial reporting process.
- monitoring the effectiveness of internal control systems. internal audit and risk management.
- monitoring performance of financial audit.
- Monitoring the independence of the authorized entity (the audit firm) to audit financial statements and operating within the expert auditor of the entity.
- advising the Supervisory Board on proper supervision of the Company's financial reporting and audit process of the financial statements of the Company. the implementation of financial reporting and internal controls in the Company and cooperation with entities authorised (audit firms) to audit the Company's financial statements and expert auditors acting within these entities.

In particular. the Committee should:

- recommend to Supervisory Board the company authorised (an audit firm) to audit the Company's financial statements. including the consolidated financial statements. as well as the terms of the contract with such an entity and the amount of its remuneration.
- assess the scope of the independence of the selected audit firm and expert auditor.
- prepare draft resolutions of the Supervisory Board on financial matters of the Company.
- examine the quarterly. half-yearly and annual financial statements.
- discuss any problems or objections that may arise from the audit of the financial statements of the Company.
- ensure the most efficient communication between the auditor and the Supervisory Board.
- cooperate with the internal auditor of the Company.
- analyse the comments addressed to the Management Board by the Company's expert auditors and Management Board responses.
- analyse the reports of internal auditors of the Company and Management Board responses on observations and postulates contained in these reports.
- analyse and evaluate relations and dependencies within the Company and in the same Supervisory Board and the Management Board of the Company in terms of the existence or possibility of conflicts of interest. and take measures to eliminate this kind of events.
- consider any other issues related to the audit of the Company. which drew the attention of the Committee or the Supervisory Board.

The Remuneration Committee

Present composition of Remuneration Committee is as follows.

1. Pierre Mellinger – Chairman of the Remuneration Committee
2. Andrzej Witkowski – Member of the Remuneration Committee
3. Robert Oliwa – Member of the Remuneration Committee

The duties of the Remuneration Committee include. in particular:

- planning the policy of remuneration for the Members of the Board.
- supervision over the way and form of remuneration of the members of the Management Board. providing recommendations to Supervisory Board in this regard.
- adjusting the salaries of Members of the Board to the long-term interests of the Company and the Company's financial results.
- issues associated with the implementation of incentive programs and those already introduced in the Company. addressed to the Management Board and employees of the Company.

In view of the fact that the Company Work Service SA became a publicly traded company in 2012. the Audit and Remuneration Committees started its operations only in 2012.

21. A declaration on the non-financial information

A declaration on the non-financial information was prepared according to the Accounting Act. in particular Article 49 and constitutes attachment number 1 to this report

In addition to this declaration. the company also publishes on a biennial basis a Corporate Social Responsibility Report. which comprehensively presents the impact on employment. social and environmental issues. The next report for the years 2019-2020 will be published in 2021.

SIGNATURES:

1.	Iwona Szmitkowska	President of the Management Board	…………………….…………………………………..
2.	Jarosław Dymitruk	Vice President of the Management Board	……………………………………….…….…………
3.	Marcus Preston	Vice President of the Management Board	……………………………………….…….…………