

WORK SERVICE Capital Group

THE REPORT OF MANAGEMENT BOARD OF WORK SERVICE S.A. ON THE ACTIVITIES OF CAPITAL GROUP

for the first half of 2020

Wrocław, 30 September, 2020

Table of contents

A. Review of interim financial statements	3
1. Key financial data of the Capital Group	3
2. Strategic description	6
3. Implementation of issuance targets	16
4. Seasonality	17
5. The issuance, redemption and repayment of debt and equity securities	17
6. The use of funds received from issuance of debt and equity securities	17
7. Dividend	17
8. Information about the conclusion by the Company or its subsidiary of one or more transactions between related parties, if individually or collectively they are significant and were concluded on non-market terms	17
B. Other information	18
1. Description of the Capital Group organization	18
2. Changes in structure of the business entities, including as a result of a business entity mergers, acquisition or disposal of Capital Group entities, long-term investments, division, restructuring and discontinued operations.	28
3. Management Board position on the implementation forecasts	28
4. 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	28
5. Ownership of shares of Work Service SA by persons managing and supervising the Company	29
6. Court proceedings	29
7. Information on granting by Company or its subsidiary the surety of credit or loans or guarantees – jointly to one entity or its subsidiary, if the total value of existing sureties or guarantees is equivalent to at least 10% of its equity.	29
8. Other information that are relevant to the assessment of the personnel, property, financial stand - and their changes - of the Company and its Capital Group, as well as information that is relevant for assessing the feasibility of liabilities by the Company and the Capital Group	29
9. Factors influencing the achieved results for at least the next six months	29

A. Review of interim financial statements

1. Key financial data of the Capital Group

SELECTED ITEMS OF THE PROFIT AND LOSS ACCOUNT

The presented financial data for the period of 01.01.-30.06.2020 applies to the entire Capital Group: continued and discontinued operations.

Selected items of the profit and loss account (in PLN)	2020 - 1H	2019 - 1H	Growth 2020/2019
Sales revenue	619 553 741,12	840 261 449,89	0,73
Operating expenses	618 544 449,81	831 747 110,96	0,74
Sales profit (loss)	1 009 291,31	8 514 338,93	0,12
Operating profit (loss)	3 240 130,67	22 962 790,34	0,14
EBITDA	9 552 742,90	30 295 321,34	0,42
Gross profit (loss)	-19 567 401,27	-11 415 954,65	1,71
Gross profit (loss)	-29 999 080,77	-11 608 175,89	2,58

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

Selected items of the profit and loss account (in PLN)	2020 - 1H	2019 - 1H	Dynamika 2020/2019
Sales revenue	580 533 588,80	755 785 100,72	0,77
Operating expenses	573 570 615,34	741 934 732,69	0,77
Sales profit (loss)	6 962 973,46	13 850 368,03	0,50
Operating profit (loss)	7 363 026,23	28 283 006,95	0,26
EBITDA	13 615 540,39	35 348 322,68	0,39
Gross profit (loss)	210 814,66	21 313 650,48	0,01
Gross profit (loss)	-10 194 443,80	14 138 756,73	-0,72

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

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

SELECTED BALANCE SHEET ITEMS

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

	as at 30.06.2020	as at 31.12.2019 after adjustment	as at 30.06.2019 after adjustment	as at 01.01.2019 after adjustment
NON-CURRENT ASSETS	331 251 890,89	375 303 622,53	164 996 098,36	441 824 762,98
Intangible assets	12 187 312,52	26 525 375,02	14 912 831,30	35 115 236,93
Goodwill	258 857 140,89	281 848 281,08	80 041 332,05	351 096 736,76
Property, plant and equipment	15 686 887,83	18 294 439,39	19 302 609,82	11 722 887,65
Investment properties	2 368 361,25	2 390 231,55	2 690 484,05	2 690 484,05
Financial assets	347 160,16	351 374,34	0,00	248 155,07
Other long-term financial assets	0,00	0,00	154 521,62	0,00
Deferred tax assets	40 807 685,64	45 232 916,84	46 836 712,68	40 868 598,65
Prepayments	997 342,60	661 004,31	1 057 606,84	82 663,87
CURRENT ASSETS	242 251 101,36	283 487 141,76	193 600 882,81	433 361 475,88
Inventories	4 609 365,34	7 462 767,36	1 078 362,08	7 871 700,12
Trade and other receivables	171 040 522,94	231 558 202,28	155 398 302,98	322 192 786,82
Other financial assets	4 084 859,86	1 084 257,76	13 071 639,82	40 789 190,37
Other short-term assets	0,00	0,00	0,00	0,00
Cash and cash equivalents	51 467 112,46	38 139 438,00	19 582 741,56	56 486 007,74
Prepayments	11 049 240,75	5 242 476,36	4 469 836,37	6 021 790,83
Assets classified as available for sale	40 332 998,16	0,00	430 571 540,30	0,00
TOTAL ASSETS	613 835 990,41	658 790 764,29	789 168 521,47	875 186 238,86
EQUITY	25 195 071,25	72 396 256,66	167 772 783,82	104 732 581,11
Share capital	6 559 063,80	6 559 063,80	6 559 063,80	6 509 482,30
Supplementary capital	352 780 966,23	353 211 033,43	315 907 451,77	236 084 819,51
Other reserve capitals (funds)	-92 172 703,31	-92 276 850,89	-92 106 141,79	-92 106 141,79
Profit (loss) from previous years	-203 000 380,60	-78 680 417,68	-57 975 593,33	-63 501 920,10
Net profit (loss)	-32 624 518,69	-124 040 111,98	-14 875 985,02	8 147 732,57
Foreign exchange differences	-39 320 759,36	-22 736 333,60	-17 722 390,45	-15 119 961,09
Capital held by non-controlling shareholders	32 973 403,18	30 359 873,58	27 986 378,85	24 718 569,71
LIABILITIES AND PROVISIONS	552 807 402,95	586 447 550,32	434 082 288,31	770 413 418,74
Provisions for liabilities	28 638 718,20	40 642 999,62	19 722 606,95	48 454 913,40
Deferred tax liabilities	2 315 462,01	3 868 849,44	2 786 353,55	4 459 965,97
Provision for pensions and similar benefits	3 427 791,02	11 556 757,32	9 179 596,93	14 084 136,03
Other current provisions	22 895 465,18	25 217 392,86	7 756 656,47	29 910 811,40
Long-term liabilities	15 911 710,70	17 767 549,55	9 691 090,85	160 398 045,53
Long-term loans and borrowings	528 604,57	374 271,95	0,00	109 331 275,46
Issue of debt securities	0,00	0,00	0,00	43 988 109,50
Other financial liabilities	6 414 279,85	7 513 099,63	9 691 090,85	4 707 761,91
Other liabilities	8 968 826,28	9 880 177,97	0,00	2 370 898,66
Short-term liabilities	498 599 393,84	516 577 928,27	400 685 419,93	541 756 972,81
Issue of debt securities	45 971 120,02	45 396 882,91	44 684 796,22	0,00
Other financial liabilities	10 115 757,21	11 951 056,67	13 130 659,47	4 534 620,58
Loans and borrowings	148 348 838,40	135 714 592,25	115 310 158,16	47 538 834,56
Trade liabilities	14 314 574,82	27 930 312,16	18 208 932,88	53 324 306,95
Advances received for deliveries	79 334,71	1 863 218,27	0,00	34 416,34
Liabilities in respect of taxes, customs duties, insurance and other benefits	193 508 220,51	187 730 600,05	146 985 333,89	206 548 772,42
Payroll liabilities	36 365 538,40	57 220 612,83	33 101 978,99	67 325 679,53
Other liabilities	49 434 941,34	48 765 048,90	28 820 348,67	162 450 342,43
3. Special funds	461 068,43	5 604,23	443 211,65	0,00
Accruals	9 657 580,20	11 459 072,88	3 983 170,58	19 803 487,00
Liabilities classified as available for sale	35 833 516,21	0,00	187 313 449,35	0,00
TOTAL EQUITY AND LIABILITIES	613 835 990,41	658 790 764,29	789 168 521,47	875 186 238,86

Source: Work Service Capital Group

SELECTED FINANCIAL RATIOS

Selected financial ratios from continued operations of the Capital Group are presented in the following table.

Selected financial ratios	Formula	1H2020	1H2019
Profitability of sales	Profit on sales / revenues from sales	1,2%	1,8%
Profitability of EBIT	Operation activities result / revenues from sales	1,3%	3,7%
Profitability of EBITDA	(Operation activities result + amortisation) / revenues from sales	2,3%	4,7%
Net profitability	Net financial result / revenues from sales	-1,8%	1,9%
ROE	Net financial result / share capital at the end of period	-40,5%	8,4%
The cash conversion cycle (in days)	Inventories cycle + receivables cycle - liabilities cycle	44	41
Receivables turnover (in days)	(Average balance of receivables from supplies and services / sales revenue) *180	48	48
Liabilities turnover (in days)	(Average balance of liabilities from supplies and services / costs of services sold) *180	6	9
Inventory turnover (in days)	Inventory / net revenues from sales *180	2	2

2. Strategic description

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

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

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

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

As the review of strategic options was completed:

- 1) the assets and financial standing of the Capital Group has been fully stabilised and secured;
- 2) the Capital Group is now a member of the world's leading service provider on the global HR market so it receives a strategic and business support to develop further in Poland and in the entire region of Central and Eastern Europe.

As at the date of publication of these financial statements, applicable risks are relatively lower than those described in the report for 2019:

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

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

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

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

- **A change in the shareholding structure of Work Service S.A.;**
- **Obtaining financing in subsequent months of 2020 to pay off the most urgent public law liabilities and bonds, and replenish the current working capital;**

- **Entering into the Restructuring Agreement with the Banks, providing for an option for the Company to redeem half of its bank debt**
- **Information on new instalment arrangements concluded with the Social Insurance Institution (ZUS);**
- **Information related to the impact of the COVID-19 pandemic on the Group's situation in 2020;**

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

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

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

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

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

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

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

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

As a result, the Work Service Group has become a member of the Investor's group, which is an international industry entity providing services in the field of temporary and permanent employment and recruitment. At the same time, Gi Group S.A. is one of the world's leading providers of services aimed at the development of the labour market.

In the opinion of the Management Board of Work Service S.A., the service proposal, experience and competences of the Work Service Capital Group in Central and Eastern Europe supplement the proposal of Gi Group S.A. in this part of the world and creates the potential for further development of both Work Service and Gi.

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

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

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

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

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

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

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

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

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

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

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

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

1. PLN 19,175,000.00 on August 24, 2020, to Work Service S.A.
2. PLN 10,825,000.00 on August 27, 2020, to Work Service S.A.
3. PLN 8, 451,000.00 on September 24, 2020 to Work Service SA

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

D. Repayment and partial relief of bond debt.

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

Thanks to the funds obtained in the performance of the Financing Agreement described in item C of this subchapter, on August 26, 2020, the Company redeemed all SHB series bonds and repaid interest due on the Bonds. Thus, the Company settled all

liabilities under the SHB series bonds, which were redeemed as a result of their redemption by the Company. The nominal value of SHB bonds amounted to PLN 8,600,000.00.

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

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

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

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

At the same time, Work Service S.A. announced that as a consequence of the entry into force of the Restructuring Agreement, its parties were obliged to perform the target restructuring of claims based on a partial arrangement, which the Company and the Banks planned to conclude in the weeks to come as part of the proceedings on approval of the arrangement within the meaning of the restructuring law (the "Arrangement").

The Restructuring Agreement provides for partial repayment and partial relief, under the Arrangement, of the Banks' claims against the Company under the Loan Agreement in the principal amount of approximately PLN 110,350,000.00, up to the amount corresponding to 50% of the principal amount (the "Repayment Amount"). The Repayment Amount will be repaid by the Company to the Banks in quarterly instalments, in accordance with the agreed repayment schedule, with the first payment to be made by September 30, 2020 and the last by June 30, 2023. Interest on the Repayment Amount will be calculated in the amount equal to WIBOR 3M + 200 bps per annum.

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

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

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

As a result, on April 23, 2020, the Issuer entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 60,793,747.64. In addition, one of the Issuer's subsidiaries – industry Personnel Services Sp. z o.o. with its registered office in Wrocław (further: "IPS") also entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 10,065,383.60. Pursuant to the instalment arrangements, the outstanding social security contributions will be repaid in 48 instalments, from June 2020 to May 2024 (in the case of the Issuer) and in 48 instalments from March 2020 to February 2024 (in the case of IPS). The repayment plan included periods with lower instalments, financed from the current cash flows, and periods with relatively higher instalments.

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

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

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

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

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

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

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

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

A. Termination of the purchase option for Prohuman 2004 kft.**Signing of call option and co-operation agreement**

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

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

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

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

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

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

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

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

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

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

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

of the Profólió Share Purchase Price is not made before or on the date of the Second Sale of Prohumán, the Second Sale of Prohumán will be considered as unsuccessful.

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

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

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

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

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

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

Termination of the Call Option on 6 April 2020

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

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

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

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

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

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

On 5 June 2020, the subsidiaries of Work Service S.A., i.e. work Service SPV Sp. z o.o. with its registered office in Wrocław (KRS: 0000499130) as seller 1, Work Service International Sp. z o. o. with its registered office in Wrocław (KRS: 0000261009) as seller 2 (together as "Sellers") and Work Service S.A. as guarantor, concluded with Gi Group Deutschland GmbH based in Düsseldorf (HRB

70863 in the German Commercial Register), being a subsidiary of Gi INTERNATIONAL S.R.L., which is wholly owned by Gi Group SpA, as a buyer ("Buyer"), a conditional agreement for the sale of equity rights in Work Service GmbH & Co. KG with its registered office in Düsseldorf (number 23071 in the German Commercial Register) ("Company") ("Agreement" or "Transaction").

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

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

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

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

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

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

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

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

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

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

4) Financial data for the first quarter 2020

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

The table also presents the result on discontinued operations:

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

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

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

CONTINUED OPERATIONS	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Revenues	583 631 315,83	755 785 100,72
Net revenues from sales of products	583 631 315,83	755 219 950,45
Variation in stocks of products	-3 097 727,03	565 150,27
Manufacturing cost of products for entity's own purposes		
Net income on sale of goods and materials		
Operating costs	573 570 615,34	741 934 732,69
Depreciation	6 252 514,16	7 065 315,73
Consumption of materials and energy	2 215 828,06	2 511 024,47
Outside services	46 123 999,61	64 085 405,35
Taxes and charges	933 330,05	1 764 875,77
Remuneration	435 221 716,77	544 983 927,27
Social insurance and other benefits	79 192 374,46	116 477 598,59
Other generic expenses	3 630 852,23	5 046 585,52
Value of goods and materials sold	0,00	0,00
Profit (loss) on sales	6 962 973,46	13 850 368,03
Other operating incomes	21 227 079,36	40 618 296,87
Other operating costs	20 827 026,60	26 185 657,95
Profit (loss) on operating activities	7 363 026,23	28 283 006,95
Financial incomes	6 613 946,27	1 000,50
Financial costs	13 766 157,84	7 220 356,97
Gross profit (loss)	210 814,66	21 063 650,48
Income tax	10 405 258,46	7 174 893,74
Net profit (loss) from continued operations	-10 194 443,80	13 888 756,73
DISCONTINUED OPERATIONS	01.01.2020-30.06.2020	01.01.2019-30.06.2019
Net revenues from sales of products	39 020 152,32	84 476 349,17
Operating costs	44 973 834,47	89 812 378,27
Other operating incomes	1 930 955,08	261 230,06
Other operating costs	100 168,49	245 417,57
Financial incomes	0,00	378,71
Financial costs	15 655 320,37	27 409 767,24
Gross profit (loss)	-19 778 215,93	-32 729 605,13
Income tax	26 421,04	-6 982 672,51
Profit for the financial year from discontinued operations	-19 804 636,97	-25 746 932,62

Comment on financial data of the continued operations.

As a consequence of 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 observe two important trends:

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

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

This goal has not yet been fully achieved and is a challenge still faced by the Management Board, currently a bit more problematic due to the COVID-19 pandemic described in item 5 of this chapter. At the same time, in the opinion of the Management Board, the tool for achieving this goal is changing. The Company and its entities plan to focus, to a greater extent, on rebuilding sales revenues (with a restructured cost base), also as a result of joining the international Gi Group, rather than concentrate on further significant adjustments of business service costs. These costs will continue to be adjusted in connection with the COVID-19 pandemic and the search for synergy between Work Service and the Investor's group. Nevertheless, the priority area of interest for the Management Board of Work Service S.A. in the near future will be sourcing new orders and gradually improving sales revenues.

The Management Board of the Company notes that despite the COVID-19 pandemic described in paragraph 5 of this chapter, the Company continues to operate on the prospective market for HR services and after completion of operations in the area of operational and financial restructuring and the entry into the Group of an international professional investor, it will focus only on rebuilding trust and on the return to higher levels of sales revenue, which, because of the leverage effect, can help the group to achieve better financial results in the future.

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

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

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

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

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

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

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

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

The data presented above refer to the Polish Group only.

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

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

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

- (i) possible late payments from certain clients, which may result in an increase in receivables and a temporary reduction in proceeds from the sale of invoices to factoring businesses; and
- (ii) a further, temporary decrease in the level of sales revenues due to the decline in orders.

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

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

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

3. Implementation of issuance targets

Information concerning the implementation of issuance targets is presented in item VI of this report - Issuance, redemption and repayment of debt and equity securities, issuance of equity securities.

4. Seasonality

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

5. The issuance, redemption and repayment of debt and equity securities

1. Issuances, repurchase and repayments of debt securities

In the first half of 2020 no company from the Work Service Group has issued debt securities.

2. Issuance of equity securities

In the first half of 2020 no company from the Work Service Group has issued equity securities.

6. The use of funds received from issuance of debt and equity securities

The funds obtained from the issue of equity securities covered the costs of ongoing restructuring of the parent company.

7. Dividend

Work Service S.A. paid no dividend in 2020.

8. Information about the conclusion by the Company or its subsidiary of one or more transactions between related parties, if individually or collectively they are significant and were concluded on non-market terms

Work Service SA as the parent company of the Work Service Capital Group in the first half of 2020 concluded no transactions with related parties, which individually or collectively would be significant and at the same time were concluded on terms other than market.

B. Other information

1. Description of the Capital Group organization

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 Wrocław, 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 Wrocław - Fabryczna in Wrocław, 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

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.

The individual interim condensed half-year report of the Parent Company and the consolidated financial statements of its Capital Group were drawn up under the assumption that the Parent Company and the Capital Group companies would continue as a going concern in the unchanged form and scope for at least 12 months from the date at which the Financial Statements were made.

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.

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

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

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

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

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

1. Mr. Thibault Lefebvre to perform a function in the Management Board of the Company, entrusting him with the position of the President of the Management Board of the Company.
2. Ms Iwona Szmitkowska to perform the function in the Management Board of the Company, entrusting her with the position of the Vice President of the Management Board of the Company.
3. Mr. Nicola Dell'Eder to perform a function in the Management Board of the Company, entrusting him with the position of the Vice President of the Management Board of the Company.

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

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

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

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

1.3. The companies being a part of the Work Service Capital Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

the company belong to Work Express Sp. z o.o. (100% subordinated to Work Service SA).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As on 30 June 2020 the Work Service Capital Group comprised of the following economic entities:

Companies in which Work Service SA holds direct capital share

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Finance Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.12.2005	100,00%	100,00%	Full
Industry Personnel Services Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.11.2003	100,00%	100,00%	Full
Work Service International Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	06.07.2006	100,00%	100,00%	Full
WS Support Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	19.02.2010	100,00%	100,00%	Full
Sellpro Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.03.2009	100,00%	100,00%	Full
Virtual Cinema Studio Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.12.2002	50,00%	50,00%	Non-consolidated
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	16.05.2011	75,00%	75,00%	Full
Prohuman 2004 Kft.	H-1146 Budapest, Hungaria korut 140-144.	21.12.2013	80,22%	80,22%	Full
Work Express Sp. z o.o.	40-064 Katowice, ul. Mikołaja Kopernika 6	02.01.2014	100,00%	100,00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	100,00%	100,00%	Full
Work Service Czech s.r.o.	Anglická 140/20, Vinohrady, 120 00 Praha 2	30.01.2004	100,00%	100,00%	Full
Work Service East Lcc	Charków, ul. Sumska 50, rejon charkowski, województwo charkowskie, Ukraina	03.02.2017	100,00%	100,00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	53,50%	53,50%	Full
WorkPort24 GMBH	An den Treptowers 1 D-12435 Berlin	19.08.2011	100,00%	100,00%	Non-consolidated

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.05.2011	46,50%	46,50%	Full
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, Gwiaździsta 66	28.03.2013	25,00%	25,00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service Outsourcing Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.09.2011	100,00%	100,00%	Full
Work Service SK s.r.o.	831 03 Bratislava, Škultétyho 1	01.06.2016	100,00%	100,00%	Full
Work Service 2000 s.r.o.	831 03 Bratislava, Škultétyho 1	01.04.2016	100,00%	100,00%	Full

Companies related through Prohuman 2004 Kft

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Prohuman Outsourcing Kft.	H-1146 Budapest, Hungaria korut 140-144	21.12.2013	100,00%	100,00%	Full
Human Existence Kft.	3525 Miskole, Arany Janos ter.1. mfsz 18.	08.07.2014	100,00%	100,00%	Full
Naton kadrovsko svetovanje d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100,00%	100,00%	Full
HR Rent Kft	H-7624 Pecs, Ferencsek utcoja 52	10.12.2015	100,00%	100,00%	Full
Finance Sales Hungary Kft (Profield 2008 Kft)	2724 Újlengyel, Ady Endre utca 41	17.12.2015	100,00%	100,00%	Full
APT Resources&Services s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full
APT Human Resources s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full
APT Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full
APT Finance Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1st District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Naton Ljudski potencial d.o.o.	Zvonimirova 2/III, 100000 Zagreb, Croatia	03.12.2015	100,00%	100,00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Outsourcing Solutions Partner Sp. z o.o.	ul. Mikołaja Kopernika 6, 40-064 Katowice	02.01.2014	100,00%	100,00%	Full
Support and Care Sp. z o.o.	ul. Warszawska 1, 42-350 Koziegłowy	02.01.2014	100,00%	100,00%	Full

Companies related through Work Service GMBH & Co.KG

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
IT Kontrakt GMBH	An den Treptowers 1 D-12435 Berlin	05.04.2012	100,00%	100,00%	Full
Work Service 24 GMBH	An den Treptowers 1 D-12435 Berlin	23.08.2011	100,00%	100,00%	Full
Work Service Deutschland GMBH	Mainzer Strasse 178, 67547 Worms	26.06.2014	100,00%	100,00%	Full
Work Service Outsourcing Deutschland GMBH	Domhof 8, 48268 Greven	26.06.2014	100,00%	100,00%	Full
Work Service GP GMBH	Gauermannngasse 2 1010 Wiedeñ	24.03.2014	100,00%	100,00%	Full
Work Service Professionals GmbH	Berlin, An den Treptowers 1, 12435	21.11.2014	100,00%	100,00%	Full

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Work Service GMBH & Co.KG	c/o CMS Hasche Sigle, Breite Str. 3, 40213 Düsseldorf	26.06.2014	100,00%	100,00%	Full

Companies related through Work Service Deutschland GmbH

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

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

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Kariera.pl Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	03.11.2016	49,00%	49,00%	Full

Companies related through Profield 2008 Kft

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Finance Care Hungary Pénzügyi Tanácsadó Kft	H-1146 Budapest, Hungária krt. 140-144, HU25790722	08.11.2016	100,00%	100,00%	Full

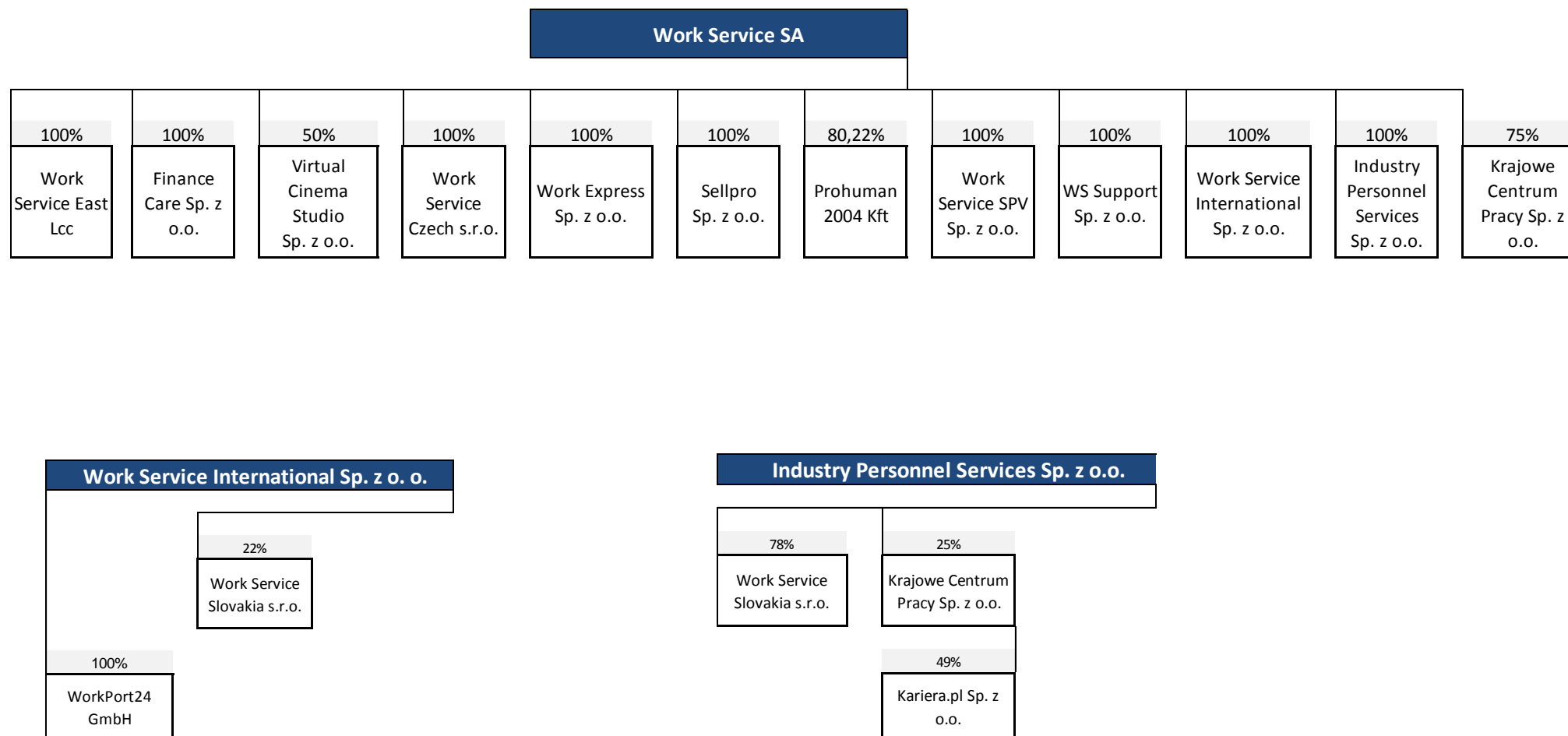
Related entities of the Parent Company are the entities included in the consolidated financial statements, i.e. all Capital Group companies except for Virtual Cinema Studio sp. z o.o and WorkPort24 GMBH.

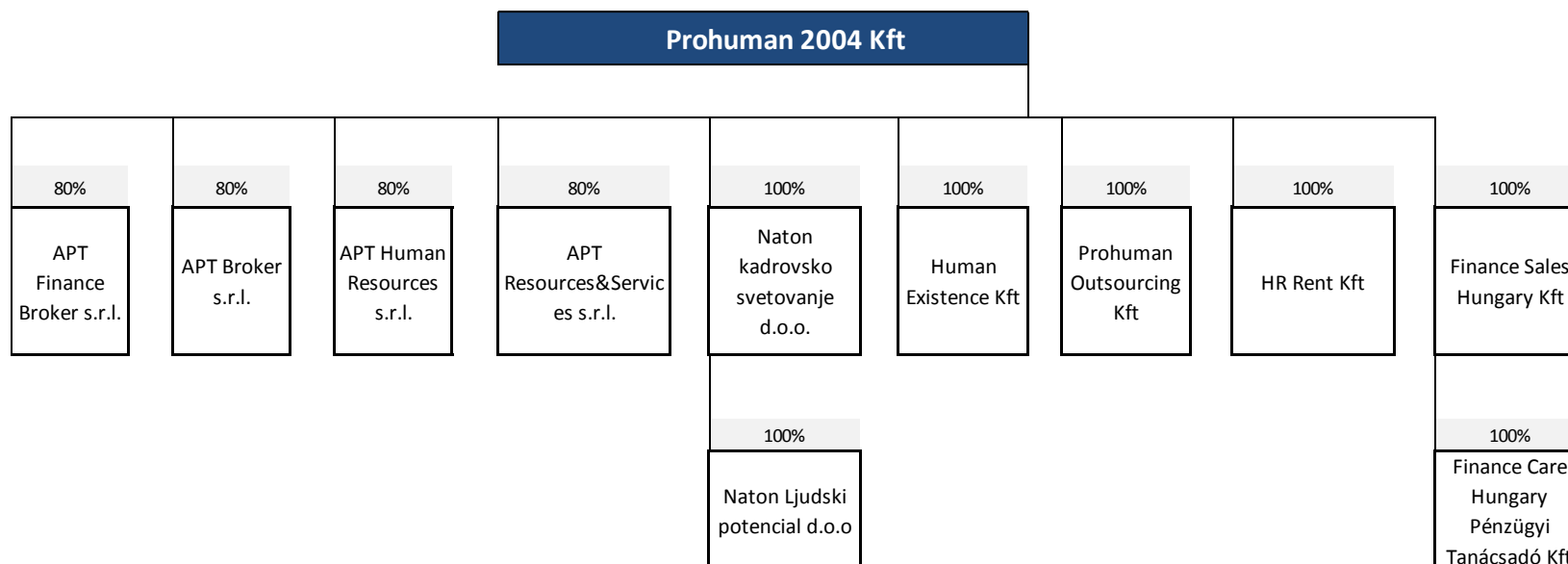
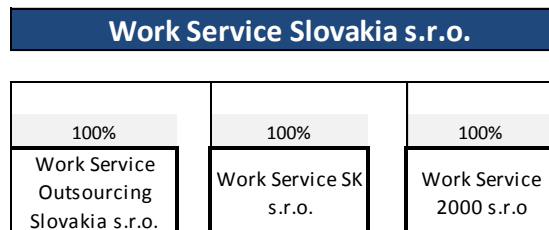
Due to the fact that Work Service SA does not have control over Virtual Cinema Studio sp. z o.o., understood in accordance with § 19 of IFRS 3 as "the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities", it does not consolidate Virtual Cinema Studio sp. z o.o. by applying the purchase method. In turn, the application of the materiality principle referred to § 31 of IAS 1 excludes this company from consolidation under the equity method as a related entity.

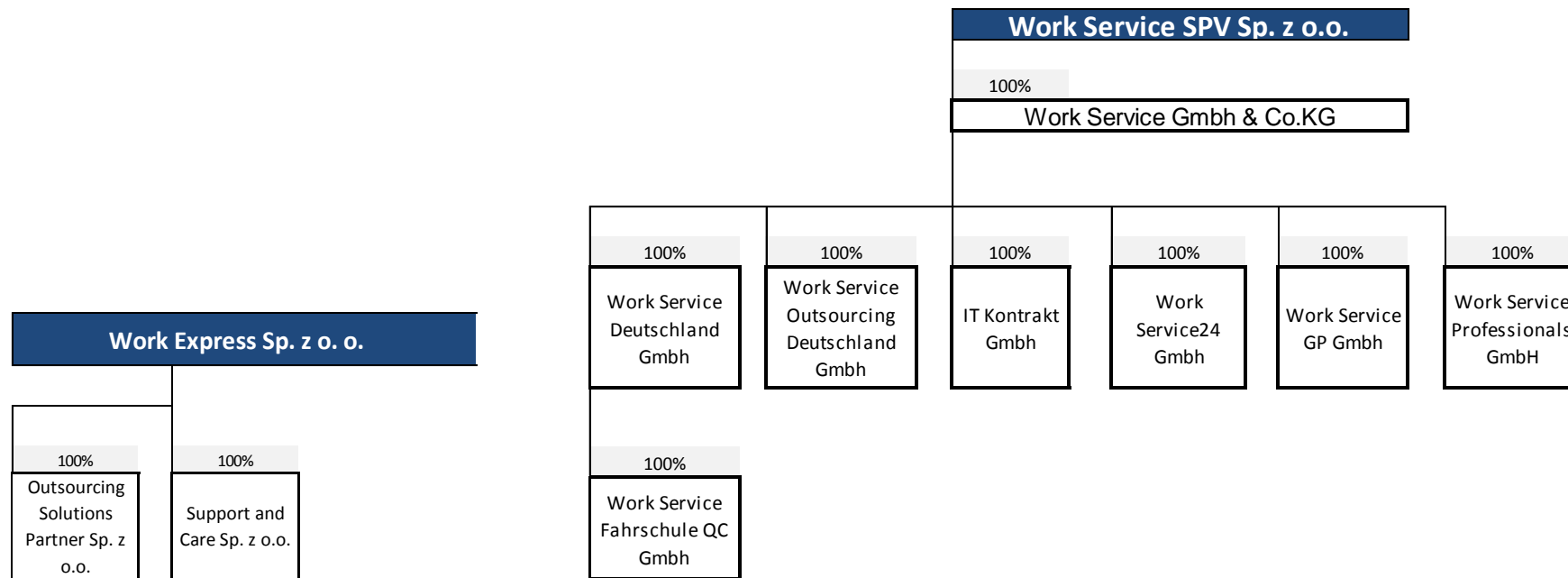
As for WorkPort24 GMBH, the application of the materiality principle referred to § 31 of IAS 1 excludes this company from consolidation under the equity method as a related entity.

1.4. The structure of Work Service Capital Group as at 30.06.2020 is presented in the following diagram

Structure of the Work Service Capital Group as at 30.06.2020







2. Changes in structure of the business entities, including as a result of a business entity mergers, acquisition or disposal of Capital Group entities, long-term investments, division, restructuring and discontinued operations.

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

3. Management Board position on the implementation forecasts

The Company has not published forecasts for 2020.

4. 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 no preferred shares as to voting rights or to dividend were issued. All shares of the Parent Company are ordinary shares. The share capital of Work Service SA amounts to PLN 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 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 are presented in the table below.

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

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

5. Ownership of shares of Work Service SA by persons managing and supervising the Company

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

6. Court proceedings

There are currently no pending litigation, administrative or arbitration proceedings involving the Company, relating to liabilities or receivables of the Company, the value of which individually or collectively represent at least 10% of its equity.

7. Information on granting by Company or its subsidiary the surety of credit or loans or guarantees – jointly to one entity or its subsidiary, if the total value of existing sureties or guarantees is equivalent to at least 10% of its equity.

This information is contained in item 8 of the consolidated financial statements for the first half of 2020.

8. Other information that are relevant to the assessment of the personnel, property, financial stand - and their changes - of the Company and its Capital Group, as well as information that is relevant for assessing the feasibility of liabilities by the Company and the Capital Group

The Group does not identify any other factors or information that are relevant to the assessment of the personnel, property, financial situation for the first half of 2020 than those described in part A. "Overview of the interim financial statements", point 2 "Strategic description" and point 9.

9. Factors influencing the achieved results for at least the next six months

9.1. Other factors

All significant factors characterizing the current financial situation of the Capital Group are presented in the part A. "Overview of the interim financial statements", point 2 "Strategic description".

9.2. Threats and risks related to the remaining months of the financial year

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.

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.

SIGNATURES:

.....
Thibault Lefebvre
Prezes Zarządu

.....
Iwona Szmitkowska
Wiceprezes

.....
Nicola Dell'Edera
Wiceprezes