



**WORK  
SERVICE**



WORK SERVICE Capital Group

# SUMMARY INTERIM QUARTERLY REPORT

for the third quarter of 2020

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

Wrocław, November 27, 2020

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# Consolidated selected financial data

SPECIFICATION	01.01.- 30.09.2020	01.01.- 30.09.2019	01.01.- 30.09.2020	01.01.- 30.09.2019
<b>Work Service Capital Group</b>	<b>000 PLN</b>	<b>000 PLN</b>	<b>000 EUR</b>	<b>000 EUR</b>
Sales revenue	893 009	1 208 012	201 036	280 372
EBITDA (operating profit + depreciation and amortisation)	25 505	34 536	5 742	8 016
Profit on sales	3 342	6 293	752	1 461
Operating profit (EBIT)	16 173	23 252	3 641	5 397
Gross profit (loss)	31 212	-11 877	7 026	-2 757
Net profit (loss)	14 303	-19 666	3 220	-4 564
Net cash flows from operating activities	-14 810	-30 658	-3 334	-7 116
Net cash flows from investing activities	-1 333	32 386	-300	7 517
Net cash flows from financing activities	37 387	-15 737	8 417	-3 652
Total net cash flows	21 244	-14 008	4 782	-3 251
Number of ordinary shares of the Company for the calculation of earnings per share	65 590 638	65 590 638	65 590 638	65 590 638
Earnings per share	0,22	-0,30	0,05	-0,07
Number of diluted shares for the calculation of diluted earnings per share	65 836 829	65 836 829	65 836 829	65 836 829
Diluted profit per share	0,22	-0,30	0,05	-0,07
	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Assets	638 834	658 791	141 123	153 145
Liabilities and provisions for liabilities	573 299	586 448	126 646	136 327
Long-term liabilities	22 765	17 768	5 029	4 130
Short-term liabilities	508 785	516 578	112 394	120 085
Equity	65 535	72 396	14 477	16 829
Share capital	6 559	6 559	1 449	1 525
Supplementary capital	353 281	353 211	78 042	82 109

The presented financial data for the period 01.01.2020-30.09.2020 applies to the entire Capital Group: continued and discontinued operations and comparable data for 2019.

## Selected separate financial data

SPECIFICATION	01.01.- 30.09.2020	01.01.- 30.09.2019	01.01.- 30.09.2020	01.01.- 30.09.2019
<b>Work Service SA</b>	<b>000 PLN</b>	<b>000 PLN</b>	<b>000 EUR</b>	<b>000 EUR</b>
Sales revenue	159 645	249 157	35 940	57 828
EBITDA (operating profit + depreciation and amortisation)	-9 535	4 679	-2 147	1 086
Profit on sales	-14 893	-21 299	-3 353	-4 943
Operating profit (EBIT)	-15 285	-2 816	-3 441	-654
Gross profit (loss)	-15 106	-36 969	-3 401	-8 580
Net profit (loss)	-17 755	-36 129	-3 997	-8 385
Net cash flows from operating activities	-20 693	-51 144	-4 658	-11 870
Net cash flows from investing activities	3 550	30 935	799	7 180
Net cash flows from financing activities	25 865	20 011	5 823	4 644
Total net cash flows	8 722	-198	1 964	-46
	<b>30.09.2020</b>	<b>31.12.2019</b>	<b>30.09.2020</b>	<b>31.12.2019</b>
Assets	478 477	493 608	105 699	114 746
Liabilities and provisions for liabilities	466 662	464 070	103 089	107 872
Long-term liabilities	63 834	59 354	14 101	13 798
Short-term liabilities	388 876	388 784	85 905	90 378
Equity	11 815	29 538	2 610	6 867
Share capital	6 559	6 559	1 449	1 525
Supplementary capital	283 164	283 164	62 553	65 825

# Consolidated financial statements of the Capital Group

## Consolidated report from the financial standing of the Capital Group

as at September 30, 2020

The balance sheet presents assets, equity, and liabilities of the Capital Group as at 30.09.2020, as at 31.12.2019, and as at 30.09.2019.

	as at 30.09.2020	as at 31.12.2019 after adjustment	as at 30.09.2019 after adjustment	as at 01.01.2019 after adjustment
<b>FIXED ASSETS</b>	<b>350 313 225,27</b>	<b>375 303 622,53</b>	<b>438 912 509,94</b>	<b>441 824 762,98</b>
Intangible assets	292 918 881,41	308 373 656,10	367 465 412,46	386 211 973,69
Goodwill	266 446 684,74	281 848 281,08	342 001 087,52	351 096 736,76
Property, plant and equipment	14 894 802,38	18 294 439,39	20 952 064,41	11 722 887,65
Investment properties	50 115,07	53 074,25	79 955,71	82 663,87
Financial assets	2 357 426,10	2 390 231,55	2 690 484,05	2 690 484,05
Other long- term financial assets	1 558 153,18	351 374,34	404 568,49	248 155,07
Deferred tax assets	37 637 325,95	45 232 916,84	45 998 016,26	40 868 598,65
Prepayments	896 521,18	661 004,31	1 322 008,56	-
<b>CURRENT ASSETS</b>	<b>288 520 418,56</b>	<b>283 487 141,76</b>	<b>353 042 478,12</b>	<b>433 361 475,88</b>
Inventories	3 738 529,34	7 462 767,36	6 984 165,00	7 871 700,12
Trade and other receivables	209 759 343,81	231 558 202,28	281 701 615,12	322 192 786,82
Short-term financial assets	4 142 003,09	1 084 257,76	14 242 619,37	40 789 190,37
Cash and cash equivalents	59 383 111,56	38 139 438,00	42 477 724,24	56 486 007,74
Prepayments	11 497 430,77	5 242 476,36	7 636 354,38	6 021 790,83
<b>Assets classified as available for sale</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>TOTAL ASSETS</b>		<b>658 790 764,29</b>		<b>875 186 238,86</b>
<b>EQUITY</b>	<b>65 534 749,48</b>	<b>72 396 256,66</b>	<b>148 181 668,49</b>	<b>104 732 581,11</b>
Share capital	6 559 063,80	6 559 063,80	6 559 063,80	6 509 482,30
Supplementary capital	353 280 966,23	353 211 033,43	315 684 673,91	236 084 819,51
The other reserve capital (funds)	-92 672 703,31	-92 276 850,89	-92 106 141,79	-92 106 141,79
Profit (loss) brought forward	-205 045 266,05	-78 680 417,68	-73 815 045,74	-63 501 920,10
Net profit (loss)	9 574 628,88	-124 040 111,98	-22 264 580,88	8 147 732,57
Foreign exchange differences	-41 238 662,96	-22 736 333,60	-15 445 770,28	-15 119 961,09
Capital held by non-controlling shareholders	35 076 722,90	30 359 873,58	29 569 469,47	24 718 569,71
<b>LIABILITIES</b>	<b>573 298 894,34</b>	<b>586 447 550,32</b>	<b>643 773 319,55</b>	<b>770 413 418,74</b>
<b>Provisions for other liabilities and other charges</b>	<b>32 558 943,97</b>	<b>40 642 999,62</b>	<b>38 770 047,48</b>	<b>48 454 913,40</b>
Deferred tax liabilities	1 850 295,82	3 868 849,44	4 954 794,81	4 459 965,97
Provision for pensions and similar benefits	4 268 447,72	11 556 757,32	10 285 278,46	14 084 136,03
Other current provisions (short-term)	26 440 200,43	25 217 392,86	23 529 974,20	29 910 811,40
<b>Long-term liabilities</b>	<b>22 764 531,61</b>	<b>17 767 549,55</b>	<b>21 940 872,03</b>	<b>160 398 045,53</b>
Long-term loans and borrowings to related entities	8 044 913,00	0,00	0,00	0,00
Long-term loans and borrowings to other entities	462 992,18	374 271,95	437 359,74	109 331 275,46
Issue of debt securities	0,00	0,00	0,00	43 988 109,50
Other financial liabilities	5 467 772,89	7 513 099,63	13 429 329,96	4 707 761,91
Other liabilities	8 788 853,53	9 880 177,97	8 074 182,33	2 370 898,66
<b>Short-term liabilities</b>	<b>508 784 799,90</b>	<b>516 577 928,27</b>	<b>573 904 124,52</b>	<b>541 756 972,81</b>
Liabilities to related entities - loan	50 000 000,00	0,00	0,00	0,00

Short-term liabilities to other entities	458 350 804,61	516 577 928,27	573 904 124,52	541 756 972,81
Liabilities in respect of the issue of debt securities	0,00	45 396 882,91	45 040 711,85	0,00
Other financial liabilities	11 158 265,25	11 951 056,67	18 701 231,92	4 534 620,58
Loans and borrowings	141 957 717,62	135 714 592,25	150 914 800,03	47 538 834,56
Trade liabilities	16 019 056,84	27 930 312,16	27 323 199,14	53 324 306,95
Advances for supplies received	1 321 029,06	1 863 218,27	409 414,06	34 416,34
Liabilities in respect of taxes, customs duties, insurance and other benefits	206 711 521,00	187 730 600,05	183 485 496,79	206 548 772,42
Payroll liabilities	45 019 438,91	57 220 612,83	63 563 214,40	67 325 679,53
Other liabilities	36 163 775,91	48 765 048,90	84 018 197,89	162 450 342,43
Special funds	433 995,30	5 604,23	447 858,45	0,00
<b>Accruals</b>	<b>9 190 618,85</b>	<b>11 459 072,88</b>	<b>9 158 275,52</b>	<b>19 803 487,00</b>
<b>Liabilities from assets classified as held for sale</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>TOTAL LIABILITIES</b>	<b>638 833 643,82</b>	<b>658 790 764,29</b>	<b>791 954 988,05</b>	<b>875 186 238,86</b>

## Consolidated total income statement of the Capital Group

for 9 months ended on September 30, 2020

The financials presented refer to the 9-month period ended on September 30, 2020, and the 9-month period ended on September 30, 2019.

The table also presents the result on discontinued operations:

- the financial data for discontinued operations for the period 01.01.2020–30.09.2020 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 and result on sale of Work Service GMBH & Co.KG, as well as the correction of an incorrect write-off for discontinued operations (made in Q2 2020 worth PLN 15 402 000,00).

- the financial data for discontinued operations for the period 01.01.2019–30.09.2019 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.

Work Service GMBH & Co KG and of the entities controlled by Work Service GMBH & Co.KG was sold in July 2020, and the transaction was described in the Group Report for Q3 2020.

CONTINUED OPERATIONS	01.01.2020- 30.09.2020	01.01.2019- 30.09.2019
<b>Revenue</b>	<b>853 988 553,81</b>	<b>1 114 640 018,12</b>
Net trade revenue	857 417 213,54	1 113 912 195,84
Change in receivables	-3 428 659,73	727 822,29
Manufacturing cost of products for entity's own needs	-	-
Net revenues from sales of goods and materials	-	-
<b>Costs of operations</b>	<b>844 693 308,38</b>	<b>1 099 474 795,32</b>
Amortisation and depreciation	9 272 320,86	11 160 387,39
Consumption of materials and energy	3 149 472,96	3 854 346,37
External services	70 884 774,54	94 974 499,34
Taxes and charges	1 568 742,87	2 648 295,71
Remuneration	639 530 158,33	810 086 621,62
Social security and other benefits	115 127 934,98	169 210 150,12
Other costs by type	5 159 903,84	7 540 494,78
Value of goods and materials sold	-	-
<b>Sales profit (loss)</b>	<b>9 295 245,43</b>	<b>15 165 222,80</b>
<b>Other operating revenue</b>	<b>32 722 628,31</b>	<b>58 544 550,51</b>
<b>Other operating costs</b>	<b>30 950 782,36</b>	<b>41 847 057,58</b>
<b>Profit (loss) from operations</b>	<b>11 067 091,38</b>	<b>31 862 715,73</b>
<b>Finance income</b>	<b>39 089 840,69</b>	<b>4 501 596,37</b>
<b>Finance costs</b>	<b>23 796 992,97</b>	<b>39 532 783,29</b>
<b>Gross profit (loss)</b>	<b>26 359 939,10</b>	<b>-2 793 471,19</b>
Income tax	16 882 530,13	4 344 622,57
<b>Net profit (loss) from continuing operations</b>	<b>9 477 408,97</b>	<b>-7 138 093,76</b>
<b>DISCONTINUED OPERATIONS</b>		
<b>Net profit (loss) on discontinued operations</b>	<b>4 825 977,54</b>	<b>-3 672 487,73</b>
<b>Net profit (loss)</b>	<b>14 303 386,94</b>	<b>-10 810 581,49</b>
Valuation of shares using the equity method		
Minority profit (loss)	4 728 757,63	4 850 899,76
<b>Net profit falling to:</b>		
- <b>Shareholders of the dominating entity</b>	<b>9 574 629,31</b>	<b>-15 661 481,25</b>
- <b>Non-controlling shares</b>	<b>4 728 757,63</b>	<b>4 850 899,76</b>
<b>Net profit</b>	<b>14 303 386,94</b>	<b>-10 810 581,49</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss in subsequent periods:		
- none		
Items that may be reclassified to profit or be reclassified to profit or loss in subsequent periods:		
- Foreign entity foreign exchange differences	-18 508 048,26	-65 489,37
- structural changes	-18 028 883,41	-65 489,37
	-479 164,85	-

Total other comprehensive income	-18 508 048,26	-65 489,37
Comprehensive income for the period	-4 204 661,32	-10 876 070,86
- Including income attributable to minority capitals	-1 390 078,06	4 869 143,02
- Including income attributable shareholders of the dominating entity	-2 814 583,26	-15 745 213,88
<b>Earnings per share from continuing and discontinued operations attributable to shareholders of the dominating entity during the year (in PLN)</b>		
From continuing operations:		
- basic	0,14	-0,11
- diluted	0,15	-0,11
From discontinued operations:		
- basic	0,07	-0,06
- diluted	0,07	-0,06



## Consolidated cash flow statement of the Capital Group

for 9 months ended on September 30, 2020

	01.01.2020-30.09.2020	01.01.2019-30.09.2019
<b>Net profit (loss)</b>	<b>9 574 628,88</b>	<b>-22 264 580,88</b>
<b>Total adjustments</b>	<b>-24 385 017,77</b>	<b>19 681 188,25</b>
Amortisation and depreciation	9 332 750,74	11 567 655,89
Foreign exchange (profit) losses	-	1 114 047,32
Interest and shares in profits (dividends)	2 644 816,99	6 926 579,46
(Profit) loss on investment operations	-	-740 569,46
Change in provisions	-8 084 055,65	-9 684 865,91
Change in inventories	3 724 238,02	887 535,12
Change in receivables without income tax receivables	21 801 817,66	40 491 171,69
Change in short-term liabilities, except for loans, borrowings and corporate income tax	-8 807 251,45	-85 770 425,10
Change in prepayments, accruals and deferred income	8 207 015,27	-24 939 300,84
Other adjustments	-53 204 017,54	51 754 805,38
<b>Net cash flows from operating activities</b>	<b>-14 810 388,89</b>	<b>-30 657 947,31</b>
<b>Cash flows from investing activities</b>		
<b>Inflows</b>	<b>104 986 366,65</b>	<b>32 653 308,05</b>
Disposal of intangible assets and property, plant and equipment	36 241,74	65 009,32
Disposal of investments in real property and intangible assets	-	1 787 180,53
From financial assets, including:	104 950 124,91	30 801 118,20
a) in related entities	101 108 074,79	-
Interest	3 842 050,12	30 801 118,20
b) in other entities	40 972,12	-
Interest	720 571,38	26 546 571,00
purchase of financial assets	3 080 506,62	-
Other investment inflows	-	4 254 547,20
<b>Outflows</b>	<b>106 319 428,03</b>	<b>266 896,78</b>
Purchase of intangible assets and property, plant and equipment	185 285,58	266 896,78
Investments in real property and intangible assets	-	-
For financial assets, including:	93 164 887,62	-
a) in related entities	78 310 469,12	-
b) in other entities	14 854 418,50	-
purchase of financial assets	14 854 418,50	-
Other investment outflows	12 969 254,83	-
<b>Cash flows from investing activities</b>	<b>-1 333 061,38</b>	<b>32 386 411,27</b>
<b>Cash flows from financing activities</b>		
<b>Inflows</b>	<b>255 573 429,04</b>	<b>104 478 149,32</b>
Loans and borrowings	256 465 427,46	103 375 965,47
Issue of debt securities	-	1 052 602,35
Net inflows from stock issue	-	-
Other financial inflows	2 165 861,09	-
<b>Outflows</b>	<b>218 186 305,57</b>	<b>120 214 896,78</b>
Purchase of shares (stocks)	-	-
Dividends and other payments to shareholders	-	-
Profit distribution other than payments to shareholders	3 130 175,65	-
Repayment of loans and borrowings	185 301 681,39	108 893 915,72
Redemption of debt securities	10 575 000,00	-

Due to other financial liabilities	1 091 324,44	-
Payments of liabilities under finance lease agreements	2 838 118,16	176 861,16
Interest	15 250 005,93	1 421 958,06
Other financial outflows	-	9 722 161,84
<b>Net cash flows from financing activities</b>	<b>37 387 123,48</b>	<b>-15 736 747,46</b>
<b>Total net cash flows</b>	<b>21 471 078,13</b>	<b>-14 008 283,51</b>
<b>Balance sheet change in cash, including:</b>	<b>21 471 078,13</b>	<b>-14 008 283,50</b>
change in cash due to exchange differences	-	0,11
Cash as at the beginning of the period	38 139 438,36	56 486 007,74
<b>Cash at the end of the period</b>	<b>59 610 516,49</b>	<b>42 477 724,24</b>
<b>Other adjustments include:</b>		
Change in exchange differences	-18 502 329,36	-325 809,20
Other changes in capital funds	-479 164,85	
Minority profit	4 728 757,63	4 850 899,76
FR adjustment carried forward	-19 823 502,10	-18 767 959,91
Resignation from option valuation	-215 992,50	-
Work Port 24 adjustment	-2 379 155,46	-
Liquidation of CLEAN24	-26 236 472,97	-
Fundamental error	25 105 842,07	-
Write-off for discontinued operations	-15 402 000,00	-
Resignation from agreement with Kariera	-	78 493 275,00
Other	-	-12 495 600,27
<b>Total</b>	<b>-53 204 017,54</b>	<b>51 754 805,38</b>

## Consolidated statement of changes in equity of the Capital Group

01.01.2020-30.09.2020	Share capital	Supplementary capital	Reserve capital	Previous years' result	Exchange differences	Net result	Equity attributable shareholders of the dominating entity	Capital held by non-controlling shareholders
<b>As at 31 December 2019</b>	<b>6 559 063,80</b>	<b>353 211 033,43</b>	<b>-92 276 850,89</b>	<b>-67 801 051,69</b>	<b>-22 736 333,61</b>	<b>-117 279 375,35</b>	<b>59 676 485,70</b>	<b>30 359 873,58</b>
Fundamental error adjustment*				-17 607 465,62			-17 607 465,62	
<b>As at 31 December 2019 after transformations</b>	<b>6 559 063,80</b>	<b>353 211 033,43</b>	<b>-92 276 850,89</b>	<b>-85 408 517,31</b>	<b>-22 736 333,61</b>	<b>-117 279 375,35</b>	<b>42 069 020,08</b>	<b>30 359 873,58</b>
Net profit (loss) for the financial year						9 574 628,88	9 574 628,88	-
Exchange differences due to the translation of financial statements of foreign entities					-18 502 329,37		-18 502 329,37	-
Distribution of the result for previous years:		69 932,80	-395 852,42				-325 919,61	-
Adjustment of the 2019 result				-1 878 208,53			-1 878 208,53	-
Minority result							-	4 716 849,31
Profit carried forward				-117 279 375,35		117 279 375,35	0,00	-
Structural changes				-479 164,85			-479 164,85	-
Inne				-0,01			-0,01	-
<b>As at 30 September 2020</b>	<b>6 559 063,80</b>	<b>353 280 966,23</b>	<b>-92 672 703,31</b>	<b>-205 045 266,05</b>	<b>-41 238 662,96</b>	<b>9 574 628,88</b>	<b>30 458 026,59</b>	<b>35 076 722,90</b>

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

## Consolidated statement of changes in equity (comparatives)

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

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

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

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

# Additional information about the Summary Report of the Capital Group for the third quarter of 2020

## 1. General information about the Work Service Capital Group

### 1.1. Dominating Entity

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

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

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

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

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

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

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

## 1.2. Basic information about the Work Service Capital Group

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

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

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

## STRATEGIC DESCRIPTION

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

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

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

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

As the review of strategic options was completed:

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

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

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

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

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

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

- A change in the shareholding structure of Work Service S.A.;
- Obtaining financing in subsequent months of 2020 to pay off the most urgent public law liabilities and bonds, and replenish the current working capital;
- Entering into the Restructuring Agreement with the Banks, providing for an option for the Company to redeem half of its bank debt;
- Conclusion of an agreement with Gi group SpA on potential operational cooperation;
- Information on new instalment arrangements concluded with the Social Insurance Institution (ZUS) and the arrangements made with the Tax Office;
- 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 SA
2. PLN 10,825,000.00 on August 27, 2020, to Work Service SA
3. PLN 8, 451,000.00 on September 24, 2020 to Work Service SA
4. PLN 4, 340,000.00 on November 3, 2020 to Work Service SA.

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.

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

The Arrangement covers receivables on account of financing Work Service S.A.'s operations through loans granted before the arrangement date under the Loan Agreement ("Receivables under Arrangement Procedure"). Banks are the only creditors with Receivables under Arrangement Procedure. The main principles of the restructuring of the Receivables under Arrangement Procedure are as follows:

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

Supervision over the implementation of the Arrangement shall be exercised in accordance with the provisions of the Restructuring Law by the Arrangement Supervisor.

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

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

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

- 1) transfer of assets and liabilities made under arm's length conditions;
- 2) migration to the same software and other operating systems by GI Group and WS Group;
- 3) establishment of a shared services centre, covering all or a selection of: purchases, payroll, controlling, IT, human resources, law, accounting, finance and treasury of both the Capital Group and the GI Group.

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

## **2) Conclusion of new, longer-term instalment arrangements with the Social Security Institution (ZUS) and arrangements with the Tax Office;**

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

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

As a result, on April 23, 2020, the Issuer entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 67,348,606.83. In addition, one of the Issuer's subsidiaries – industry Personnel Services Sp. z o.o. with its registered office in Wrocław (further: "IPS") also entered into an instalment arrangement with the Social Insurance Institution (ZUS) regarding the outstanding social security contributions (including related interest) amounting to PLN 10,065,383.60. Pursuant to the instalment arrangements, the outstanding social security contributions will be repaid in 48 instalments, from June 2020 to May 2024 (in the case of the Issuer) and in 48 instalments from March 2020 to February 2024 (in the case of IPS). The repayment plan included periods with lower instalments, financed from the current cash flows, and periods with relatively higher instalments.

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

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

Pursuant to the instalment arrangements, Work Service S.A. will repay its social insurance contribution liabilities for May 2020 in 24 equal instalments, starting from September 2020, whereas outstanding contributions for other periods will be repaid in 60

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

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

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

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

- 1) Work Service International sp. z o.o. with its registered office in Wrocław (hereinafter: "WSI");
- 2) Industry Personnel Services sp. z o.o. with its registered office in Wrocław (hereinafter: "IPS");
- 3) Sellpro sp. z o.o. with its registered office in Wrocław (hereinafter: "Sellpro");

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

Re. 1.)

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

Re. 2.)

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

Re. 3.)

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

- a) for February, March and May 2020 in the total amount of PLN 2,777,215.02 (including the prolongation fees and interest).
- b) for April 2020 in the total amount of PLN 863,228.00 (including the prolongation fees and interest).

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

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

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

### **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 third quarter of 2020

The financials presented refer to the 9-month period ended on September 30, 2020, and the 9-month period ended on September 30, 2019.

The table also presents the result on discontinued operations:

- the financial data for discontinued operations for the period 01.01.2020–30.09.2020 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 and result on sale of Work Service GMBH & Co.KG, as well as the correction of an incorrect write-off for discontinued operations (made in Q2 2020).

- the financial data for discontinued operations for the period 01.01.2019–30.09.2019 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.

Work Service GMBH & Co.KG and of the entities controlled by Work Service GMBH & Co.KG was sold on July 2020.

<b>CONTINUED OPERATIONS</b>	<b>01.01.2020-30.09.2020</b>	<b>01.01.2019-30.09.2019</b>
<b>Revenues</b>	<b>853 988 553,81</b>	<b>1 114 640 018,12</b>
Net revenues from sales of products	857 417 213,54	1 113 912 195,84
Variation in stocks of products	-3 428 659,73	727 822,29
Manufacturing cost of products for entity's own purposes	-	-
Net income on sale of goods and materials	-	-
<b>Operating costs</b>	<b>844 693 308,38</b>	<b>1 099 474 795,32</b>
Depreciation	9 272 320,86	11 160 387,39
Consumption of materials and energy	3 149 472,96	3 854 346,37
Outside services	70 884 774,54	94 974 499,34
Taxes and charges	1 568 742,87	2 648 295,71
Remuneration	639 530 158,33	810 086 621,62
Social insurance and other benefits	115 127 934,98	169 210 150,12
Other generic expenses	5 159 903,84	7 540 494,78
Value of goods and materials sold	-	-
<b>Profit (loss) on sales</b>	<b>9 295 245,43</b>	<b>15 165 222,80</b>
Other operating incomes	32 722 628,31	58 544 550,51
Other operating costs	30 950 782,36	41 847 057,58
<b>Profit (loss) on operating activities</b>	<b>11 067 091,38</b>	<b>31 862 715,73</b>
Financial incomes	39 089 840,69	4 501 596,37
Financial costs	23 796 992,97	39 532 783,29
<b>Gross profit (loss)</b>	<b>26 359 939,10</b>	<b>-2 793 471,19</b>

Income tax	16 882 530,13	4 344 622,57
<b>Net profit (loss) from continued operations</b>	<b>9 477 408,97</b>	<b>-7 138 093,76</b>

<b>DISCONTINUED OPERATIONS</b>	<b>01.01.2020-30.09.2020</b>	<b>01.01.2019-30.09.2019</b>
Net revenues from sales of products	39 020 152,32	123 742 721,67
Operating costs	44 973 834,47	130 029 561,04
Other operating incomes	9 704 360,36	595 049,31
Other operating costs	575 914,33	378 817,67
Financial incomes	0,00	-224 308,15
Financial costs	253 320,37	164 535,52
Gross profit (loss)	4 852 398,58	-6 459 451,39
Income tax	26 421,04	-2 786 963,67
Profit for the financial year from discontinued operations	4 825 977,54	-3 672 487,73

### **Comment on financial data of the continued operations**

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

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

**Therefore, we observe two important trends:**

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

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

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

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

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

The Management Board notes that in the operating result on continued operations for the first nine months of 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 6.3 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 1.4 million;
    - Recognition of other operating income related to the adjustment to the value of assets in the balance sheet in the total amount of approx. PLN 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 9.8 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 4.7 million;
  2. Recognition of unusual other operating costs in the amount of PLN 4.9 million, including:
    - Other operating costs related to the adjustment of or delay in payment of public law liabilities and other legal costs in the total amount of approx. PLN 2 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 0.5 million;
    - Other operating costs related to the setting-up of new reserves for court cases costs in the total amount of approx. PLN 0.3 million.
  3. Recognition of unusual revenues related to correction of PFRON subsidies for previous years in the total amount of approx. PLN 0.2 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 3,5 million.

The comparative amounts for first nine months of 2019 for continuing operations presented in item 4 also include unusual events improving the operating profit in the total amount of approx. PLN 0,7 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.

Additionally, financial income from the remission of bonds in the amount of PLN 26,236,472.97 was recognized in the financial activity.

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

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

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

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

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

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

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

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

**Directors of Work Service SA as at September 30, 2020:**

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

There were no changes in the composition of the Management Board of Work Service SA in Q3 2020.

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

- Przemysław Schmidt – Chairman of Supervisory Board
- Paweł Ruka – Member of the Supervisory Board
- Tomasz Bujak – Member of the Supervisory Board
- Piotr Żegleń – Member of the Supervisory Board
- Robert Oliwa – Member of the Supervisory Board
- Andrzej Witkowski – Member of the Supervisory Board

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

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

Reasons of dismissal were not given.

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

1. Mr. Maurizio Ubaldi – Member of the Supervisory Board,
2. Mr. Davide Toso – Member of the Supervisory Board,
3. Mr. Antonio Carvelli – Member of the Supervisory Board,
4. Mr. Dario Dell'Osa – Member of the Supervisory Board,
5. Mrs. Federica Giulia Giovanna Polo – Member of the Supervisory Board,
6. Mrs. Francesca Garofolo – Member of the Supervisory Board,
7. Mrs. Maria Luisa Cammarata – Member of the Supervisory Board,
8. Mr. Donato Di Gilio – Member of the Supervisory Board,
9. Mr. Marcus Preston – Member of the Supervisory Board.

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

#### Companies in which Work Service SA holds direct capital share

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

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

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

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

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

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

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

**Companies related through Prohuman 2004 Kft**

Company name	Registered office	Date of obtaining control	Percentage of share capital held by the subsidiary	% Share of the subsidiary in the total number of votes at the General Meeting	Consolidation method
Prohuman Outsourcing Kft.	H-1146 Budapest, Hungaria korut 140-144	21.12.2013	100.00%	100.00%	Full
Human Existence Kft.	3525 Miskole, Arany Janos ter.1. mfsz 18.	08.07.2014	100.00%	100.00%	Full
Naton kadrovsko svetovanje d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100.00%	100.00%	Full
HR Rent Kft	H-7624 Pecs, Ferencesek utcoja 52	10.12.2015	100.00%	100.00%	Full
Finance Sales Hungary Kft (Profield 2008 Kft)	2724 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. 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 Kozięgłowy	02.01.2014	100.00%	100.00%	Full

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

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

**Companies related through Profield 2008 Kft**

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

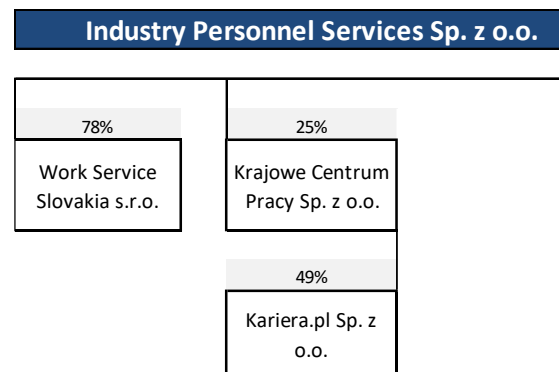
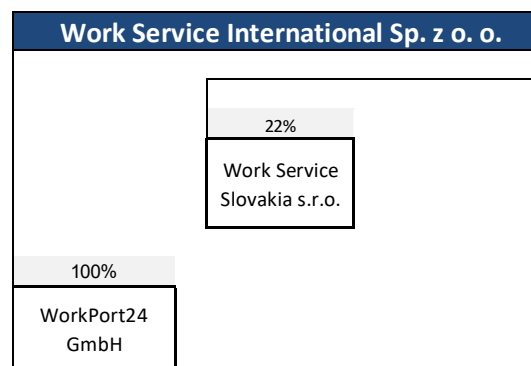
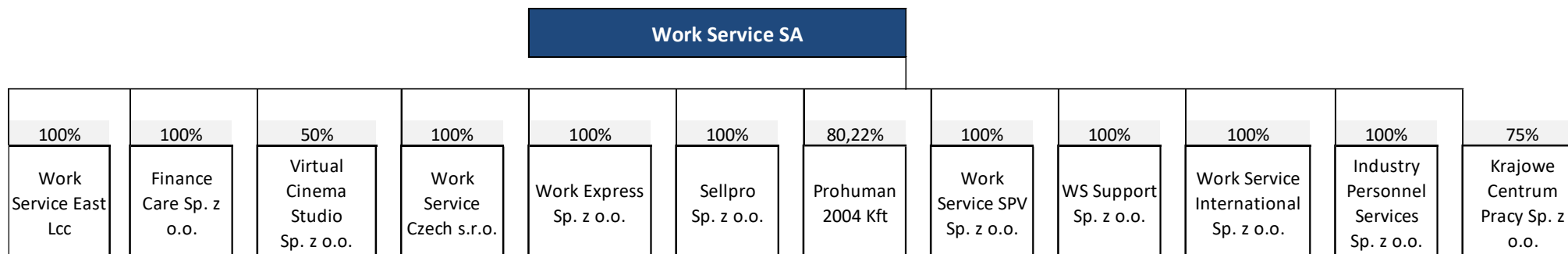
**Disclosures concerning material subjective appraisals and assumptions (and changes of such appraisals and assumptions), adopted during assessment:**

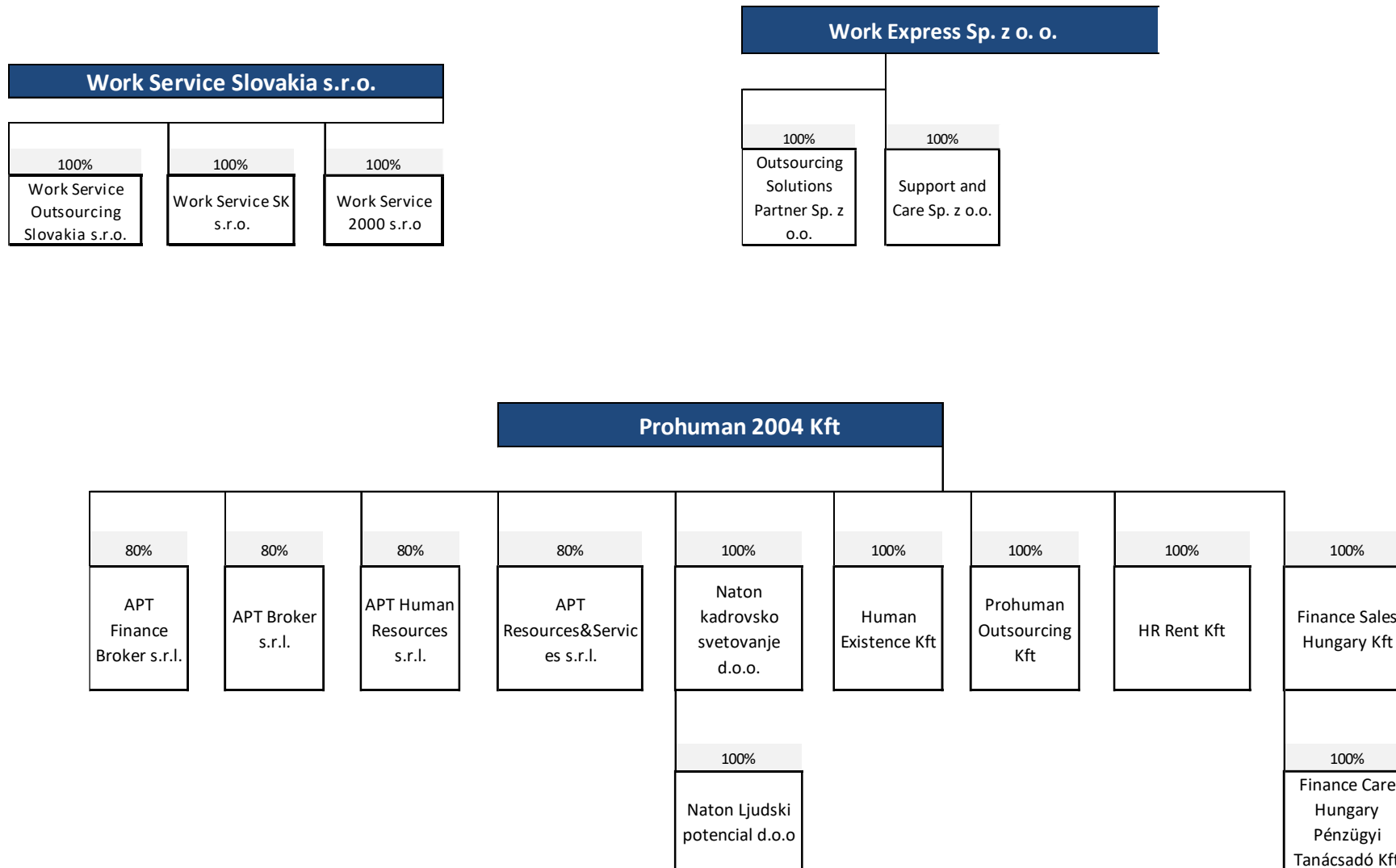
Related entities of the Parent Company are the entities included in the consolidated financial statements, i.e. all Capital Group companies except for Virtual Cinema Studio sp. z o.o and WorkPort24 GmbH.

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

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

Structure of the Work Service Capital Group as at 30.09.2020







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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. Directors’ statement of compliance with accounting rules

Directors of Work Service SA represent that, according to their best knowledge, these interim condensed consolidated financial statements and individual statements of Work Service SA as well as the comparative data were compiled in line with accounting rules in force and that these statements truly, reliably and clearly reflect the economic and financial position of the Work Service Capital Group.

## 3. Applied accounting principles

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

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

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

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

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

The interim condensed consolidated financial statement was drawn up on the assumption that the Group would continue its business operations in the foreseeable future. As at the date of approval of this condensed consolidated financial statement for

publication, there are no significant uncertainties regarding events or circumstances which may raise serious doubts as to the Group's ability to continue its operations.

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

	Average EUR exchange rate in the period	EUR exchange rate as at the last day of the period
01.01-30.09.2020	4,4420	4,5268
01.01-31.12.2019	4,3018	4,2585
01.01-30.09.2019	4,3086	4,3736

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

- Amendment to IFRS 3 "Business Combinations"

The amendment concerns the definition of a business and covers in particular the following issues:

- clarifies that the acquired set of assets and activities must also include contributions and significant processes to be considered as a business, which will jointly play a significant part in generating the return,
- narrows the definition of return and thus also of business, focusing on goods and services provided to recipients, by removing the reference to return in the form of cost reductions from the definition,
- adds guidelines and illustrative examples to facilitate the assessment of whether an important process has been taken over in the merger,
- omits the assessment whether there is a possibility of replacing the missing contribution or process and continuing to operate the business in order to obtain return and
- adds an optional possibility to carry out a simplified assessment to exclude that the acquired set of activities and assets is a business.

The amendment shall apply to mergers of businesses for which the acquisition date falls within the first annual reporting period beginning on or after 1 January 2020 and for acquisitions of assets that occurred during or after that reporting period. Therefore, the amendment did not affect the data reported in the Group's existing financial statements. However, the amendment was relevant to the merger which was carried out in the first half of 2020 and described in note 7.

- Amendments to IFRS 9, IAS 39 and IFRS 7

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

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

- Amendment to IFRS 16 "Leases"

In the light of the COVID-19 pandemic, the IAS Council introduced a simplification allowing it to not assess whether the amended future flows, resulting from the reductions received from lessors meeting the conditions set out in the standard, are an "amendment to lease" under IFRS 16. The simplification is available for financial statements for annual periods beginning on or after 1 June 2020, but its earlier application has been allowed. Using this possibility, the Group applied simplification to some of the contracts meeting the conditions: \_PKO Leasing agreement 16/027509 The amendments were treated as the use of the terms of the already existing agreements. The amount recognized in the result amounted to + PLN 11.8 thousand.

#### 4. Significant events and transactions

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

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

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

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

In these financial statements, the Group made adjustments to the presentation of the 2019 data previously published

The correction relates to the result of the tax audit in corporate income tax for 2018. The correction of the error includes tax arrears (PLN 7,737,084.00) + interest (PLN 500,000.00) + adjustment of deferred tax assets from tax losses (PLN 9 370 381.62).

### As at 01-01-2019

Correction title	Report item	Correction amount	Published	After correction
Deferred tax assets	Deferred tax assets	-3 142 281,99	44 010 880,64	40 868 598,65
	<b>TOTAL ASSETS</b>	<b>-3 142 281,99</b>	<b>878 328 520,85</b>	<b>875 186 238,86</b>
Adjustment for deferred tax	Profit (loss) from previous years	-3 142 281,99		
			-52 622 554,11	-63 501 920,10
Adjustment for tax liability	Profit (loss) from previous years	-7 737 084,00		
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	7 737 084,00	198 811 688,42	206 548 772,42
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-3 142 281,99</b>	<b>878 328 520,85</b>	<b>875 186 238,86</b>

### As at 30-09-2019

Correction title	Report item	Correction amount	Published	After correction
Adjustment for deferred tax	Deferred tax assets	-9 370 381,62	55 368 397,88	45 998 016,26
	<b>TOTAL ASSETS</b>	<b>-9 370 381,62</b>	<b>801 325 369,67</b>	<b>791 954 988,05</b>
Adjustment for deferred tax	Profit (loss) from previous years	-3 142 281,99		
			-62 935 679,75	
Adjustment for tax liability	Profit (loss) from previous years	-7 737 084,00		
				-73 815 045,74
Tax interest adjustment for 2019	The current result	- 375 000,00	-15 661 481,25	-22 264 580,88
Adjustment for deferred tax	The current result	-6 228 099,63		
Tax liability	Liabilities in respect of taxes, customs duties, insurance and other benefits	7 737 084,00		
			175 373 412,79	183 485 496,79
Tax interest	Liabilities in respect of taxes, customs duties, insurance and other benefits	375 000,00		
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>-9 370 381,62</b>	<b>801 325 369,67</b>	<b>791 954 988,05</b>

**As at 31-12-2019**

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

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

An operating segment is a component of an entity:

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

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

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

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

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

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

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

The Group presents the profit or loss values for each reporting segment; it does not present the sum of assets and liabilities for each reporting segment because these amounts are not regularly submitted to the main agency responsible for the making of

operational decisions. The Group does not disclose the division of the revenue obtained from external clients into individual products and services because such information is unavailable and its acquisition cost would be excessive.

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

Tables below present the revenue and costs of individual industry segments of the Group for the third quarter ended on September 30, 2020 and comparative data for the third quarter of the year ended on September 30, 2019.

**The presented financial data for the period from 01.01.2020 to 30.09.2020 relate to the continued operations of the Capital Group in 2020 and comparable data for 2019 are presented**

	30.09.2019		30.09.2020	
	Temporary work	Other	Temporary work	Other
Sales to external clients	1 000 487 524	114 152 494	770 506 623	83 481 931
Internal sales	65 945 193	17 757 998	62 046 017	11 128 716
Costs from external suppliers	985 120 539	114 354 257	753 896 132	90 797 177
<b>Results</b>	<b>15 366 985</b>	<b>-201 762</b>	<b>16 610 492</b>	<b>-7 315 246</b>
Other operating revenue	58 544 550,51		32 722 628,31	
Other operating costs	41 847 057,58		30 950 782,36	
<b>Results</b>	<b>31 862 715,73</b>		<b>11 067 091,38</b>	

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

Net revenue	2020	[%]	2019	[%]
	Q3	share	Q3	share
Poland	295 887 691	34,6%	471 753 285	42,3%
Foreign	558 100 863	65,4%	642 886 734	57,7%
<b>Total</b>	<b>853 988 554</b>	<b>100%</b>	<b>1 114 640 018</b>	<b>100%</b>

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

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

COUNTRY	2020	share [%]	2019	share [%]
Hungary	354 948 621	41,6%	440 841 621	39,6%
Poland	295 887 691	34,6%	471 753 285	42,3%
Romania	127 319 360	14,9%	78 427 257	7,0%
Czech Republic	32 355 070	3,8%	53 470 918	4,8%
Slovenia	30 583 204	3,6%	48 599 461	4,4%
Slovakia	12 827 513	1,5%	20 902 486	1,9%
Croatia	67 095	0,01%	621 103	0,1%
Ukraine	0	0%	23 888	0,002%
<b>TOTAL</b>	<b>853 988 554</b>	<b>100,0%</b>	<b>1 114 640 018</b>	<b>100,0%</b>

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

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

Sector	Q3 2020	Share %
Automotive	30 526 120	3,6%
Financial and Insurance Services	27 488 675	3,2%
Call center	22 694 130	2,7%
Automotive	17 945 526	2,1%
Other services	17 605 712	2,1%
Industry other	9 920 122	1,2%
Electronics	9 872 216	1,2%
Electronics	9 316 136	1,1%
Electronics	6 482 312	0,8%
Industry other	6 261 959	0,7%



# Individual financial statements of Work Service SA

## Statement of financial position of Work Service S.A.

as at September 30, 2020

	as at 30.09.2020	as at 31-12-2019 after adjustment	as at 30.09.2019 after adjustment	as at 01.01.2019 after adjustment
<b>FIXED ASSETS</b>	<b>368 399 350,43</b>	<b>377 323 973,45</b>	<b>491 131 226,15</b>	<b>576 588 131,81</b>
Intangible assets	13 697 293,38	15 547 471,09	16 050 837,47	34 057 152,60
Property, plant and equipment	11 049 497,44	13 957 265,56	15 344 123,49	6 195 939,03
Investment properties	2 357 426,10	2 390 232,55	2 495 938,00	2 495 938,00
Other non-current assets	306 844 967,05	306 844 967,05	426 639 562,65	504 337 984,67
Deferred tax assets	34 450 166,46	38 584 039,20	30 600 764,54	29 501 117,51
<b>CURRENT ASSETS</b>	<b>110 077 749,92</b>	<b>116 284 065,60</b>	<b>145 135 662,86</b>	<b>188 839 274,60</b>
Inventories	931 222,41	825 894,40	362 038,59	704 789,85
Trade and other receivables	45 694 661,39	57 669 660,85	79 088 359,43	87 197 199,96
Other financial assets	45 839 182,52	55 433 975,77	64 259 613,80	99 949 542,18
Cash and cash equivalents	10 059 509,58	1 337 855,65	103 393,75	301 214,19
Prepayments	7 553 174,02	1 016 677,93	1 322 257,29	686 528,42
Assets held for sale		0	0,00	0
<b>TOTAL ASSETS</b>	<b>478 477 100,35</b>	<b>493 608 038,05</b>	<b>636 266 889,01</b>	<b>765 427 406,41</b>
<b>EQUITY</b>	<b>11 815 410,45</b>	<b>29 570 862,83</b>	<b>171 044 105,61</b>	<b>217 794 469,23</b>
Share capital	6 559 063,80	6 559 063,80	6 559 063,80	6 509 482,30
Supplementary capital	283 163 833,96	283 163 833,96	283 163 833,96	283 163 767,96
Reserve capital	5 664 115,29	5 664 115,29	5 664 115,29	5 664 115,29
Net profit (loss)	-17 755 452,38	-186 752 040,47	-36 128 797,69	12 472 771,84
Profit (loss) brought forward	-265 816 150,22	-79 064 109,75	-88 214 109,75	-90 015 668,16
<b>LIABILITIES AND PROVISIONS</b>	<b>466 661 689,90</b>	<b>464 037 175,22</b>	<b>465 222 783,40</b>	<b>547 632 937,18</b>
<b>Provisions for liabilities</b>	<b>13 951 633,93</b>	<b>15 654 106,14</b>	<b>15 629 538,10</b>	<b>24 803 586,63</b>
Deferred tax liabilities	1 084 420,81	2 568 813,63	4 052 521,24	3 792 972,93
Provision for pensions and similar benefits	651 462,99	651 462,99	610 142,29	617 796,51
Other current provisions (short-term)	12 215 750,13	12 433 829,52	10 966 874,57	20 392 817,19
<b>Long-term liabilities</b>	<b>63 834 339,42</b>	<b>59 354 471,74</b>	<b>7 042 541,07</b>	<b>164 248 042,85</b>
<b>1. To related entities</b>	<b>58 474 788,03</b>	<b>51 995 835,67</b>	<b>0,00</b>	<b>7 750 000,00</b>
<b>2. To other entities</b>	<b>5 359 551,39</b>	<b>7 358 636,07</b>	<b>7 042 541,07</b>	<b>156 498 042,89</b>
Long-term loans and borrowings		0	0	108 256 275,99
Issue of debt securities		0	0	43 988 109,50
Other financial liabilities	5 359 551,39	7 358 636,07	7 042 541,07	4 253 657,76
<b>Short-term liabilities</b>	<b>388 875 716,55</b>	<b>388 751 134,84</b>	<b>441 567 746,85</b>	<b>348 373 855,91</b>
<b>1. To related entities</b>	<b>147 747 495,56</b>	<b>104 960 647,07</b>	<b>140 197 336,80</b>	<b>122 379 119,05</b>
<b>2. To other entities</b>	<b>241 128 220,99</b>	<b>283 790 487,77</b>	<b>301 370 410,05</b>	<b>225 994 736,86</b>
Issue of debt securities	0	45 396 882,91	45 040 711,85	0
Other financial liabilities	7 944 726,36	8 229 882,26	14 275 080,53	1 776 418,88
Loans and borrowings	108 043 883,93	109 021 690,77	122 640 390,74	1 500 000,00
Trade liabilities	3 882 578,72	10 823 708,46	13 441 841,87	15 533 216,04
Liabilities in respect of taxes, customs duties, insurance and other benefits	113 707 383,62	95 317 034,82	90 966 561,31	113 241 578,49
Payroll liabilities	6 580 495,56	11 892 046,99	12 983 996,85	15 705 183,74
Other liabilities	839 369,86	1 846 301,18	2 021 826,90	80 026 974,25
<b>Accruals</b>	<b>0</b>	<b>277 462,50</b>	<b>982 957,38</b>	<b>10 207 451,79</b>
<b>Liabilities directly related to assets classified for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>478 477 100,35</b>	<b>493 608 038,05</b>	<b>636 266 889,01</b>	<b>765 427 406,41</b>

## Total income statement of Work Service SA for 9 months ended on September 30, 2020

	01.01.2020-30.09.2020	01.01.2019-30.09.2019
<b>Revenue</b>	<b>159 645 487,82</b>	<b>249 156 763,49</b>
Net trade revenue	159 540 159,81	248 956 830,49
Change in receivables	105 328,01	199 933,00
Manufacturing cost of products for entity's own needs	0,00	0,00
Net revenues from sales of goods and materials	0,00	0,00
<b>Costs of operations</b>	<b>174 538 614,66</b>	<b>270 456 024,96</b>
Amortisation and depreciation	5 749 699,67	7 495 029,72
Consumption of materials and energy	1 107 303,47	1 639 249,47
External services	21 134 083,97	44 633 063,57
Taxes and charges	556 933,16	536 418,30
Remuneration	0,00	178 639 870,71
Social security and other benefits	120 270 642,72	35 887 874,84
Other costs by type	24 796 841,68	1 624 518,35
Value of goods and materials sold	0,00	0,00
<b>Sales profit (loss)</b>	<b>-14 893 126,84</b>	<b>-21 299 261,47</b>
Other operating revenue	7 759 136,46	28 728 487,67
Other operating expenses	8 151 067,45	10 245 534,05
<b>Profit (loss) from operations</b>	<b>-15 285 057,83</b>	<b>-2 816 307,85</b>
Finance income	32 487 416,85	6 108 928,66
Finance costs	32 308 331,48	40 261 517,22
<b>Gross profit</b>	<b>-15 105 972,46</b>	<b>-36 968 896,41</b>
Income tax	2 649 479,92	-840 098,72
<b>Net profit (loss)</b>	<b>-17 755 452,38</b>	<b>-36 128 797,69</b>
<b>Comprehensive income for the period</b>	<b>-17 755 452,38</b>	<b>-36 128 797,69</b>
Net profit (loss) attributable to shareholders	-17 755 452,38	-36 128 797,69

## Work Service SA cash flow statements for 9 months ended on September 30, 2020

	01.01.2020-30.09.2020	01.01.2019-30.09.2019
<b>A. Cash flows from operating activities</b>		
I. Net profit / (loss)	-17 755 452,38	-36 128 797,69
II. Total adjustments	-2 937 452,14	-15 015 139,84
1. Amortisation and depreciation	5 749 699,67	7 495 029,72
2. Foreign exchange gains (losses)	-2 961 377,02	1 114 047,32
3. Interest and shares in profits (dividends)	3 074 804,43	7 124 050,76
4. Profit (loss) on investing activities	60 764,93	-205 000,00
5. Change in provisions	-1 702 472,21	-2 548 542,94
6. Change in inventories	-105 328,01	342 751,26
7. Change in receivables	2 923 381,63	8 108 840,53
8. Change in short-term liabilities, except for loans and borrowings	10 988 934,22	-24 543 849,59
9. Change in prepayments, accruals and deferred income	6 690 295,77	-10 959 870,31
10. Other adjustments	-27 656 155,55	-942 596,59
<b>III. Net cash flows from operating activities (I+II)</b>	<b>-20 692 904,52</b>	<b>-51 143 937,53</b>
<b>B. Cash flows from investing activities</b>		
I. Inflows	22 694 233,40	144 848 593,88
1. Disposal of intangible assets and property, plant and equipment		65 009,32
2. Disposal of investments in real property and intangible assets		
3. From financial assets, including:	22 694 233,40	144 783 584,56
a) in related entities	22 654 037,34	112 408 036,23
b) in other entities	40 196,06	32 375 548,33
- disposal of financial assets		
- dividends and profit sharing		
- repayment of long-term borrowings granted	1 159,57	28 121 086,52
- Interest	39 036,49	4 254 461,81
- other inflows from financial assets		
4. Other investment inflows		
II. Outflows	19 144 438,33	113 913 452,89
1. Purchase of intangible assets and property, plant and equipment	399 955,31	4 327 679,32
2. Investments in real property and intangible assets		
3. For financial assets, including:	18 744 483,02	109 585 773,57
a) in related entities	18 739 793,52	106 752 182,53
b) in other entities	4 689,50	2 833 591,04
- purchase of financial assets	4 689,50	2 833 591,04
- long-term borrowings granted		
4. Other investment outflows		
<b>III. Net cash flows from investing activities(I-II)</b>	<b>3 549 795,07</b>	<b>30 935 140,99</b>
<b>C. Cash flows from financing activities</b>		
I. Inflows	96 025 906,08	128 497 679,13
1. Net inflows from issue of shares and other equity instruments and additional contributions to equity		49 581,50
2. Loans and borrowings	95 618 483,56	128 113 849,94
3. Issue of debt securities		
4. Other financial inflows	407 422,52	334 247,69
II. Outflows	70 161 142,70	108 486 703,03
1. Purchase of treasury shares		-

2. Dividends and other payments to shareholders		-
3. Outflows in respect of appropriation of profit other than payments to shareholders		-
4. Repayment of loans and borrowings	44 105 637,52	101 604 636,20
5. Redemption of debt securities	10 575 000,00	-
6. Due to other financial liabilities		-
7. Payments of liabilities under finance lease agreements	2 682 454,71	2 448 235,99
8. Interest	12 798 050,47	4 433 830,84
9. Other financial outflows		
<b>III. Net cash flows from financing activities (I-II)</b>	<b>25 864 763,38</b>	<b>20 010 976,10</b>
<b>D. Total net cash flows (A.III.+B.III+C.III)</b>	<b>8 721 653,93</b>	<b>-197 820,44</b>
E. Balance sheet change in cash, including:	8 721 653,93	-197 820,44
- change in cash due to exchange differences		0,11
F. Cash as at the beginning of the period	1 337 855,65	301 214,19
<b>G. Cash at the end of the period (F+D), including</b>	<b>10 059 509,58</b>	<b>103 393,75</b>
- restricted access	112 392,57	

<b>Other adjustments include:</b>	<b>01.01.2020-30.09.2020</b>	<b>01.01.2019-30.09.2019</b>
Release of receivables	6 273 398,84	-
Write-down on receivables+++++++999+	2 778 218,99	-
Bond redemption	26 236 472,97	-
Adjustment of the write-down for loans granted to unrelated parties	-122 717,49	-
Adjustment of the write-down for loans granted to related parties	9 864 274,15	-
Interest on bonds outstanding	-215 992,50	-
Interest accrued loans received	-4 446 108,88	-
Interest paid loans received	3 443 033,58	-
Fundamental error	-17 607 465,62	-
Adjustment of write-down for the System of Supplementary Financing (SOD)	-	-942 596,59
<b>Total</b>	<b>-27 656 155,55</b>	<b>-942 596,59</b>

## Work Service S.A. statement of changes in equity

01.01.2020-30.09.2020	Share capital	Supplementary capital	Reserved capital	Retained earnings	Financial result	Equity
<b>As at 1 January 2020</b>	<b>6 559 063,80</b>	<b>283 163 833,96</b>	<b>5 664 115,29</b>	<b>(68 184 743,76)</b>	<b>(180 023 940,84)</b>	<b>47 178 328,45</b>
Fundamental error adjustment				-10 879 365,99	-6 728 099,63	-17 607 465,62
<b>As at after fundamental error adjustment</b>	<b>6 559 063,80</b>	<b>283 163 833,96</b>	<b>5 664 115,29</b>	<b>-79 064 109,75</b>	<b>-186 752 040,47</b>	<b>29 570 862,83</b>
Net profit (loss) for the financial year					-17 755 452,38	-17 755 452,38
Distribution of result for 2019				-186 752 040,47	186 752 040,47	0
<b>As at 30 September 2020</b>	<b>6 559 063,80</b>	<b>283 163 833,96</b>	<b>5 664 115,29</b>	<b>-265 816 150,22</b>	<b>-17 755 452,38</b>	<b>11 815 410,45</b>

01.01.2019-31.12.2019	Share capital	Supplementary capital	Reserved capital	Retained earnings	Financial result	Equity
<b>As at 1 January 2020</b>	<b>6 509 482,30</b>	<b>283 163 767,96</b>	<b>5 664 115,29</b>	<b>-79 136 302,17</b>	<b>12 472 771,84</b>	<b>228 673 835,22</b>
Adjustment of retained profit/loss				-10 879 365,99		-10 879 365,99
<b>As at 31 December 2019 after adjustment</b>	<b>6 509 482,30</b>	<b>283 163 767,96</b>	<b>5 664 115,29</b>	<b>-90 015 668,16</b>	<b>12 472 771,84</b>	<b>217 794 469,23</b>
Net profit (loss) for the financial year					-186 752 040,47	-186 752 040,47
Distribution of result for 2018				12 472 771,84	-12 472 771,84	0
Capital increase	49 581,50	66,00				49 647,50
Correction due to ZUS				-1 521 213,43		-1 521 213,43
<b>As at 31 December 2019</b>	<b>6 559 063,80</b>	<b>288 827 949,25</b>	<b>5 664 115,29</b>	<b>-79 064 109,75</b>	<b>-186 752 040,47</b>	<b>29 570 862,83</b>

01.01.2019-30.09.2019	Share capital	Supplementary capital	Reserved capital	Retained earnings	Financial result	Equity
<b>As at 1 January 2019</b>	<b>6 509 482,30</b>	<b>283 163 767,96</b>	<b>5 664 115,29</b>	<b>-79 136 302,17</b>	<b>12 472 771,84</b>	<b>228 673 835,22</b>
Fundamental error adjustment				-10 879 365,99		-10 879 365,99
<b>As at 1 January 2019 after fundamental error adjustment</b>	<b>6 509 482,30</b>	<b>283 163 767,96</b>	<b>5 664 115,29</b>	<b>-90 015 668,16</b>	<b>12 472 771,84</b>	<b>217 794 469,23</b>
Net profit (loss) for the financial year					-36 128 797,69	-36 128 797,69
Distribution of the 2018 result to supplementary capital				12 472 771,84	-12 472 771,84	0
correction due to ZUS				-1 521 213,43		-1 521 213,43
Issue of shares	49 581,50	66,00				49 647,50
Other				-9 150 000,00		-9 150 000,00
<b>As at 30 September 2019</b>	<b>6 559 063,80</b>	<b>288 827 949,25</b>	<b>5 664 115,29</b>	<b>-88 214 109,75</b>	<b>-36 128 797,69</b>	<b>171 044 105,61</b>

# Explanation of the Interim Report of the Capital Group for the third quarter of 2020

## 1. Material achievements of failures of the company in Q3 2020 with the list of major related events

The presented financial data for the period of 01.01.2020-30.09.2020 applies to the entire Capital Group: continued and discontinued operations and comparable data for 2019.

Selected items of the income statement (PLN)	2020 – 3Q	2019 – 3Q	Dynamics 2020/2019
Sales revenue	893 008 706,13	1 208 011 925,33	0,74
Costs of operations	889 667 142,85	1 201 718 505,84	0,74
Sales profit (loss)	3 341 563,27	6 293 419,48	0,53
Profit (loss) from operations	16 172 810,34	23 251 506,77	0,70
EBITDA	25 505 229,26	34 536 138,13	0,74
Gross profit (loss)	31 212 337,68	-9 252 922,58	3,37
Net profit (loss)	14 303 386,51	-10 810 581,49	1,32

The table below presents selected items of the income statement relating to continued activities for the Work Service Capital Group for the following periods: 01.01.2020-30.09.2020 and comparable data for the period from 01.01.2019 to 30.09.2019.

Selected items of the income statement (PLN)	2020 – 3Q	2019 – 3Q	Dynamics 2020/2019
Sales revenue	853 988 553,81	1 114 640 018,12	0,77
Costs of operations	844 693 308,38	1 099 474 795,32	0,77
Sales profit (loss)	9 295 245,43	15 165 222,80	0,61
Profit (loss) from operations	11 067 091,38	31 862 715,73	0,34
EBITDA	20 339 412,24	43 023 103,12	0,47
Gross profit (loss)	26 359 939,10	-2 793 471,19	9,44
Net profit (loss)	9 477 408,97	-7 138 093,76	1,33

The comments to the income statement relating to continued activities and one-off events are described in the "Additional information about the Summary Report of the Capital Group for the third quarter of 2020" in the item 1.2.

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

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

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

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

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

##### **4.1 Issue, repurchase and repayment of debt securities**

Work Service SA did not issue any non-equity securities in Q3 2020.

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.

##### **4.2 Issue of equity securities**

Work Service SA did not issue any equity securities in Q3 2020.

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

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

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

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

On 5 October 2020, the Issuer's subsidiary – Industry Personnel Services sp. z o.o. with registered office in Wrocław concluded two installment agreements with ZUS concerning outstanding social security contributions of PLN 12,614,664.89 (contributions with prolongation fees and interest) and of PLN 530,141.69 (without prolongation fees and interest).

According to the Installment Agreement 1, IPS obligations for the periods from 05/2018 to 04/2020 will be repaid in 60 installments, starting from October 20, 2020. According to the Installment Agreement 2, IPS obligations for the period 05/2020 will be repaid in 24 installments starting from October 20, 2020. One of the conditions for the installment agreements to be binding is to regulate current payments to ZUS without delay.

##### **Notification of a change in share ownership**

On 9 October 2020 The Management Board of Work Service S.A. received - pursuant to Art. 69 sec. 1 point 2) of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws 2019.623, as amended), notifications from shareholder Tomasz Misiak containing information on the sale of shares in the share capital of the Company.

Tomasz Misiak indicated in the Notification that on October 2, 2020, he sold 159,613 shares of the Company corresponding to 0.243% of the share capital of the Company, giving in total the right to exercise 159,613 votes at the general meeting of the Company, which corresponded to 0.243% of the total number of votes to the Company. The transaction took place on the regulated market on the basis of share sale orders submitted on October 2, 2020.

At the same time, in the Notification, Tomasz Misiak indicated that before the Transaction he owned 3,316,440 shares of the Company corresponding to 5.06%, giving a total right to exercise 3,316,440 votes at the general meeting of the Company, which corresponded to 5.06% of the total number of votes at the general meeting of the Company.

After the settlement of the Transaction, Tomasz Misiak indicated that he holds 3,156,827 shares of the Company corresponding to 4.815% of the share capital of the Company, giving in total the right to exercise 3,156,827 votes at the general meeting of the Company, which corresponds to 4.815% of the total number of votes at the general meeting of the Company.

##### **Dismissal of members of the Supervisory Board of the Company**

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

1. Mr. Przemysław Schmidt – Chairman of the Supervisory Board,
2. Mr. Piotr Żegleń – Member of the Supervisory Board,
3. Mr. Tomasz Bujak – Member of the Supervisory Board,
4. Mr. Paweł Ruka – Member of the Supervisory Board,

5. Mr. Andrzej Witkowski – Member of the Supervisory Board,

6. Mr. Robert Oliwa – Member of the Supervisory Board.

Reasons of dismissal were not given.

### **Appointment of members of the Supervisory Board of Work Service**

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

1. Mr. Maurizio Uboldi – Member of the Supervisory Board,

2. Mr. Davide Toso – Member of the Supervisory Board,

3. Mr. Antonio Carvelli – Member of the Supervisory Board,

4. Mr. Dario Dell'Osa – Member of the Supervisory Board,

5. Mrs. Federica Giulia Giovanna Polo – Member of the Supervisory Board,

6. Mrs. Francesca Garofolo – Member of the Supervisory Board,

7. Mrs. Maria Luisa Cammarata – Member of the Supervisory Board,

8. Mr. Donato Di Gilio – Member of the Supervisory Board,

9. Mr. Marcus Preston – Member of the Supervisory Board.

### **Notification on disposal of shares in the Work Service S.A.**

On 19 October 2020 The Management Board of Work Service S.A. received - pursuant to art. 69 par. 1 point 1) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws of 2019, item 623, as amended), from WorkSource Investments S.á r.l. with its registered office in Luxembourg ("WorkSource") - notification of October 19, 2020 containing information on disposal of shares in the share capital of the Company.

The Notification is based on the conclusion of an agreement for the sale of 13,714,286 shares in the Company between GI International S.R.L. with its registered office in Milan as the buyer and WorkSource as seller of October 6, 2020. The WorkSource indicated that the Transaction was executed upon registration of the shares constituting the subject of the transaction on the securities accounts kept for GI on October 16, 2020.

Pursuant to the Notification by WorkSource, prior to the Transaction, he owned directly 13,714,286 shares of the Company representing 20.91% of the share capital and authorizing to exercise 13,714,286 votes at the general meeting of the Company, representing 20.91% of the number of votes in the Company.

As a result of the Transaction, WorkSource does not own (directly or indirectly) any shares of the Company.

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

On 19 October 2020 The Management Board of Work Service S.A. received - pursuant to art. 69 par. 1 point 1) of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws of 2019, item 623, as amended), from GI International S.R.L. with its registered office in Milan - notification of October 19, 2020 containing information on the acquisition of shares in the share capital of the Company.

The Notification is based on the conclusion of an agreement for the sale of 13,714,286 shares in the Company between GI as the buyer and WorkSource Investments S.á r.l. with its registered office in Luxembourg as seller of October 6, 2020. The GI indicated that the Transaction was executed upon registration of the shares constituting the subject of the transaction on the securities accounts kept for GI on October 16, 2020.

Pursuant to the Notification by GI, prior to the Transaction, he owned a total of 33,261,010 shares of the Company, representing 50.71% of the share capital and entitling to 33,261,010 votes at the Company's general meeting, representing 50.71% of the total number of votes, including:

1) directly 19,546,724 shares of the Company representing 29.8% of the share capital of the Company and authorizing to exercise 19,546,724 votes at the general meeting of the Company; and

2) indirectly through WorkSource, 13,714,286 shares of the Company representing 20.91% of the share capital and authorizing to exercise 13,714,286 votes at the general meeting of the Company, representing 20.91% of the number of votes in the Company.

As a result of the Transaction, the general ownership of the Company's shares by GI did not change. However, as of October 19, 2020, GI holds all the shares of the Company directly, thus GI holds directly 33,261,010 shares of the Company representing 50.71% of the share capital of the Company and entitling to 33,261,010 votes at the general meeting of the Company, constituting 50.71% of the total number of votes in the Company.

GI no longer holds any shares of the Company indirectly.



### **Appointment of the Chairman and the Deputy Chairman of the Supervisory Board of Work Service**

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

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

On 20 October 2020 The Management Board of Work Service S.A. informs of receiving from the beneficial owner of GI International S.R.L. with its registered office in Milan, Italian Republic and WorkSource Investments S.á r.l. with its registered office in Luxembourg - notification of October 18, 2020 containing information about the indirect acquisition of shares in the share capital of the Company. The Notification is based on the conclusion of an agreement to sell 13,714,286 shares of the Company between WorkSource as the seller and GI as the buyer, for which the Beneficial Owner is the parent entity. The Beneficial Owner indicated that the execution of the Transaction under the aforementioned sale agreement took place at the moment of registering the shares constituting the subject of the Transaction on the securities accounts kept for GI on October 19, 2020.

According to the Notification, the Beneficial Owner, prior to the above Transactions, held a total of 33,261,010 Company shares representing 50.71% of the share capital and entitling to 33,261,010 votes at the Company's General Meeting, representing 50.71% of the total number of votes, including:

- 1) indirectly through GI 19,546,724 shares of the Company representing 29.8% of the share capital of the Company and authorizing to exercise 19,546,724 votes at the general meeting of the Company; and
- 2) indirectly through WorkSource, 13,714,286 shares of the Company representing 20.91% of the share capital and authorizing to exercise 13,714,286 votes at the general meeting of the Company, representing 20.91% of the number of votes in the Company.

As a result of the Transactions, the Beneficial Owner, as of October 19, 2020, holds, through GI, 33,261,010 shares of the Company representing 50.71% of the share capital of the Company and entitling to 33,261,010 votes at the general meeting of the Company, representing 50.71% the total number of votes of the Company.

The Beneficial Owner no longer indirectly holds any shares of the Company through WorkSource.

The GI is the only subsidiary of the Real Beneficiary that holds directly the Company's shares.

### **Conclusion by the Issuer of an agreement concerning operational cooperation within GI Group**

On 21 October 2020 the Management Board of Work Service S.A. concluded with the company under business name GI Group S.p.A. with its registered office in Milan, which is an indirect parent company of the Issuer (through GI International S.R.L. being shareholder of the Issuer), an agreement concerning the commencement of potential operational cooperation within the GI Group including also entities from the Issuer's group (the "WS Group"), in order to enable the development of relations between the two groups to benefit from mutual synergies, economies of scale, and reducing operating costs.

Cooperation will consist of exchange of information under the Agreement to evaluate the following potential areas of intervention:

- 1) asset and liability transfers, completed at an arm's length basis;
- 2) transitioning to the same software and other operating systems by GI Group and WS Group;
- 3) creating a shared service center, to cover all or selected: purchasing, payroll, controlling, IT, human resources, legal, accounting, financing and treasury operations of both the Company Group and the GI Group.

For the purposes of the Project, the Parties have agreed in the Agreement to establish appropriate working groups and functions, which shall be composed of GI Group and WS Group nominees as appropriate.

The Agreement provides for the possibility to exchange relevant information in order to enable consideration, evaluation, advice, planning or implementation of the above mentioned cooperation.

Pursuant to the Agreement, the Issuer is required to carefully consider the impact of the above mentioned cooperation on minority shareholders and to take action, and to take steps to ensure that the situation of those shareholders is duly taken into account.

The Agreement binds the parties to the moment: (i) completion of the cooperation, or (ii) termination by the party with three months' notice.

### **Issuance of a decision by the Head of the Lower Silesian Tax Office in Wroclaw on the distribution of tax arrears of the Issuer's subsidiaries into installments**

On 26 October 2020 the Work Service SA's subsidiaries, such as.:

- 1) Work Service International sp.z o.o. with its seat in Wrocław;
- 2) Industry Personnel Services sp.z o.o. with its seat in Wrocław;
- 3) Sellpro sp.z o.o. with its seat in Wrocław;

received the decisions of the Head of the Tax Office in Wrocław regarding the payment of tax due to value added tax into installments. The decision boundary conditions are described below.

Ad 1.)

The Head of the Tax Office in Wrocław divided into installments the payment of WSI tax arrears due to value added tax in installments for the months: February, March, April, May 2020 in the total amount of PLN 3,191,512.00 (including extension fees and interest).

Ad. 2.)

The head of the Tax Office in Wrocław spread the payment of IPS tax arrears due to value added tax in installments for the months: February, March, April, May 2020 in the total amount of PLN 1,739,028.00 (including extension fees and interest).

Ad. 3.)

The Head of the Tax Office in Wrocław spread the payment of Sellpro's tax arrears due to value added tax in installments:

- a) for the months: February, March, May 2020 in the total amount of PLN 2,777,215.02 (including extension fees and interest);
- b) for the month April 2020 in the total amount of PLN 863,228.00 (including prolongation fees and interest).

Pursuant to each of the above decisions, tax liabilities will be repaid in 48 monthly installments starting from November 16, 2020. The condition for spreading into installments is meeting the installment payment deadline. The above decisions are not legal valid yet. However, none of the Issuer's subsidiaries, as the only party to the administrative proceedings, intends to appeal against the decision.

#### **Extension of the deadline for the fulfilment of the Condition Subsequent of the Restructuring Agreement**

On 30 October 2020 the Work Service SA received the consent of the Banks to postpone the deadline for the fulfilment of the Condition Subsequent until November 30, 2020. The Company informed about the Condition Subsequent in the current report No. 55/2020. At the same time, the Issuer points out that, under the Condition Subsequent, only the conclusion of an arrangement between the Company and the Tax Office remains.

#### **Issuing a decision to spread the Issuer's tax arrears in installments due to tax on goods and services**

On 2 November 2020 The Management Board of Work Service S.A. has received a decision of the Head of the Lower Silesian Tax Office in Wrocław regarding the payment of tax receivables due to value added tax in installments. The Decision fully grant the Company's motion and concerns the spreading of payment of tax arrears due to value added tax in installments for the months: February, March, April, May 2020 in the total amount of PLN 14,635,014.00 (including prolongation fees and interest).

Pursuant to the Decision, the liabilities due to tax receivables were spread over 48 monthly installments starting from November 16, 2020. One of the conditions for maintaining the Decision by the Tax Office is the Issuer's payment of current payments to the Tax Office. The decision is not final yet, and the Issuer, as the only party to the proceedings, will not appeal against the decision.

#### **Issuing a decision to spread the Issuer's tax arrears in installments due to corporate income tax**

On 5 November 2020 The Management Board of Work Service S.A. informs that received a decision of the Head of the Lower Silesian Tax Office in Wrocław regarding the payment of tax debts due to corporate income tax for 2018 in installments with interest for late payment. The decision concerns the spreading into installments of the payment of tax arrears due to corporate income tax in the total amount of PLN 8,471,397.00 (including late payment interest and prolongation fees).

Pursuant to the Decision, the liabilities due to tax receivables were spread over 48 monthly installments starting from November 16, 2020. One of the conditions for maintaining the Decision by the Tax Office is the Issuer's payment of current payments to the Tax Office. The decision is not final yet, and the Issuer, as the only party to the proceedings, will not appeal against the decision.

At the same time, the Issuer informs that the Condition Subsequent under the Restructuring Agreement, about which the Issuer informed in the current report no. 55/2020 and in the current report no. 94/2020, regarding the extension of the deadline for the fulfillment of the Condition Subsequent under the Restructuring Agreement, has been fully met.

## Other information

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

Work Service GMBH & Co KG and of the entities controlled by Work Service GMBH & Co.KG was sold in July 2020, and the transaction was described in the Strategic Description in the Group Report for Q3 2020.

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

The Company did not publish forecasts for 2020.

### **3. Shareholders directly or indirectly through subordinated entities holding at least 5% of the total number of voting rights at the general meeting as at the submission date of the report for Q3 2020 with an indication of the number of shares held by such entities, their share in equity, the number of resulting voting rights and share in the total number of voting rights at the general meeting, indication of changes in the ownership structure of significant blocks of shares of the Company after the submission of the previous quarterly report.**

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

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

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

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

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

#### 4. Summary of the volume of shares of the Company held or rights to such shares held by managers and supervisors of the Company as at the submission date of the report for Q3 2020 with an indication of changes of holding after the submission of the previous report, separately for each person.

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

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

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

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

The Company did not execute any transactions with related entities in Q3 2020 that would be material individually or jointly and, at the same time, executed on terms other than at arm's length.

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

No.	Surety on behalf of	Promissory note beneficiary	Surety subject	Agreement date	Agreement expiry date	Amount covered by the surety (gross)
1.	Industry Personnel Services Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 4.12.2018	Indefinite period	14 000 000,00
2.	Sellpro Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 4.12.2018	Indefinite period	14 000 000,00
3.	Finance Care Sp. z o.o.	Bibby Financial Services Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 4.12.2018	Indefinite period	14 000 000,00
4.	Sellpro Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 07.08.2018	Indefinite period	20 000 000,00
5.	Industry Personnel Services Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 07.08.2018	Indefinite period	20 000 000,00
6.	Work Service International Sp. z o.o.	Coface Poland Factoring Sp. z o.o.	Amount receivable under a factoring agreement	The factoring agreement of 10.06.2019	Indefinite period	20 000 000,00

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

### Contingent liabilities

Title of contingent liability	Type of collateral	30.09.2020	31.12.2019	change
	surety	-	360 000 000,00	-360 000 000,00
<b>Loan collateral</b>	Statement of voluntary submission to the execution, art. 777	165 525 000,00	66 210 000,00	99 315 000,00
	registered pledge on assets	86 000 000,00	277 500 000,00	-191 500 000,00
<b>Loan repayment security from the GI</b>	Statement of voluntary submission to the execution, art. 777	210 000 000,00	-	210 000 000,00
	registered pledge on assets			
<b>Lease collateral</b>	blank promissory note with a blank promissory note agreement	4 621 782,30	4 621 782,30	-
<b>Performance guarantee</b>	surety	3 000 000,00	3 000 000,00	-
<b>Commitment to purchase additional Pro Humana shares from Portfolio</b>	-	86 000 000,00	86 000 000,00	-

\*as at the date of publication of the report, the Registry Court has not yet established any pledges

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

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

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

The Group does not identify factors or information material for the evaluation of the staffing situation, economic and financial position in Q3 2020 other than:

- the current general situation of the Group (including the Company) presented in section 1.2 of the Summary Interim Quarterly Report for Q3 2020;
- changes of the Board of Directors introduced during the financial year.

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

Section 1.2 of the Summary Interim Report for Q3 2020 presents material actions that can materially influence results generated in the future.

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

In the first half of 2020, the fundamental error of 2018 was identified regarding the overdue CIT liability. Equity, the result from previous years and the deferred tax asset in 2019 were adjusted. The details are provided in the note 5.

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

The Group identified no need to post inventory revaluations in Q3 2020.

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

In the third quarter of the year, the parent company did not make additional write-downs in relation to receivables.

WSSA data

Revaluation write-offs for receivables

	01.01.2020 - 30.09.2020	01.01.2019 - 31.12.2019
<b>Balance at the beginning of the period</b>	<b>26 361 799,59</b>	<b>22 630 967,46</b>
Impairment loss recognised as expense during the period	2 778 218,99	19 277 538,45
Reversed impairment losses recognised as revenue in the period (-)	-	15 546 706,32
Write-offs used (-)	6 273 398,84	-
Other changes (net exchange differences on translation)	-	-
<b>Balance at the end of the period</b>	<b>22 866 619,74</b>	<b>26 361 799,59</b>

Revaluation write-offs for loans

	01.01.2020 - 30.09.2020	01.01.2019 - 31.12.2019
<b>Balance at the beginning of the period</b>	<b>25 637 030,91</b>	<b>11 619 942,86</b>
Impairment loss recognised as expense during the period	9 864 274,15	14 017 088,05
Reversed impairment losses recognised as revenue in the period (-)	-	-
Write-offs used (-)	-112 840,43	-
Other changes (net exchange differences on translation)	-122 717,49	-
<b>Impairment write-offs at the end of the period</b>	<b>35 265 747,14</b>	<b>25 637 030,91</b>

Revaluation write-offs for shares

	01.01.2020 - 30.09.2020	01.01.2019 - 31.12.2019
<b>Balance at the beginning of the period</b>	<b>107 798 274,60</b>	<b>0,00</b>
Impairment loss recognised as expense during the period	-	107 798 274,60
Reversed impairment losses recognised as revenue in the period (-)	-	-
Write-offs used (-)	-	-
Other changes (net exchange differences on translation)	-	-
<b>Impairment write-offs at the end of the period</b>	<b>107 798 274,60</b>	<b>107 798 274,60</b>

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

	01.01.2020 - 30.09.2020	01.01.2019 - 31.12.2019
<b>Balance at the beginning of the period</b>	<b>30 918 918,14</b>	<b>16 190 687,10</b>
Impairment loss recognised as expense during the period	-	14 728 231,04
Reversed impairment losses recognised as revenue in the period (-)	-	-
Write-offs used (-)	-	-
Other changes (net exchange differences on translation)	-	-
<b>Impairment write-offs at the end of the period</b>	<b>30 918 918,14</b>	<b>30 918 918,14</b>

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

Change of provisions (CG Work Service)	31.12.2019	Increases	Utilisation	Reversal	30.09.2020
<b>Provisions for liabilities:</b>	<b>32 470 160,09</b>	<b>7 229 995,93</b>	<b>4 974 414,84</b>	<b>2 166 797,21</b>	<b>32 558 943,97</b>
1. Provision for deferred income tax	3 743 223,69	130 220,98	1 652 995,13	370 153,72	1 850 295,82
2. Provision for retirement	4 022 502,86	1 232 046,85	-	986 101,99	4 268 447,72
- long-term	279 607,53	17 616,23	-	-	297 223,76
- short-term	3 742 895,33	1 214 430,62	-	986 101,99	3 971 223,96
3. Other provisions	24 704 433,54	5 867 728,10	3 321 419,71	810 541,50	26 440 200,43
- long-term	1 228 390,43	-	14 000,00	-	1 214 390,43
- short-term	23 476 043,11	5 867 728,10	3 307 419,71	810 541,50	25 225 810,00
<b>Change of provisions (microdata)</b>	<b>31.12.2019</b>	<b>Increase</b>	<b>Utilisation</b>	<b>Reversal</b>	<b>30.09.2020</b>
Provision for deferred income tax	2 568 813,63	-	1 484 392,82	-	1 084 420,81
Provision for unused leaves	651 462,99	-	-	-	651 462,99
Other provisions	12 433 829,52	4 076 144,68	3 307 419,71	986 804,36	12 215 750,13
<b>Total</b>	<b>15 654 106,14</b>	<b>4 076 144,68</b>	<b>4 791 812,53</b>	<b>986 804,36</b>	<b>13 951 633,93</b>

## 16. Information about deferred income tax provisions and assets

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

Consolidated data	as at 30.09.2020	as at 31.12.2019 transformed
Deferred tax assets	37 637 325,95	45 998 016,26
Deferred income tax liabilities	1 850 295,82	4 954 794,81
<b>Work Service S.A. microdata</b>	<b>as at 30.09.2020</b>	<b>as at 31.12.2019 transformed</b>
Deferred tax assets	34 450 166,46	38 584 039,20
Deferred income tax liabilities	1 084 420,81	2 568 813,63

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

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

No material acquisitions or sales of tangible assets occurred in Q3 2020.

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

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

## 19. Information about material settlements due to litigation

No material settlements due to litigation occurred in Q3 2020, apart from accepting some decisions concerning PFRON.

## 20. Adjustments of errors of previous periods

In Q3 2020, there was an adjustment to the result concerning the previous years regarding the completed tax audits for 2017 and 2019.

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

In the first half of 2020, the Director of the lower Silesian Customs and Tax Office in Wrocław began an audit of the CIT settlement for 2017 in Work Service SA. On 24 July 2020, the result of the audit was obtained, which does not affect the Company's tax liabilities. On 20 July 2020, a tax audit of the CIT settlement for 2018 was commenced. The company made use of Article 62(4) of the Act on National Tax Authorities and submitted an adjustment to the CIT declaration for 2018 on its own, on the basis of the findings of an audit of 2017. The result of this adjustment is the creation of tax arrears amounting to PLN 7.7 million. The audit terminated with a result obtained on 31 August 2020. Another audit of the CIT settlement for 2019 has begun at the beginning of August. On 14 October 2020 the company obtained an audit result which does not affect the company's tax liabilities.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Following the entry into force of the Restructuring Agreement, the Banks' receivables under the Loan Agreement will be secured by a surety established on the basis of the Surety Agreement (together with the New Guarantor's Statements), a pledge on

shares in ProHuman 2004 Kft and the Company's Statements ("Collaterals"). After that date, the Banks shall be obliged to release all other collaterals established for the benefit of the Banks under the Loan Agreement, including in particular collaterals of subsidiaries and pledges on their shares and assets.

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

The Group did not execute any transactions with related entities in Q3 2020 that would be individually or jointly material and, at the same time, executed on terms other than at arm's length.

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

	<b>IPS</b>	<b>KAR</b>	<b>FC</b>	<b>WSI</b>	<b>SEL</b>	<b>CLEAN</b>	<b>KCP</b>	<b>fiegSPV</b>	<b>skWS</b>	<b>skoutWS</b>
Revenue	471 465,6	119 434,4	386 864,2	8 298 361,3	7 272 763,6	51 030,4	241 317,2	4 494 122,0	12 416,9	0,00
Costs	3 784 716,0	0,00	45 565,6	1 427 897,7	2 272 955,7	2 510 588,2	1 885 322,9	1 778 165,9	7 278,2	0,00
Receivables	0,00	334 991,6	0,00	7 127 960,2	0,00	0,00	4 713 477,3	49 120 612,8	156 879,8	0,00
Long-term liabilities	0,00	0,00	0,00	0,00	8 424 172,5	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	23 827 857,2	0,00	3 572 658,9	1 642 757,0	61 119 560,7	4 499 523,8	0,00	0,00	9 103,4	0,00
Borrowings granted	0,00	34 215,3	0,00	21 583,7	0,00	0,00	4 652 777,6	37 585 792,4	16 404,6	0,00

	<b>skWSK</b>	<b>czWS</b>	<b>ger24WS</b>	<b>fiegGP</b>	<b>fiegWS</b>	<b>fiegOUT</b>	<b>fiegKG</b>	<b>fiegWSF</b>	<b>gerKON</b>	<b>antGER</b>
Revenue	287 265,9	11 471,9	776 610,3	0,00	95 541,7	0,00	3 841 404,0	0,00	0,00	0,00
Costs	154 777,6	14 966,8	20 314,2	0,00	704,0	0,00	258 751,2	0,00	0,00	0,00
Receivables	2 890 351,8	54 533,2	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Long-term liabilities	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	20 539,4	1 193 448,0	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Borrowings granted	0,00	26 124,7	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

	<b>antSK</b>	<b>presWS</b>	<b>presLOG</b>	<b>presOSP</b>	<b>humPRO</b>	<b>humOUT</b>	<b>humEXI</b>	<b>natSLV</b>	<b>natCR</b>	<b>humHR</b>
Revenue	0,00	915 182,6	252 382,5	191 115,9	4 423 868,4	0,00	0,00	599 118,7	0,00	0,00
Costs	0,00	1 242 343,0	1 682,0	427,0	5 044 321,1	0,00	0,00	1 680 600,9	0,00	0,00
Receivables	78 905,0	1 656 330,6	442 567,3	1 113 128,1	24 713,2	0,00	0,00	0,00	0,00	0,00
Long-term liabilities	0,00	0,00	0,00	0,00	50 050 181,9	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	388 924,4	36 928,4	18 795,4	0,00	-303 573,8	0,00	0,00	0,00	0,00	0,00
Borrowings granted	0,00	70 372,7	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

	<b>humFIE</b>	<b>humFC</b>	<b>rsAPT</b>	<b>hrAPT</b>	<b>bAPT</b>	<b>fbAPT</b>	<b>ukr2WS</b>
Revenue	0,00	0,00	0,00	0,00	0,00	0,00	150,00
Costs	0,00	0,00	0,00	0,00	0,00	0,00	9 170,0
Receivables	0,00	0,00	0,00	0,00	0,00	0,00	184,5
Long-term liabilities	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Short-term liabilities	0,00	0,00	0,00	0,00	0,00	0,00	6 750,0
Borrowings granted	0,00	0,00	0,00	0,00	0,00	0,00	0,00

# Glossary – Work Service Capital Group Companies

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

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

No changes of the way (method) of determination of the fair value of financial instruments at fair value occurred in Q3 2020.

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

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

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

The consolidated financial statements for Q3 2020 was not a subject to a review by an entity authorised to review financial statements.

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

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

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