

Independent Auditor's Report on Annual Consolidated Financial Statements

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For the Shareholders of Work Service S.A.

Report on the Annual Consolidated Financial Statements

Qualified opinion

We have audited the annual consolidated financial statements of the Group (the Group), in which the parent entity is Work Service S.A. (the Parent) with its registered office in Wrocław, 66 Gwiaździsta Street, which comprise the consolidated statement of financial position as of December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the financial year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying annual consolidated financial statements:

- give a true and fair view of the financial position of the Group as of December 31, 2020 and of its financial performance and of its cash flows for the financial year then ended in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations and adopted accounting principles (policy),
- comply with the laws affecting the content and form of the annual consolidated financial statements and the provisions of the Parent's articles of association.

The audit opinion is consistent with the additional report to the Audit Committee submitted on the same day as this audit report.

Basis for Qualified Opinion

In point II.4 of Note 2.3 to the consolidated financial statements, the Management Board informed about the effective loss of control over Prohuman 2004 Kft with its seat in Hungary and its capital group (Prohuman, Prohuman Group, respectively), recognition in the consolidated financial statements of the effects of the loss of control using the latest available financial data of the Prohuman Group for the period from January 1, 2020 to September 30, 2020 and the adoption of the equity method to account for the shares of the Prohuman Group in subsequent periods. In this note, the Management Board informed that the financial result of the Prohuman Group for the fourth quarter of 2020 was not included in the equity method measurement due to the failure to receive financial data from the Prohuman Group.

The data of the Prohuman Group as at September 30, 2020 has not been audited by a certified auditor. We have not been able to obtain appropriate sufficient audit evidence to confirm that the measurement of the assets and liabilities of the Prohuman Group as at September 30, 2020 is correct. In addition, due to the lack of data, we are not able to estimate the possible impact on the consolidated financial statements of the recognition of the Capital Group's share in the Prohuman Group's result for the fourth quarter of 2020. The value of the Prohuman Group recognized in the assets of the Group amounts to PLN 221 million.

We conducted our audit in accordance with:

- the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (uniform text: Journal of Laws of 2020, item 1415) (the Act on Statutory Auditors),
- International Standards on Auditing adopted as National Standards on Auditing (NSA) by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019, as amended and
- Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April, 16 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77 and OJ L 170, 11.6.2014, p. 66) (the Regulation 537/2014).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements* section of our report.

We are independent of the entities comprising the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) (IESBA Code) adopted by the National Council of Statutory Auditors' resolution No. 3431/52a/2019 of March 25, 2019 together with the ethical requirements that are relevant to our audit of the financial statements in Poland. In particular, in conducting the audit the Key Audit Partner and the Audit Firm remained independent of the entities comprising the Group in accordance with the provisions of the Act on Statutory Auditors and the Regulation 537/2014. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the annual consolidated financial statements of the current period. They include the most significant assessed risks of material misstatement, including assessed risk of material misstatement due to fraud. These matters were addressed in the context of the audit of the annual consolidated financial statements as a whole, and in forming the auditor's opinion thereon. Below, we provided a summary of our response to those risks and where relevant, key observations arising with those risks. We do not provide a separate opinion on these matters.

Debt restructuring

In the consolidated financial statements as at December 31, 2020, the Parent Company recognized PLN 55 million of financial revenues from cancelation of loans under partial arrangement.

Due to the significant impact of the restructuring effects on the financial result and equity of the Capital Group, we considered this matter to be a key audit matter.

Disclosures related to debt restructuring are presented in notes 2.3 and 32.

Auditor's response

As part of the audit, we carried out the following procedures:

- analysis of the content of the restructuring agreement with banks and cancelation conditions,
- assessment of the correctness of the moment of recognizing the effects of the partial system,
- analysis of the correctness of recognizing the consequences of the concluded partial arrangement in accordance with IFRS.

Loss of control over the subsidiary and its capital group

In the consolidated financial statements as at December 31, 2020, the Parent Company recognized the effects of losing control over the subsidiary Prohuman 2004 Kft and its capital group, recognizing losses of PLN 57 million on this account.

Due to the significant judgments and estimates of the Management Board and the impact of the effects of the loss of control on the consolidated financial statements we considered this to be a key audit matter.

Disclosures related to the loss of control are presented in notes 1.4 and 2.3.

Auditor's response

As part of the audit, we carried out the following procedures:

- analysis of the indications of loss of control,
- evaluation of the judgments of The Management Board of the Parent made on this basis,
- verification of the correctness of the adopted methodology of accounting for the loss of control,
- verification of the valuation of Prohuman 2004 Kft and its capital group at fair value.

Goodwill

In the consolidated financial statement as at 31 December 2020, the Group presented goodwill of PLN 19 million.

Goodwill recognized in the consolidated financial statements is subject to annual impairment testing. The Management Board of the Parent conducted impairment tests which did not demonstrate the need to recognize impairment write-downs.

Due to estimates of the Board being the assumptions underlying the impairment test, we have recognized this matter as the key matter of the audit.

Disclosures related to the goodwill are presented in note 2.

Auditor's response

As part of the audit, we carried out the following procedures:

- verification of the grounds for the adopted methodology of preparing the impairment tests,
- evaluation of the assumptions and financial projections adopted by The Management Board of the Parent,
- verification of correctness of the calculations,
- correctness of the assumed estimates within the valuation,
- evaluation of the Management Board of the Parent's conclusions drawn on this basis.

Going concern
Auditor's response

The consolidated financial statements have been prepared on the going concern assumption.

The Parent Company's equity as at December 31, 2020 is negative and amounts to PLN (-) 6 million.

The Parent Company is in the process of restructuring its loan debt with a value of PLN 44 million as at December 31, 2020 and the installment repayment of liabilities due to ZUS and PFRON, VAT and corporate income tax liabilities with a total value of PLN 100 million.

Disclosures related to going concern are presented in note 2.3.

As part of the audit, we carried out the following procedures:

- analysis of the available funds under the credit line provided by the majority shareholder,
- verification of the implementation of the terms of the installment arrangement with the Social Insurance Institution and the tax office,
- verification of the implementation of loan debt restructuring conditions,
- analysis of the forecasted cash flows presented by evaluation of the Management Board of the Parent's,
- assessment of the validity of the forecasts prepared by evaluation of the Management Board of the Parent's conclusions drawn on this basis.

Responsibilities of Management Board and Supervisory Board of the Parent for the Annual Consolidated Financial Statements

The Management Board of the Parent is responsible for the preparation of these annual consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, adopted accounting principles (policy), legal regulations, and the Parent's articles of association. The Management Board of the Parent is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of annual consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the annual consolidated financial statements, the Management Board of the Parent is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board of the Parent either intends to liquidate the Group or to cease the operations, or has no realistic alternative but to do so.

In accordance with the Accounting Act of September 29, 1994 (uniform text: Journal of Laws of 2021, item 217 as amended) (the Accounting Act), the Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the annual consolidated financial statements with the requirements of the Accounting Act. The Supervisory Board of the Parent is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual consolidated financial statements.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the Management Board of the Parent has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board of the Parent.
- Conclude on the appropriateness of the Management Board of the Parent's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual consolidated financial statements, including the disclosures, and whether the annual consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the annual consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board of the Parent with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From matters communicated with the Supervisory Board of the Parent, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information including the Report on the Group's operations

The other information comprises the Report on the Group's operations for the financial year ended December 31, 2020, the Corporate Governance Statement and the Statement on non-financial information specified in Article 55 clause 2b of the Accounting Act which are separate parts of the Report on the Group's operations and the Annual Report for the year ended December 31, 2020 (but does not include the consolidated financial statements and our auditor's report thereon).

Responsibilities of the Management Board and the Supervisory Board of the Parent

The Management Board of the Parent is responsible for the preparation of the other information in accordance with the Accounting Act and other legal regulations. The Management Board and the Supervisory Board of the Parent are obliged to assure compliance of the Report on the Group's operations with the requirements of the Accounting Act.

Responsibilities of the Auditor

Our opinion on the annual consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the annual consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether it is materially inconsistent with the annual consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Additionally, according to the Act on Statutory Auditors, our responsibility is to express an opinion on whether the Report on the Group's operations has been prepared in accordance with legal regulations and whether information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, we are obliged to report on whether the Parent prepared the Statement on non-financial information and to express an opinion on whether the Parent included the required information in the Corporate Governance Statement. We obtained the Report on the Group's operations, prior to the date of this auditor's report, while the remaining parts of the Annual Report will be delivered later. If we conclude that there is a material misstatement in the Annual Report, we are required to communicate the matter to the Supervisory Board of the Parent.

Opinion on the Report on the Group's operations

In our opinion, the Report on the Group's operations has been prepared in accordance with the applicable legal regulations, i.e. Article 55 clause 2a of the Accounting Act and Paragraph 71 of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent of the information required by law of a non-member state (Journal of Laws of 2018, item 757) (the Regulation on current and periodic information), and information included therein is consistent with the accompanying annual consolidated financial statements. Moreover, taking into account our knowledge of the Group and its environment obtained during the audit of the annual consolidated financial statements, we state that we have not identified any material misstatements in the Report on the Group's operations.

Opinion on the Corporate Governance Statement

In our opinion, the Corporate Governance Statement includes the information required by Paragraph 70 clause 6 point 5 of the Regulation on current and periodic information. The information specified in Paragraph 70 clause 6 point 5 letters c-f, h and i of the Regulation on current and periodic information included in the Corporate Governance Statement complies with applicable regulations and is consistent with the information included in the annual consolidated financial statements.

Information on the preparation of the Statement on non-financial information

As required by the Act on Statutory Auditors, we report that the Parent has prepared the Statement on non-financial information specified in Article 55 clause 2b of the Accounting Act and presented it as a separate part of the Report on the Group's operations.

Report on Other Legal and Regulatory Requirements

Statement on non-audit services

To the best of our knowledge and belief we confirm that we have not provided non-audit services prohibited in accordance with the provisions of Article 136 of the Act on Statutory Auditors and Article 5 clause 1 of the Regulation 537/2014.

Appointment of the Audit Firm

We were appointed to audit the annual consolidated financial statements of the Group for the years 2020 and 2021 by the Parent's Supervisory Board's resolution of November 24, 2020. We have been auditors of the Group since the financial year ended December 31, 2018 i.e. for three consecutive financial years. We were appointed for two-year periods: 2018 and 2019, 2020 and 2021.

Jan Letkiewicz

Statutory Auditor No. 9530
Key Audit Partner performing the audit on behalf of
Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, April 30, 2021.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.