grupa pracuj

Grupa Pracuj S.A.

Interim condensed financial statements of Grupa Pracuj S.A. for the 6-month period ended on June 30, 2022

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All amounts in PLN thousands, unless otherwise stated

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	Note	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Revenue from contracts with customers	2.1	**251 233**	**182 581**	**126 909**	**98 042**
Depreciation and amortisation		(4 382)	(4 059)	(2 192)	(2 018)
Marketing expenses		(22 366)	(12 271)	(8 523)	(3 795)
Software as services		(2 478)	(2 708)	(1 339)	(1 346)
Other external services		(18 189)	(5 955)	(13 602)	(3 108)
Employee benefits	2.2	(62 546)	(54 462)	(28 962)	(27 460)
Other expenses		(1 476)	(1 235)	(842)	(771)
Other operating income	2.3	528	496	252	307
Other operating costs	2.3	(1 107)	(129)	(77)	(104)
Expected credit loses	6.1	(1 016)	310	(703)	110
Operating profit		**138 201**	**102 568**	**70 921**	**59 857**
Finance income	2.4	2 367	95 329	1 698	86 616
Finance costs	2.4	(12 042)	(1 215)	(11 954)	(181)
Net finance income / (costs)		**(9 675)**	**94 114**	**(10 256)**	**86 435**
Share of profit of equity-accounted investees	4.4	(141)	3 267	(1 274)	1 799
Profit before tax		**128 385**	**199 949**	**59 391**	**148 091**
Income tax	3.1	(27 255)	(39 157)	(13 087)	(30 001)
Profit from continuing operations		**101 130**	**160 792**	**46 304**	**118 090**
Net profit		**101 130**	**160 792**	**46 304**	**118 090**

OTHER COMPREHENSIVE INCOME	Note	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
TOTAL COMPREHENSIVE INCOME		**101 130**	**160 792**	**46 304**	**118 090**

	Note	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Basic profit per share (PLN) - continuing operations	4.11	**1.48**	**2.40**	**0.68**	**1.76**
Diluted profit per share (PLN) - continuing operations	4.11	**1.48**	**2.40**	**0.68**	**1.76**

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 June 2022 (unaudited)	31 December 2021
Intangible assets	4.1	5 842	4 525
Property, plant and equipment	4.2	8 179	6 363
Right-of-use assets	4.3	11 819	13 464
Investments in subsidiaries	4.4	575 195	21 486
Equity-accounted investees	4.4	28 283	32 484
Other financial assets	4.5	131 646	127 229
Other non-financial assets	4.6	776	-
Deferred tax assets	3.1	31 771	22 450
Non-current assets		**793 511**	**228 001**
Trade receivables	4.5	51 428	45 987
Other financial assets	4.5	17 797	31 801
Other non-financial assets	4.6	4 082	4 568
Cash and cash equivalents	4.7	127 995	141 815
Current assets		**201 302**	**224 171**
Total assets		**994 813**	**452 172**

EQUITY AND LIABILITIES	Note	30 June 2022 (unaudited)	31 December 2021
Share capital	4.8	340 521	340 521
Reserve capital	4.9	238 248	108 516
Reserve capital for the acquisition of own shares		1 080	1 080
Share-based payments	4.13	39 487	29 256
Other reserves	4.9	836	32
Merger reserve		(585 375)	(585 375)
Retained earnings		207 977	373 108
Total equity		**242 774**	**267 138**
Bank loans	4.12	334 693	-
Lease liabilities	4.12	9 359	11 804
Employee benefits	4.14	1 331	1 331
Deferred tax liabilities	3.1	19 145	19 145
Non-current liabilities		**364 528**	**32 280**
Bank loans	4.12	63 463	-
Lease liabilities	4.12	6 810	6 494
Employee benefits	4.14	13 876	11 465
Trade payables	4.15	18 487	14 685
Other payables	4.16	10 775	12 253
Dividend liabilities	4,10	136 530	-
Other financial liabilities	4.15	2 590	7 097
Current tax liabilities	3.1	5 219	3 943
Contract liabilities	2.1	129 761	96 817
Current liabilities		**387 511**	**152 754**
Total liabilities		**752 039**	**185 034**
Total equity and liabilities		**994 813**	**452 172**

All amounts in PLN thousands, unless otherwise stated

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)
Cash flows from operating activities			
Profit before tax		**128 385**	**199 949**
Adjustments for:			
Share in (profit) / loss of equity-accounted investees		141	(3 267)
Depreciation and amortisation		4 382	4 059
(Gain) / Loss due to exchange differences		186	951
(Gain) / Loss on interest		810	293
(Gain) / Loss on investment activities		250	(86 260)
Impairment loss of dividend receivables	4.4	6 650	-
Impairment loss of shares in subsidiaries	4.4	-	(8 897)
Reversal of impairment loss of shares in equity-accounted investees	4.4	4 060	-
Equity-settled share-based payment transactions	4.13	9 011	9 701
Income tax paid	3.1	(35 300)	(21 981)
Changes in working capital:			
Employee benefits	4.14	2 412	5 966
Trade receivables	4.5	(5 441)	(12 830)
Other non-financial assets	4.6	(395)	(1 511)
Trade payables	4.15	3 802	(2 712)
Other payables	4.16	(1 400)	15 990
Contract liabilities	2.1	32 944	7 957
Other adjustments		(4)	21
Net cash flows from operating activities		**150 493**	**107 429**
Cash flows from investing activities			
Interest received		-	4
Repayment of loans granted (capital part)		-	600
Loans granted		-	(300)
Acquistition of shares in subsidiaries	4.4	(552 488)	-
Acquistition of financial assets	4.4	(50 967)	(40 945)
Proceeds from the sale of investments	4.4	50 000	30 163
Proceeds from sale of property, plant and equipment and intangible assets		51	311
Acquisition of property, plant and equipment and intangible assets		(5 129)	(2 728)
Net cash flows from investing activities		**(558 533)**	**(12 895)**
Cash flows from financing activities			
Dividends paid		-	(79 681)
Repayment of bank loans	4.12	-	(29 181)
Payment of lease liabilities	4.12	(3 114)	(2 657)
Proceeds from bank loans	4.12	400 000	-
Interest paid	4.12	(652)	(410)
Provisions paid in relation to bank loans	4.12	(2 000)	-
Net cash flows from financing activities		**394 234**	**(111 929)**
		-	**-**
Total net cash flows		**(13 806)**	**(17 395)**

Cash and cash equivalents at the beginning of the period	**141 815**	**97 121**
Effect of movements in exchange rates on cash and cash equivalents	(14)	(509)
Cash and cash equivalents at the end of the period	**127 995**	**79 217**
Cash and cash equivalents in the statement of financial position	**127 995**	**79 217**

All amounts in PLN thousands, unless otherwise stated

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Merger reserve	Retained earnings	**Total equity**
1 January 2022	**340 521**	**108 516**	**1 080**	**29 256**	**32**	**(585 375)**	**373 108**	**267 138**
Net profit / (loss) for the period	-	-	-	-	-	-	101 130	101 130
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**101 130**	**101 130**
Equity-settled share-based payment	-	-	-	10 231	-	-	-	10 231
Distribution of retained earnings	-	129 731	-	-	-	-	(129 731)	-
Dividends	-	-	-	-	-	-	(136 530)	(136 530)
Unregistered capital	-	-	-	-	804	-	-	804
Transactions with owners	**-**	**129 731**	**-**	**10 231**	**804**	**-**	**(266 261)**	**(125 495)**
30 June 2022 (unaudited)	**340 521**	**238 248**	**1 080**	**39 487**	**836**	**(585 375)**	**207 977**	**242 774**

.	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Merger reserve	Retained earnings	**Total equity**
1 January 2021	**334 867**	**107 247**	**2 960**	**16 685**	**37 837**	**(585 375)**	**179 014**	**93 235**
Net profit / (loss) for the period	-	-	-	-	-	-	160 792	160 792
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**160 792**	**160 792**
Creation of reserve capital	-	1 269	(1 269)	-	-	-	-	-
Equity-settled share-based payment	-	-	-	9 701	-	-	-	9 701
Distribution of retained earnings	-	-	6 532	-	-	-	(6 532)	-
Dividends	-	-	-	-	(38 040)	-	(65 635)	(103 675)
Transactions with owners	**-**	**1 269**	**5 263**	**9 701**	**(38 040)**	**-**	**(72 167)**	**(93 974)**
30 June 2021 (unaudited)	**334 867**	**108 517**	**8 223**	**26 385**	**(203)**	**(585 375)**	**267 639**	**160 052**

All amounts in PLN thousands, unless otherwise stated

1. GENERAL INFORMATION

1.1 General information about the Entity

Name of the Entity Grupa Pracuj spółka akcyjna

Registered office	68 Prosta Street, 00-838 Warszawa
District Court	District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register (KRS)
KRS	0000913770
Tax identification number (NIP)	527-27-49-631

Grupa Pracuj spółka akcyjna (hereinafter referred to as 'Grupa Pracuj S.A.'or the 'Entity') is the Parent Entity of Grupa Pracuj S.A. Group (hereinafter referred to as the 'Group').

On 2 August 2021, the Entity was transformed from a limited liability entity into a joint-stock company.

The Entity started its operating activities on 6 November 2015. In 2016, operating as Grupa Pracuj Holding sp. z o.o., the Entity merged with the existing Grupa Pracuj S.A., which had been providing online recruitment services in Poland since 2000 and, since 2007, also in Ukraine through its subsidiary.

Grupa Pracuj is a leading technology platform in the Human Resources industry (hereinafter referred to as 'HR') in the region of Central and Eastern Europe, which is based on online job advertisements and provides support to a variety of entities in the area of recruitment, retention and development of employees. The platform enables the users of the services to find appropriate workplaces that enable them to fully utilize their potential, as well as to create world-class technologies that determine the future of the HR market.

1.2 Composition of the Management Board and Supervisory Board of Grupa Pracuj S.A.

As at 30 June 2022 the composition of the Management Board of the Entity was as follows:

- Przemysław Gacek - President of the Management Board,
- Gracjan Fiedorowicz - Member of the Management Board,
- Rafał Nachyna - Member of the Management Board.

During the financial year and until the date of approval of these interim condensed separate financial statements, there have been no changes in the composition of the Management Board of the Entity.

As at 30 June 2022 the Supervisory Board of the Entity consisted of:

- Maciej Noga - Chairman of the Supervisory Board,
- Wojciech Stankiewicz - Member of the Supervisory Board,
- John Doran - Member of the Supervisory Board,
- Przemysław Budkowski - Member of the Supervisory Board,
- Agnieszka Słomka-Gołębiowska - Member of the Supervisory Board,
- Mirosław Stachowicz - Member of the Supervisory Board.

During the financial year and until the date of approval of these interim condensed separate financial statements, there have been no changes in the composition of the Supervisory Board of the Entity.

1.3 Basis for the preparation of these interim financial statements

These interim condensed separate financial statements have been prepared in accordance with International Accounting Standard No. 34, 'Interim Financial Reporting', as approved by the European Union (hereinafter: 'IAS 34'). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021 approved for publication on 21 April 2022.

The accounting policies applied as the basis for the preparation of these interim condensed separate financial statements are consistent with those applied as the basis for the preparation of the Group's annual separate financial statements for the year ended 31 December 2021.
These interim condensed separate financial statements have been prepared based on the historical cost principle except for investments in equity instruments measured at fair value through profit or loss, derivatives and put option liabilities.

The Management Board of Grupa Pracuj S.A. declares that, according to its best judgment, these interim condensed separate financial statements have been prepared in accordance with the accounting principles currently in force and give a true, fair and clear view of the financial position and financial result for the period of the Entity.

These interim condensed separate financial statements have been prepared under the assumption that the Entity will continue to operate on a going concern basis in the foreseeable future. As at the date of approval of these interim condensed separate financial statements, the Management Board of Grupa Pracuj S.A. does not identify any facts or circumstances that would indicate a threat to the going concern in the foreseeable future. The impact of the armed conflict in Ukraine on the Entity's operations has been analysed and described in detail in note 7.4.

These interim condensed separate financial statements were prepared in accordance with the Minister of Finance Regulation of 29 March 2018 on current and periodical information provided by issuers of securities and terms of deeming information required by the regulations of a non-member state equivalent (Official Journal 2019, item 757) and present the 6-month reporting period from 1 January to 30 June 2022 and comparative period form 1 January to 30 June 2021 for interim condensed statement of comprehensive income, interim condensed statement of cash flows and interim condensed statement of financial position as at 30 June 2020 and as at 31 December 2021.

Financial data presented cumulatively for the 6-month period ended 30 June 2022 were subject to a review by a certified auditor. Financial data for the comparative 6-month period ended 30 June 2021 and for the period from 1 April to 30 June 2022 and the corresponding period in 2021 were not subject to such a review. Financial data for the 3-month period ended 30 June 2022 were calculated as a difference between cumulative data for the 6-month period ended 30 June 2022 and financial data presented in the quarterly financial information for Grupa Pracuj S.A. for the 3-month period ended 31 March 2022 and published on 24 May 2022.

1.4 Significant estimates and judgements

The preparation of financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (hereinafter 'IFRS') requires using significant accounting estimates. Estimates and judgements are reviewed on an ongoing basis taking into account past experience and other factors, including predictions about future events that seem reasonable in a given situation. The Entity makes estimates and assumptions relating to the future. The uncertainty regarding these assumptions and estimates may result in adjustments to the carrying amounts of assets and liabilities in future periods.

All amounts in PLN thousands, unless otherwise stated

In the period of 6 months ended 30 June 2022, no substantial changes were introduced to the way of making estimates.

The estimates and assumptions that entail a significant risk of a material adjustment to the reported carrying amounts of assets and liabilities within the next financial period are described in particular explanatory notes to these interim condensed separate financial statements.

Financial statements' line items to which significant estimates and judgments relate	Note
Revenue from contracts with customers	2.1
Deferred tax assets	3.1
Liabilities / receivables from taxes	3.1
Intangible assets	4.1
Property, plant and equipment	4.2
Right-of-use assets	4.3
Equity-accounted investees	4.4
Unlisted shares	4.4
Trade receivables	4.5
Financial assets measured at amortised cost	4.5
Lease liabilities	4.12
Employee benefits	4.14
Share-based payments	4.13

1.5 The impact of new standards and interpretations

New standards, amendments to standards and interpretations that have been adopted by the European Union and are effective for annual periods beginning after 1 January 2022:

Standard	Description of changes	Effective date
IAS 16 *Property, Plant and Equipment*	Changes relating to proceeds before intended use	1 January 2022
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Changes relating to costs of fulfilling a contract	1 January 2022
IFRS 3 *Business Combinations*	Reference to the Conceptual Framework	1 January 2022
Changes resulting from IFRS 2018-2020 review	Changes in IAS 41, IFRS 1 and IFRS 9 regarding discrepancy and clarification of nomenclature	1 January 2022

The Entity has decided to apply the new standards and amendments to the existing standards in line with the effective date specified therein, i.e. the Entity has not decided to apply the above amendments earlier. The amended standards and interpretations that have been applied in 2022 for the first time, are not expected to have a significant impact on the interim condensed separate financial statements of Grupa Pracuj S.A.

1.6 Functional currency and foreign currency transactions

The functional currency of the Entity and the presentation currency of these intereim condensed separate financial statements is the Polish zloty (PLN).

All figures presented in these interim condensed separate financial statements are rounded to the nearest thousand of zlotys, unless otherwise indicated.

For the translation of transactions and balances expressed in foreign currencies, the following exchange rates were used:

	The exchange rate at the reporting date	
	30 June 2022 (unaudited)	31 December 2021
EUR	4.6806	4.5994
USD	4.4825	4.0600
GBP	5.4429	5.4846
UAH	0.1467	0.1487

	The average rate in the period	
	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)
EUR	4.6427	4.5408
USD	4.2744	3.7682
UAH	0.1449	0.1357

All amounts in PLN thousands, unless otherwise stated

2. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

2.1 Revenue from contracts with customers

The following summary presents revenue from contracts with customers by the timing of satisfaction of performance obligation and geographical structure by countries.

Structure of revenue from contracts with customers by the timing of satisfaction of performance obligations

Revenue from contracts with customers by the timing of revenue recognition	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Over time	153 733	109 658	79 312	59 387
At a point in time	97 500	72 923	47 597	38 655
Total	**251 233**	**182 581**	**126 909**	**98 042**

Geographical structure of revenue from contracts with customers

Revenue from contracts with customers by country	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Poland	243 107	177 346	123 186	95 327
Abroad	8 126	5 235	3 723	2 715
Total	**251 233**	**182 581**	**126 909**	**98 042**

Contract liabilities

Contract liabilities represent the amount of the transaction price allocated to the unfulfilled performance obligation at the end of the reporting period - the most significant items relate to the sale of recruitment projects.

	30 June 2022 (unaudited)	31 December 2021
Short-term contract liabilities	129 761	96 817
Total	**129 761**	**96 817**

The Entity expects to recognise as revenue the amounts presented as contract liabilities during the year following the payment, which is a consequence of the characteristics of the contracts with customers, which are signed for a maximum of 1 year.

The Entity has applied the practical expedient provided in IFRS 15 based on which the Entity does not have to disclose the transaction price allocated to the unsatisfied performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

All amounts in PLN thousands, unless otherwise stated

2.2 Employee benefits

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Wages and salaries	40 304	30 411	20 355	15 204
Bonuses	4 108	7 433	2 050	3 922
Share-based payments	9 011	9 701	1 862	4 850
Social security contributions	7 358	5 938	3 623	2 914
Other employee benefits	1 765	979	1 072	570
Total	**62 546**	**54 462**	**28 962**	**27 460**

2.3 Other operating income and costs

Other operating income

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Profit from sale of non-financial non-current assets	48	38	44	15
Income from lease modifications	8	-	-	-
Other operating income	472	458	208	292
Total	**528**	**496**	**252**	**307**

Other operating costs

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Donations given	1 093	93	68	94
Costs related to lease modifications	-	21	-	-
Other operating costs	14	15	9	10
Total	**1 107**	**129**	**77**	**104**

The Group donated PLN 1,000 thousand to organizations acting for Ukraine in Poland, including the Polish Humanitarian Action and the Ukrainian House in Warsaw.

2.4 Finance income and finance costs

Finance income

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Interest income	2 367	75	1 698	35
Net change in fair value of investments measured at fair value through profit or loss	-	95 119	-	86 222
Foreign exchange gain	-	135	-	359
Total	**2 367**	**95 329**	**1 698**	**86 616**

Changes in fair value of investments are described in note 4.5.

All amounts in PLN thousands, unless otherwise stated

Finance costs

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Interest expenses	689	203	689	44
Interest on lease liabilities	174	215	87	105
Impairment of financial assets	-	760	-	-
Impairment of dividend receivables	6 650	-	6 650	
Impairment of equity-accounted investees	4 060	-	3 999	
Net change in fair value of financial instrument and settlement of deferred income from valuation of the option	168	-	446	-
Foreign exchange losses	296	-	83	-
Other	5	37	-	32
Total	**12 042**	**1 215**	**11 954**	**181**

Changes in impairment losses on equity-accounted investeesand changes between the opening and closing balance of investments measured at fair value through profit or loss are presented in notes 4.4 and 4.5.

3. EXPLANATORY NOTES REGARDING TAXATION

3.1 Corporate income tax

Corporate income tax

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Current tax	36 576	24 096	15 635	12 587
Deferred tax	(9 321)	(1 321)	(2 548)	1 032
Deferred tax liability (net) related to investments measured at fair value	-	16 382	-	16 382
Total tax expense in the statement of comprehensive income	**27 255**	**39 157**	**13 087**	**30 001**

Reconciliation of effective tax rate

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Profit before tax - continuing operations	**128 385**	**199 949**	**59 391**	**148 091**
Income tax using 19% tax rate	**24 393**	**37 990**	**11 284**	**28 137**
Non taxable income	(115)	(50)	(8)	(42)
Non-deductible expenses	466	1 541	389	1 326
Non-deductible expenses related to share-based payments	1 712	1 843	354	922
Impairment of shares in subsidiaries	31	(1 546)	85	-
Impairment of shares in equity-accounted investees	741	-	741	-
Share of profit of equity-accounted investees	27	(621)	242	(342)
Income tax in the statement of comprehensive income	**27 255**	**39 157**	**13 087**	**30 001**

All amounts in PLN thousands, unless otherwise stated

Deferred income tax

Deferred tax assets and deferred tax liabilities recognised in respect of temporary differences resulting from particular assets and liabilities are presented in the table below:

	30 June 2022 (unaudited)	31 December 2021
Deferred tax assets related to other sources		
Contract liabilities	24 655	18 979
Right-of-use assets and lease liabilities (IFRS 16)	814	918
Trade receivables	350	227
Trade payables	2 518	-
Employee benefits	2 631	2 172
Other non-financial assets	1 391	1 464
Other negative temporary differences	290	633
Total deferred tax assets related to other sources	**32 649**	**24 393**
Total net deferred tax assets related to capital gains	**29**	**-**

	30 June 2022 (unaudited)	31 December 2021
Deferred tax liabilities related to other sources		
Positive temporary differences between the carrying amount of property, plant and equipment and intangible assets, and their tax base	721	628
Other receivables	-	1 201
Positive foreign exchange differences	93	88
Other positive temporary differences	93	26
Total deferred tax liabilities related to other sources	**907**	**1 943**

Net deferred tax assets related to other sources	**31 742**	**22 450**
Deferred tax assets related to capital gains	**29**	**-**
Deferred tax liabilities related to capital gains	**19 145**	**19 145**

Unused tax losses in respect of which deferred tax assets have been recognised and tax effect dates of these losses (their expiry dates)

As at 30 June 2022 the Entity did not have unused tax losses in respect of which deferred tax assets have been recognised.

4 EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

4.1 Intangible assets

The Entity identifies the following categories of intangible assets: property rights acquired, other intangible assets and internally developed software. All categories relate mostly to the software being used in the Entity's operating business. Capital expenditures for internally developed software constitute development costs incurred before the period in which the software is used to generate revenue. On completion of development works, the Entity begins to amortise an internally developed software.

In the current reporting period the Entity has not concluded any individually significant transactions related to acquisition or sale of intangible assets. Capital expenditures for internally developed software amounted to PLN 2,103 thousand.

All amounts in PLN thousands, unless otherwise stated

4.2 Property, plant and equipment

The most significant item of the Entity's property, plant and equipment is hardware infrastructure (computers, servers, telephones) disclosed in technical equipment and machinery, and capital expenditures connected with leased office space included in buildings and premises. In vehicles the Entity presents its own car fleet used for business purposes.

In the current reporting period the Entity has not concluded any individually significant transactions related to acquisition or sale of property, plant and equipment. Capital expenditures for modernization of hosting infrastructure amounted to PLN 1,501 thousand.

At the end of the periods presented in these interim condensed separate financial statements, the Entity assessed that there were no objective indications of impairment of non-current assets.

4.3 Right-of-use assets

The Entity is a lessee under agreements relating to the use of office space leased for the purposes of its business activities and car lease agreements.

In the current reporting period the Entity signed several lease agreements.

At the end of the periods presented in these interim condensed separate financial statements, the Entity assessed that there were no objective indications of impairment of right-of-use assets.

Reconciliation of the carrying amount of right-of-use assets

	Buildings and premises	Vehicles	Total
Carrying amount at 1 January 2021	**16 602**	**353**	**16 955**
Additions - new contracts	-	332	332
Changes - lease modifications	744	(6)	738
Decreases – items purchased from leasing	(4 375)	(186)	(4 561)
Carrying amount at 31 December 2021	**12 971**	**493**	**13 464**
Carrying amount at 1 January 2022	**12 971**	**493**	**13 464**
Additions - new contracts	-	150	150
Changes in lease agreements	544	26	570
Depreciation for the period	(2 230)	(135)	(2 365)
Carrying amount at 30 June 2022 (unaudited)	**11 285**	**534**	**11 819**

This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.

All amounts in PLN thousands, unless otherwise stated

4.4 Investments in subsidiaries and equity-accounted investments

A summary of subsidiaries and associates, together with the Entity's share in the equity of these entities for all periods covered by these interim condensed separate financial statements, is presented in the table below.

Entity name	Seat	Core activities	Interest in the share capital as at	
			30 June 2022 (unaudited)	31 December 2021
Direct and indirect subsidiaries				
Robota International TOV	Ukraine	marketing services	67%	67%
eRecruitment Solutions sp. z o.o.	Poland	IT services	100%	100%
eRecruitment Solutions Ukraine TOV	Ukraine	activities related to data bases	100%	100%
HumanWay sp. z o.o. w likwidacji	Poland	IT services	100%	100%
BinarJobs sp. z o.o.	Poland	marketing services	100%	100%
Snowless Global Ltd	Cyprus	activities related to licenses	67%	67%
Spoonbill Holding GmbH	Germany	activities of head office and holding companies, excluding financial holding companies	100%	-
Spoonbill GmbH	Germany	activities of head office and holding companies, excluding financial holding companies	100%	-
softgarden e-recruiting GmbH	Germany	IT services	100%	-
absence.io GmbH	Germany	IT services	100%	-
Associates				
Epicode sp. z o.o.	Poland	IT services	35%	35%
Resolutio sp. z o.o.	Poland	services related to HR management	34%	34%
Video Recruiting Solutions s.r.o., v likvidaci	Czech Republic	IT services	30%	30%
Work Ukraine TOV	Ukraine	marketing services	33%	33%
WorkIP Ltd	Cyprus	activities related to licenses	33%	33%
Coders Lab sp. z o.o.	Poland	training services	22%	22%
Fitqbe sp. o.o.	Poland	IT services	35%	35%

All amounts in PLN thousands, unless otherwise stated

The table below presents the values of investments in subsidiaries measured at historical cost:

	30 June 2022 (unaudited)	31 December 2021
Gross shares in subsidiaries	**577 555**	**23 846**
Foreign entities	566 648	14 074
Domestic entities	10 907	9 772
Impairment allowance of shares in subsidiaries	**2 360**	**2 360**
Domestic entities	2 360	2 360
Total	**575 195**	**21 486**

	30 June 2022 (unaudited)	31 December 2021
Impairment allowance of shares in subsidiaries		
At the beginning of the period	2 360	10 497
Impairment loss recognised in the period	-	760
Reversal of impairment allowance in the period	-	(8 897)
Impairment allowance at the end of the period	**2 360**	**2 360**

On 14 June 2022, Grupa Pracuj S.A. concluded an agreement for the acquisition of shares between the Entity as a buyer and Eden Investment S.à r.l.(a company controlled by an alternative investment company Investcorp) and Stefan Schüffler Beteiligungs UG (haftungsbeschränkt) as sellers of the share purchase agreement regarding the acquisition of 25,000 shares representing 100% of the share capital in Spoonbill Holding GmbH and indirectly 100% of shares in Spoonbill GmbH, softgarden e-recruiting GmbH and absence.io GmbH. The closing of the transaction, including the payment of the final total sale price of PLN 552,488,195.69 (EUR 117,602,664) and the transfer of legal title to the acquired shares to the Entity, was confirmed by the parties by signing the relevant protocol on 24 June 2022. Part of the sale price in the amount of PLN 399,999,999 was financed from a term bank loan, and the remaining part in the amount of PLN 152,488,196.69 was financed by the Entity from its own funds. Softgarden e-recruiting GmbH (hereinafter: 'Softgarden') is the owner of the leading TAS (Talent Acquisition System), which supports and automates the recruitment processes and their management, offered in a subscription model (hereinafter: 'SaaS'). Softgarden also offers multiposting functionalities, i.e. simultaneous posting of a job offer on a wide list of job portals in a particular country. The company operates mainly on the German market, while building structures on several European markets.Absence.io GmbH (hereinafter: 'Absence.io') offers dedicated HR Tech software for small and medium-sized enterprises supporting effective and transparent worktime and absences management in the SaaS model. Absence.io operates mainly on the German market, but also has customers in other countries.

In accordance with the investment agreement concerning Robota International TOV and Work Ukraine TOV, the Entity has issued and acquired put and call options for shares in both entities, which are to be activated after the occurrence of the events specified in the investment agreement. Options are derivative financial instruments and are recognised as financial assets or liabilities with measurement changes recognised in the statement of comprehensive income. Since, in accordance with the investment agreement and the assessment of the Management Board of the Entity at to the value of these entities, the estimated redemption price of the shares does not differ significantly from the fair value of the shares in these entities as at the date of exercise of each option, the Company measured the above instruments to a fair value of zero at each presented balance sheet date.

All amounts in PLN thousands, unless otherwise stated

The table below presents the value of investments in associates accounted for using the equity method:

	30 June 2022 (unaudited)	31 December 2021
Equity-accounted interests in associates		
WorkIP Ltd	13 415	16 390
Work Ukraine TOV	2 259	2 954
Fitqbe sp. z o.o.	12 565	13 045
Other associates	44	95
Total	**28 283**	**32 484**

Changes in the value of investments accounted for using the equity method

	30 June 2022 (unaudited)	31 December 2021
Equity-accounted investees at opening balance	**32 484**	**23 945**
Acquisition of shares	-	13 105
Dividends received	-	(6 619)
Share of profit of equity-accounted investees	(141)	3 133
Exchange differences on the translation of the share of profit of equity-accounted investees	-	(187)
Impairment allowance	(4 060)	(893)
Equity-accounted investees at closing balance	**28 283**	**32 484**

On 28 May 2021, an agreement was signed regarding investment in Fitqbe sp. z o.o. (hereinafter: ‘Fitqbe’), under which on 2 August 2021, the Entity acquired 44 shares, with a nominal value of PLN 50.00 each. In accordance with the provisions of the agreement, the Entity is entitled to the call option (‘Call option’) for additional shares. As a consequence, on 7 October 2021 the Entity and Pracuj Ventures entered into a preliminary share purchase agreement concerning the purchase of 33 additional shares in the share capital of Fitqbe. Grupa Pracuj S.A. will probably acquire these shares by 31 December 2022. As a result of the preliminary agreement and the provisions regarding the Call option, a liability for the acquisition of financial assets in the amount of PLN 2,590 thousand was recognised and presented as other financial liabilities in correspondence with the investment measured using the equity method. Additionally, on 22 December 2021, the Entity accepted offers to purchase shares thus acquiring additional 39 shares, which were fully paid on 11 January 2022. After the acquisition of additional 33 shares, the Entity will hold a total of 116 shares representing 35% of the share capital of Fitqbe.

In the case of WorkIP Ltd and Work Ukraine TOV, the assessment of the existence of impairment indicators is made for both companies jointly, due to the fact that, in the Entity's opinion, the operating relationships between these companies are so significant that it cannot be considered that the flows generated by both companies are largely independent of each other (WorkIP Ltd owns trademarks and domains and its main revenues are license fees paid by Work Ukraine TOV for the use of these rights, while Work Ukraine TOV generates operating revenue through the use of WorkIP Ltd licenses). Impairment indicators resulting mainly from armed conflict in Ukraine are described in note 7.4

In the period ended 30 June 2022, the Entity recognised an impairment loss on financial assets measured using the equity method in the amount of PLN 160 thousand due to the failure to achieve the business objectives that were assumed at the time of the Entity's investment in these entities (in the corresponding period of the previous year, an impairment loss in the amount of PLN 893 thousand was recognised). The discount rates applied by the Entity to the current and previous estimates of value in use were in the range of 30-40% (in the corresponding period of the previous year: 25-35%).

In the periods covered by these interim condensed separate financial statements, there were no indicators affecting the reversal of impairment losses on investments accounted for using the equity method.

All amounts in PLN thousands, unless otherwise stated

4.5 Trade receivables and other financial assets

Trade receivables

	30 June 2022 (unaudited)	31 December 2021
Trade receivables		
- from related entities	*145*	*205*
- from other entities	*51 283*	*45 782*
Total	**51 428**	**45 987**

Other financial assets

	30 June 2022 (unaudited)	31 December 2021
Long-term	**131 646**	**127 229**
Unlisted shares	128 256	122 172
Cash deposits	3 390	2 908
Other financial assets	-	2 149
Short-term	**17 797**	**31 801**
Bonds	14 929	24 978
Cash deposits	83	83
Receivables from dividends	-	6 740
Other financial assets	2 785	-
Total	**149 443**	**159 030**

Changes in the value of unlisted shares in each of the reporting periods presented in these interim condensed financial statements:

	30 June 2022 (unaudited)	31 December 2021
Unlisted shares measured at fair value through profit and loss at opening balance	**122 172**	**32 089**
Acquisition of unlisted shares measured at fair value	6 084	3 614
Net change in fair value recognised in net finance income / (costs)	-	86 469
Unlisted shares measured at fair value through profit and loss at closing balance	**128 256**	**122 172**
including:		
Beamery Inc.	107 730	107 730
Pracuj Ventures sp. z o.o. ASI sp. k.	20 526	14 442

Shares in unlisted entities are measured by the Group to fair value classified at level 3 of the fair value hierarchy. The Group uses its own estimates for this valuation, based on the assumption that there is no reasonably available information that would indicate that market participants would make different assumptions.

In accordance with the Resolution No. 2 of the Shareholders' Meeting of Pracuj Ventures dated 16 February 2022 regarding the increase in contributions, Grupa Pracuj S.A. made an additional cash contribution in the amount of PLN 6,084 thousand to Pracuj Ventures. Payment was made on 21 February 2022.

Management board assesses factors which could have an impact on fair value measurement of shares on an ongoing basis. As at 30 June 2022 Management board assessed, that fair value of shares remains at the same level, excluding the cash contibution in the amount of PLN 6,084 thousand described above.

Valuation of shares not listed on active markets

The fair value measurement of the shares in Beamery Inc. is performed with reference to the valuation of the shares issued by the entity in further funding rounds. As a result of funding round in June 2021, the Entity revalued the fair value of shares in Beamery Inc. by PLN 86,222 thousand. In the period ended

All amounts in PLN thousands, unless otherwise stated

30 June 2022 there there have been no events affecting the change in the valuation of shares in Beamery Inc., therefore the valuation remained unchanged compared to the valuation presented in the separate financial statements for the year ended 31 December 2021.

Evaluation of the status of the Entity's involvement in Pracuj Ventures

The Entity has classified its involvement in Pracuj Ventures as an investment, despite contributing to this entity 71.96% of all contributions as at 30 June 2022. The status of the Group's involvement in Pracuj Ventures has been described in detail in note 4.5. to the separate financial statements for the period ended 31 December 2021 and has not changed until the date of preparation of these interim condensed separate financial statements.

Other financial assets

In accordance with the provisions of the agreement regarding the investment in Fitqbe (note 4.4), the Entity is entitled to call options for Fitqbe shares and the remaining shareholders of Fitqbe are entitled to put options. At the time of signing the agreement the options have been priced using the Monte-Carlo simulation model. The value of Fitqbe's shares and the exercise price of the option resulting from the price formula specified in the contract were subject to simulation. The simulation processes of both sizes were correlated using a correlation coefficient determined on a group of companies similar to the simulated sizes quoted on stock exchanges, based on their historical prices. The volatility of the share price and the price formula were determined based on observable historical stock market prices for similar companies quoted on stock exchanges. The most important unobservable variable that affects the valuation of an option is the price of Fitqbe shares as at the date of valuation date. This price was estimated by the Group based on the formula for the option exercise price applied at the date of valuation and Fitqbe's cash balance.

The options were recognised at the balance sheet date as financial instruments measured at fair value through profit or loss in correspondence with other financial assets. At their initial recognition, due to their combined nature and manner of exercise, the value of the option in the amount of PLN 2,778 thousand was recognised in net value and presented in other financial assets. The Entity recognizes income resulting from the difference between the transaction price and the fair value of the option arising on the date of purchase of the option, until the ultimate moment the option could be executed. As a result of a change in one of the conditions of a contract regarding investment in Fitbe, this period was shortened to 30 April 2023. As at 30 June 2022, finance income in the amount of PLN 764 thousand was recognised. Financial assets measured at fair value through profit or loss are measured at each balance sheet date and revaluations to fair value are recognised in profit or loss. The fair value of the option amounted to PLN 3,439 thousand as at 30 June 2022. The effect of the option revaluation was recognised in finance income in the amount of PLN 932 thousand and was presented in the statement of comprehensive income net of finance income in the amount of PLN 764 thousand. As at 30 June 2022 the options have been presented in short-term other financial assets taking into account the period of execution lasting until 30 April 2023.

The sensitivity analysis for options is presented in the table below:

	Option value at the balance sheet date	Impact on the value of a financial asset	
		Increase in the share price by 10 p.p.	Decrease in the share price by 10 p.p.
30 June 2022 (unaudited)	3 439	1 609	(1 373)
31 December 2021	4 371	1 490	(1 405)

All amounts in PLN thousands, unless otherwise stated

4.6 Other non-financial assets

	30 June 2022 (unaudited)	31 December 2021
Long-term	**776**	**-**
Other	776	-
Short-term	**4 082**	**4 568**
Prepaid services		
Website domains	-	1
Prepaid marketing expenses	213	232
Prepaid hardware and software maintenance	2 118	1 745
Prepaid other external services	1 210	489
Other	483	64
Other assets		
Advance payments for intangibles and property, plant and equipment	34	10
Assets of the Company Social Benefits Fund	-	310
Settlements with shareholders	-	1 704
Other	24	13
Total	**4 858**	**4 568**

4.7 Cash and cash equivalents

Cash and cash equivalents

	30 June 2022 (unaudited)	31 December 2021
Cash		
- cash in bank accounts	127 995	141 815
Total	**127 995**	**141 815**

	30 June 2022 (unaudited)	31 December 2021
Cash in bank accounts	17 805	8 752
Short-term bank deposits	110 004	132 944
Cash in transit (transfers between accounts)	186	119
Total	**127 995**	**141 815**

4.8 Equity

Share capital

As at 30 June 2020 share capital consists of 68,104,250 shares of PLN 5.00 each. All issued shares as at 30 June 2022 have a nominal value of PLN 340,521,250 and have been fully paid. As at the reporting date share capital was fully paid up.

4.9 Changes in equity

Changes in equity in the period ended 30 June 2022

On 23 May 2022 Management Board of the Entity adopted a resolution on the increase in the Entity's share capital within the limits of the authorized capital by issuing 160,776 of ordinary registered shares of series D (hereinafter referred to as 'Series D Shares'). Pursuant to the resolution, Management Board decided to increase the Entity's share capital from PLN 340,521,250.00 to PLN 341,325,130.00, i.e. by the amount of PLN 803,880.00.

All newly issued Series D Shares were offered in the form of a private subscription by Management Board to the Entity's employees and cooperators and its subsidiaries as part of the incentive programmes established by resolutions No. 4 and No. 5 of the Extraordinary General Meeting of the Entity on 29 October 2021, regarding establishment of the rules for the incentive programmes No. 2 and 3 for key persons employed by the Group. Entitled employees and cooperators subscribed for Series D Shares at the issue price of PLN 5.00 per share. Series D Shares are subject to a temporary ban on sale (the so called "lock up") until 9 September 2022 (note 7.5).

On 22 June 2022 the Ordinary Meeting of Shareholders of the Entity adopted the Resolution No.8 on a distribution of the net profit for the financial year ended 31 December 2021 in the amount of PLN 266,261,411.34 as follows:

- the amount of PLN 129,731,359.34 was allocated to a reserve capital of the Entity,
- the amount of PLN 136,530,052.00 was intended to be paid as a dividend.

Changes in equity in 2021

On 28 June 2021 the Ordinary Meeting of Shareholders of the Entity adopted the Resolution No.6 on a distribution of the net profit for the financial year ended 31 December 2020 in the amount of PLN 72,166,652.66 as follows:

- the amount of PLN 6,531,777.71 was allocated to a reserve capital for the redemption of own shares,
- the amount of PLN 65,634,874.95 was intended to be paid as a dividend.

On 28 June 2021 pursuant to the Resolution no. 7 of the Ordinary Meeting of Shareholders, it was decided to dissolve the reserve capital created pursuant to the Resolution No. 6 of the Ordinary Meeting of Shareholders of Grupa Pracuj sp. z o.o. dated 7 July 2020, and to allocate the funds accumulated in the amount of PLN 38,039,901.81 for dividend payment.

On 28 June 2021 the Ordinary Meeting of Shareholders of the Entity adopted the Resolution No.9 on the transfer of PLN 1,269,250.00 from the reserve capital for the redemption of own shares to the reserve capital.

On 11 August 2021, the Entity entered into an agreement with its shareholders to acquire 130,520 shares from them for redemption for the remuneration of PLN 7,795,959.60, of which PLN 6,609,721.80 related to the Entity's key management personnel.

On 5 October 2021, in accordance with the resolution of the Extraordinary General Meeting of Grupa Pracuj S.A. of 11 August 2021, the share capital was reduced by PLN 652,600.00, by way of redemption of 130,520 of own shares acquired by the Entity with a nominal value of PLN 5.00 each.

All amounts in PLN thousands, unless otherwise stated

On 5 October 2021, in accordance with the resolution of the Extraordinary General Meeting of Grupa Pracuj S.A. of 11 August 2021 and the settlement of the incentive programme dated 5 December 2017, the share capital was increased up to PLN 340,521,250.00 by PLN 6,307,000.00, through the issue of 1,261,400 ordinary registered shares of series C with a nominal value of PLN 5.00 each. The shares were taken up in exchange for a cash contribution made by eligible members of the programme, including shares worth PLN 5,363,950.00 which were taken up by members of the Management Board.

4.10 Dividend payment

The dividend for the year ended 31 December 2021 amounted to PLN 136,530,052 (note 4.9). The dividend day was set for 16 September 2022 and all the shares existing at the dividend day will be entitled to the dividend.The dividend shall be paid on 30 September 2022. As at 30 June 2022 there were no restrictions on dividend payments.

4.11 Earnings per share

In the periods covered by these interim condensed separate financial statements, there were equity instruments diluting the weighted average number of ordinary shares issued used to calculate basic earnings per share and resulted from the acquisition of rights under the share-based payment arrangement (note 4.13). For purposes of calculating the number of shares that have dilutive effect on the earnings per share ratio, the weighted average prices of the Entity’s shares were used, determined by reference to the Entity’s actual share purchases in 2021 in connection with the Entity’s share repurchases for redemption, while in the period of 6 months ended June 30, 2022, the market prices of the Entity's shares were used.

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Net profit	**101 130**	**160 792**	**46 304**	**118 090**
Continuing operations	101 130	160 792	46 304	118 090
Net profit adjusted for the effect of dilution	**101 130**	**160 792**	**46 304**	**118 090**
Weighted average number of ordinary shares* - for the purposes of calculation of basic earnings per share	68 104 250	6 695 649	68 104 250	6 695 649
Weighted average number of ordinary shares* - for the purposes of calculation of basic earnings per share – after transformation into a joint stock company	-	66 956 488	-	66 956 488
Effect of dilution (share-based payments)	430 744	81 402	430 744	81 402
Weighted average number of ordinary shares* - for the purposes of calculation of diluted earnings per share – after transformation into a joint stock company	68 534 994	67 037 890	68 534 994	67 037 890
Basic earnings per share (in PLN) – continuing operations	***1.48***	***2.40***	***0.68***	***1.76***
Diluted earnings per share (in PLN) – continuing operations	***1.48***	***2.40***	***0.68***	***1.76***

*.*The number of shares directly after transformation was equal to 66,973,370, which means transformation of shares into stocks according to the parity of 1 share for 10 stocks. The weighted average number of shares in each period has been converted into the number of stocks of the Entity after transformation - proportionally using the above parity*

All amounts in PLN thousands, unless otherwise stated

4.12 Debt liabilities

Debt liabilities

	30 June 2022 (unaudited)	31 December 2021
Bank loans	**398 156**	-
- long-term	334 693	-
- short-term	63 463	-
Lease liabilities	**16 169**	**18 298**
- long-term	9 359	11 804
- short-term	6 810	6 494
Total	**414 325**	**18 298**

At the moment of initial recognition bank loans are recognized at the fair value, less costs of obtaining the bank loan. After the initial recognition, bank loans are measured at amortised cost, using the effective interest rate method. While measured at amortised cost, costs of obtaining the loan and discounts or premiums are taken into consideration.

Bank loans – terms, repayment schedule

Bank loans	Currency	Face value	Credit limit	Interest rate	Maturity
Fixed-term bank loan granted by Paribas Bank Polska S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A.	PLN	399,999,999	400,000,000	WIBOR 3M + margin 1.2-1.9%; *for the periods shorter than 3M linear interpolation rate	14.06.2027

On 14 June 2022, an agreement was concluded between the Entity as the borrower and BNP Paribas Bank Polska S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. (hereinafter: 'Banks') as lenders of the term bank loan agreement (hereinafter: 'Credit Agreement'). Based on the Agreement, the Banks made available to the Entity a term bank loan up to PLN 400,000,000.00 to finance general corporate objectives, including planned future investments and further development of the Entity. The final repayment date of the bank loan was set by the parties on June 14, 2027. The loan bears interest at a variable interest rate plus the Banks' margin.

Collateral for repayment of bank loans

In order to secure the repayment of the Entity's liabilities resulting from the Credit Agreement concluded on 14 June 2022, the Entity entered on 14 June 2022 with the Banks into agreement of registered pledges on trademarks and the Internet domain and concluded with the Banks an agreement on registered pledges and financial pledges on bank accounts of Grupa Pracuj S.A.

As at the balance sheet date of 30 June 2022, the Entity established the following collateral on the assets:

- registered pledges on verbal and graphic trademarks 'pracuj.pl' up to the amount of PLN 600,000 thousand each,
- registered pledge on the Internet domain 'pracuj.pl' up to the amount of PLN 600,000 thousand,
- registered pledges and financial pledges on bank accounts up to PLN 600,000 thousand each,
- the Entity's statement on submission to enforcement pursuant to Article 777 of the Code of Civil Procedure.

In addition, on 13 July 2022, the Entity concluded a registered pledge agreement with the Banks on the set of assets of Grupa Pracuj S.A. up to the highest amount of collateral amounting to PLN 852,450 thousand, and as a result of agreements concluded on that day amending the agreements for registered pledges on trademarks and the Internet domain from 14 June 2022 and the agreement for registered pledges and financial pledges on bank accounts of Grupa Pracuj S.A. from 14 June 2022,the highest amount of collateral specified in these agreements was increased to PLN 852,450 thousand.

All amounts in PLN thousands, unless otherwise stated

Lease liabilities - expenses recognised in relation to leases

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Depreciation of right-of-use assets	2 365	2 262	1 192	1 130
Interest on lease liabilities	174	215	87	105

Total cash outflows from leases are presented in the following table showing the reconciliation of debt liabilities to cash flows from financing activities.

Reconciliation of movements in debt liabilities to cash flows arising from financing activities

	Bank loans	Lease liabilities	Total
1 January 2022	**-**	**18 298**	**18 298**
Changes from financing cash flows			
New bank loans	400 000	-	400 000
Repayment of bank loans	-	-	-
Commissions paid on bank loans	(2 000)	-	(2 000)
Interest paid on bank loans	(481)	-	(481)
Payment of lease liabilities	-	(3 114)	(3 114)
Interest paid on lease liabilities	-	(171)	(171)
Net cash flows from financing activities	**397 519**	**(3 285)**	**394 234**
Other changes			
New lease agreements	-	150	150
Modifications to lease agreements	-	561	561
Accrued interest	637	174	811
Effect of changes in foreign exchange rates	-	271	271
Total of other changes	**637**	**1 156**	**1 793**
30 June 2022 (unaudited)	**398 156**	**16 169**	**414 325**

	Bank loans	Lease liabilities	Total
1 January 2021	**29 294**	**23 375**	**52 669**
Changes from financing cash flows			
Repayments of bank loans	(29 181)	-	(29 181)
Interest paid on bank loans	(195)	-	(195)
Payment of lease liabilities	-	(6 043)	(6 043)
Interest paid on lease liabilities	-	(413)	(413)
Net cash flows from financing activities	**(29 376)**	**(6 456)**	**(35 832)**
Other changes			
New lease agreements	-	332	332
Modifications to lease agreements	-	748	748
Accrued interest	82	410	492
Effect of changes in foreign exchange rates	-	(111)	(111)
Total of other changes	**82**	**1 379**	**1 461**
31 December 2021	**-**	**18 298**	**18 298**

Information regarding the Entity's exposure to interest rate risk, currency risk and liquidity risk are described in note 6.2. Information regarding fair value is contained in note 6.1.

4.13 Share-based payments and employee incentive programmes

Share-based payments

The shareholder agreements regarding the options to acquire shares were signed on 5 December 2017. According to those agreements, the entitled participants could receive options (entitlements) convertible into shares in exchange for a cash contribution of a certain amount.

On August 11, 2021, the Extraordinary General Meeting of the Entity changed the existing incentive programme for members of the Entity's Management Board. The effect of the change in this programme, in the total amount of PLN 11,317 thousand, was included in employee benefits' costs in 2021 (including PLN 9,701 thousand in the period from 1 January to 30 June 2021). The total cost of this programme recognised in the Group's equity amounted to PLN 28,002 thousand.

In addition, on August 11, 2021, all entitled participants exercised all acquired rights resulting from the programme, and the increase in the share capital in connection with the Entity's shares issued on this basis was registered on October 5, 2021.

Incentive Programme 1

On 29 October 2021 the Extraordinary General Meeting of the Entity adopted a resolution establishing incentive programme No. 1 (hereinafter: 'Incentive Programme 1') for members of the Management Board and Supervisory Board and key employees (persons employed under an employment contract or mandate contract, regardless of the applicable law governing the contract). Incentive Programme 1 is based on shares issued under the authorization granted to the Management Board to increase the share capital within the authorized share capital (hereinafter: 'Bonus Shares 1'). The Management Board is entitled to issue a maximum of 1,021,563 Bonus Shares 1, representing a maximum of 1.5% of the share capital, in order to execute the Incentive Programme 1, with the possibility of exclusion of the pre-emptive right with the consent of the Supervisory Board. The main objectives of the Incentive Programme 1 are to achieve long-term business goals of the Entity and retain an employment relationship with employees who have a key impact on developing and implementing of the Entity's strategy. Incentive Programme 1 will be implemented in the years 2022-2024.The participant's right to receive Bonus Shares 1 will be conditionally vested at the end of each calendar year within the duration of the Incentive Programme 1 and will be subject to the following conditions, which will be specified by the Management Board:

- realization of a specific financial result for a given period of results (in the proportion of 80%),
- achieving of a specific business goal for a given period of results (in the proportion of 20%).

Each participant will pay the issue price for Bonus Shares 1 according to one of the methods chosen below:

- in the amount of the equivalent in PLN of 33% of the final price per share in the tranche for individual investors determined as part of the initial public offering after rounding down to the nearest penny (PLN 1/100), or
- according to the nominal value of one share, i.e. PLN 5.00.

By 30 June 2022, the Group's employees have received an invitation and joined the Incentive Program 1 in the part related to the results of 2022. The vesting period lasts from 1 June 2022 till 31 March 2025. The total cost of the programme recognised in the Entity's equity as at the balance sheet date of 30

June 2022 amounted to PLN 827 thousand, while PLN 670 thousand was included in employee benefits' costs in the reporting period. The maximum estimated total cost of the programme that can be included in the Entity's equity during its term amounts to PLN 29,492 thousand.

The following table sets out the key valuation assumptions and terms of the programme:

Fair value measurement of the programme at grant date, i.e. 1 June 2022	
Fair value of share option at grant date	32.48
Number of options valued	907 893
Total fair value of the programme (in PLN thousand)	29 492
Key inputs used in the measurement of the fair values	
Exercise price (PLN)	24.42 or 5.00
Expected exercise date	31 marca 2025
Expected rate of dividends	2.70%
Model used	Black-Scholes Merton

Incentive Programme 2 and 3

On 29 October 2021 the Extraordinary General Meeting of the Entity adopted resolutions establishing the regulations for the incentive programme No. 2 and 3 (each separately hereinafter: 'Incentive Programme 2' and 'Incentive Programme 3', together 'Incentive Programmes 2 and 3').

The main objectives of Incentive Programmes 2 and 3 are to achieve long-term business goals of the Entity and maintain an employment relationship with employees who have a key impact on developing and implementing the Entity's strategy. Incentive Programmes 2 and 3 are based on shares issued under the authorization granted to the Management Board to increase the share capital within the authorized share capital pursuant to a resolution No. 5 of the Extraordinary General Meeting of 22 October 2021, with the possibility of exclusion of the pre-emptive right with the consent of the Supervisory Board. The Incentive Programme 2 is intended for employees (persons employed under an employment contract or a mandate contract (regardless of the applicable law governing the contract)) of the Group as well as members of the Management Board and the Supervisory Board of the Entity. The Incentive Programme 3 is intended for the Group's cooperators (persons conducting business activity who provide services to the Group based on a separate contract for the provision of services (regardless of the applicable law governing the contract)). The Management Board was authorized to issue a maximum of 163,113 bonus shares 2 (hereinafter referred to as 'Bonus Shares 2') and 7,147 bonus shares 3 (hereinafter: 'Bonus Shares 3'), representing in total not more than 0.25% of the Entity's share capital for the execution of Incentive Programmes 2 and 3.

The number of shares that each participant of Incentive Programmes 2 and 3 received was determined at the Management Board's discretion based on two:

- total seniority or period of cooperation with the Group, and
- the amount of remuneration of the participant of Incentive Programmes 2 and 3, which reflects his impact on the development of the Entity.

The vesting period in these programmes ended in the first half of 2022. The Management Board of the Entity offered a total of 160,776 shares that were admitted to trading on the regulated market of the Warsaw Stock Exchange on August 9, 2022 (note 7.5).

Bonus Shares 2 and Bonus Shares 3 were a subject to lock-up until 9 September 2022. Incentive Programmes 2 and 3 were executed in the years 2021-2022. On December 17, 2021, each participant of the programme was informed of Bonus Shares 2 and Bonus Shares 3 to receive, while obtaining information about the number of shares granted. The valuation of a single equity instrument granted is equal to the share price on the Warsaw Stock Exchange on 17 December 2021, less the nominal value of that share. Each participant in the programme took up shares at the nominal price. Therefore, as at

All amounts in PLN thousands, unless otherwise stated

31 December 2021, the costs of employee benefits in the amount of PLN 1,112 thousand were recognised for the period from grant date of shares to 31 December 2021. The total value of the programme in the amount of PLN 10,658 thousand was recognised in the Entity's equity. The total cost of the programme, which was included in the employee benefits' costs in the reporting 6-month period ended 30 June 2022, amounts to PLN 8,341 thousand.

The Extraordinary General Meeting of the Entity adopted a resolution authorizing the Management Board to issue new bearer shares in the number of not more than 1,191,823 with a nominal value of PLN 5.00 each and with a total nominal value of not more than PLN 5,959,115. Within the limits of the authorized share capital, the Management Board is entitled to make one or several subsequent increases in the Entity's share capital for the purposes related to the execution of Incentive Programmes 2 and 3 and the Incentive Programme 1, referred to above. The authorization of the Management Board to increase the share capital within the authorized share capital expires three years after the registration by a registry court competent for the Entity of the amendment to the Entity's Statute, i.e. the amendment made pursuant to the resolution of the General Meeting of the Entity No. 5 of 22 October 2021. Taking into account that allocation of Bonus Shares 1 will take place no earlier than on March 31, 2025, the General Meeting adopted a resolution to extend the Management Board's right to increase the share capital within the authorized share capital along with the possibility of exclusion by the Management Board of pre-emptive rights to shares issued as part of the authorized share capital in whole or in part with the consent of the Supervisory Board, in such a way that the increase in the share capital and the issue of Bonus Shares 1 are possible in 2025.

4.14 Employee benefits

Employee benefits

	30 June 2022 (unaudited)	31 December 2021
Long-term	**1 331**	**1 331**
Provisions	**1 331**	**1 331**
Post-mortem severance	700	700
Retirement benefits	544	544
Disability benefits	87	87
Short-term	**13 876**	**11 464**
Provisions	**1 243**	**1 243**
Post-mortem severance	19	19
Retirement benefits	1	1
Disability benefits	10	10
Bonuses	1 213	1 213
Other employee related liabilities	**12 633**	**10 221**
Liability for unused vacation entitlements	3 816	2 381
Liabilities for bonuses and commissions for employees	8 817	7 840
Total	**15 207**	**12 795**

Long-term employee incentive arrangements for key employees

Selected employees were included in the long-term employee incentive arrangement for key employees ('DPM 2018-2020') in the years 2018-2020. The employees under the arrangement were eligible to receive bonuses for participating in the arrangement, if they remained in an employment (or collaboration) relationship and they were not in a termination period on 31 May 2021. The bonus could equal to at least 60% of the annual total salary. The amount of the DPM 2018-2020 bonus depended in 80% on the level of achievement of the EBIT target and in 20% on the achievement of special targets for a given year (dedicated special targets for each of the years 2018, 2019 and 2020). The right to receive a bonus for a given year was each time confirmed by the Management Board and depended on the achievement of the targets in particular years. The bonus could not be paid to employees whose break in performing duties under their employment agreement with the Entity exceeded 10% of the annual working time (except for maternity, paternity or parental leaves, in which cases the bonus was calculated in the amount proportional to the time worked). Furthermore, participants were not entitled to receive DPM bonuses if they acted to the detriment of the Entity or engaged in conducting competitive activities. The Entity recognised provisions for employee benefits related to DPM 2018-2020. In July 2021, DPM 2018-2020 was paid in full to its participants.

All amounts in PLN thousands, unless otherwise stated

Selected employees were included in the long-term employee incentive arrangement for key employees (‘DPM 2021-2023’) in the years 2021-2023. The employees under the arrangement were eligible to receive bonuses for participating in the arrangement, if they remained in an employment (or collaboration) relationship and they were not in a termination period on 1 January 2024. The bonus could equal to at least 60% of the annual total salary. The amount of the DPM 2021-2023 bonus depended in 80% on the level of achievement of the EBIT target and in 20% on the achievement of the special targets for a given year (dedicated special targets for each of the years 2021, 2022 and 2023). The right to receive a bonus for a given year was each time confirmed by the Management Board and depended on the achievement of the targets in particular years. The bonus could not be paid to employees whose break in performing duties under their employment agreement with the Entity exceeded 10% of the annual working time (except for maternity, paternity or parental leaves, in which cases the bonus is calculated in the amount proportional to the time worked). Furthermore, a participant was not entitled to receive the DPM 2021-2023 bonus if he acted to the detriment of the Group’s entities or engaged in conducting a competitive activity. In December 2021, the Management Board of the Entity decided to terminate this programme early and pay the bonus for the first year in December 2021, with the exception of the liability of PLN 1,213 thousand, which was paid in July 2022. The total cost of the programme included in the statement of comprehensive income for 2021 was PLN 6,913 thousand (including PLN 3,356 thousand in the period from 1 January to 30 June 2021).

4.15 Trade payables and other financial liabilities

Trade payables

	30 June 2022 (unaudited)	31 December 2021
Trade payables		
- due to related entities	96	445
- due to other entities	18 391	14 240
Total	**18 487**	**14 685**

Other financial liabilities

	30 June 2022 (unaudited)	31 December 2021
Current liability due to acquisition of shares in an associate	**2 590**	**7 097**

As at 31 December 2021, a liability due to the acquisition of shares in an associate Fitqbe sp. z o.o. represented a deferred payment for the shares acquired in this entity in the amount of PLN 4,507 thousand, which the Entity settled in full on 11 January 2022. In addition, as a result of the preliminary agreement, a liability due to the acquisition of financial assets in the amount of PLN 2,590 thousand was recognised (note 4.4).

All amounts in PLN thousands, unless otherwise stated

4.16 Other payables

	30 June 2022 (unaudited)	31 December 2021
Tax liabilities (other than corporate income tax) and social security liabilities	10 504	11 870
Other payables	271	383
Total	**10 775**	**12 253**

5 CAPITAL MANAGEMENT POLICY AND NET DEBT

The purpose of the Entity's capital management policy is to ensure continuous operations of the Entity in order to increase value for shareholders and other stakeholders as well as to maintain the optimal structure of capital taking into account it's cost and appropriate levels of credit ratings. In order to maintain or adjust the capital structure, the Entity may adjust the amounts of dividends paid to shareholders and volume of treasury shares, amount of new shares to be issued or assets to be sold in order to reduce the level of net debt.

The capital management policy takes into account:

- operating results in combination with investment and development plans,
- financial debt repayment schedule,
- credit rating and capital ratios,
- increase of value for shareholders.

As at 31 December 2021, no external capital requirements were imposed on the Entity. As at 30 June 2022, the Entity had additional financial liabilities (covenants) resulting from the Credit Agreement (note 4.12).

The Entity monitors the level of equity using a leverage ratio calculated as the level of net debt (sum of total liabilities less cash) divided by the total amount of the Entity's equity.

The table below presents level of the leverage ratio at the end of the periods covered by these financial statements.

	30 June 2022 (unaudited)	31 December 2021
Total liabilities	752 039	185 034
Less: cash and cash equivalents	(127 995)	(141 815)
Net debt	**624 044**	**43 219**
Equity	**242 774**	267 138
Leverage ratio	**2.57**	**0.16**

All amounts in PLN thousands, unless otherwise stated

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

6.1 Financial instruments and fair value

The table below presents the carrying amounts and the allocation of individual financial instruments to the levels of the fair value hierarchy

	30 June 2022 (unaudited)	31 December 2021	Fair value hierarchy
Financial assets measured at fair value through profit or loss			
Unlisted shares	128 256	122 172	Level 3
Other financial assets	1 980	2 149	Level 3
Total	**130 236**	**124 321**	
Financial assets measured at amortised cost			
Trade receivables	51 428	45 987	
Cash and cash equivalents	127 995	141 815	
Cash deposits	3 473	2 991	
Bonds	14 929	24 977	
Total	**197 825**	**215 770**	
Other financial liabilities			
Bank loans	398 156	-	
Lease liabilities	16 169	18 298	
Trade payables	18 487	14 685	
Other financial liabilities	2 590	7 097	Level 3
Total	**435 402**	**40 080**	

According to the Entity’s assessment, the reported value of trade receivables, cash and short-term deposits, cash deposits, bonds, trade payables and other financial liabilities is a reliable approximation of their fair value due to the short-term nature of these items at the end of each of the reporting periods covered by these interim condensed separate financial statements.

The fair value of interest-bearing bank loans is estimated based on a discounted cash flow model using a discount rate reflecting the bank interest rate. Based on this calculation, the Entity has assessed that the value of bank loans at the end of each of the presented periods is a reliable approximation of their fair value.

6.2 Financial risk management

Principles of financial risk management

The Entity is exposed in its business activities to the following types of financial risk:

- credit risk,
- liquidity risk,
- currency risk,
- interest rate risk

This note provides information about the Entity's exposure to each of the risks identified above and describes the risk management objectives and policies. The overall objective of the financial risk management policy is to minimize the negative impact of the identified financial risks on the Entity's financial results.

All amounts in PLN thousands, unless otherwise stated

Credit risk

Credit risk is associated with a potential credit event that may materialize in the future in the form of the following: customer insolvency, partially repaid receivables, a significant delay in the repayment of receivables, other unexpected deviation from contractual terms, or the risk of not recovering cash placed in banks. This risk primarily relates to trade receivables, cash and cash equivalents, and other financial assets, under which the Entity recognises, in particular, short-term bonds and cash deposits paid.

The following table shows the Entity's maximum exposure to credit risk:

	30 June 2022 (unaudited)	31 December 2021
Trade receivables	51 428	45 987
Other financial assets	15 012	25 060
Cash and cash equivalents	127 995	141 815
Total	**194 435**	**212 862**

Credit risk related to cash balances

The Entity periodically allocates free cash on short-term deposits with banks to earn finance income from interest.

The credit risk associated with cash at bank and bank deposits is low as the Entity concludes transactions with banks with high rating and stable market position. The expected credit loss estimated by the Entity is close to zero, therefore no allowance for such loss has been recognised.

The maximum exposure to this risk is equal to the carrying amount of cash and cash equivalents.

Credit risk related to trade receivables

Due to the nature of its operations, the Entity can be exposed to a significant risk related to the sales with deferred payment. Customer credit risk is managed by each business unit in accordance with the Entity's established policy, procedures, and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of the customer base, including the default risk associated with the industry and country in which customers operate. The Entity applies a simplified approach to determine the impairment for expected credit losses in the amount equal to the expected credit losses throughout the lifetime of the receivables (lifetime ECL).

In monitoring customer credit risk, customers are homogeneously grouped according to their credit characteristics. These portfolios were created based on segmentation by industry and the number of days in default. The division into homogeneous portfolios is periodically reviewed for uniformity.

The Entity evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The expected credit loss rate is calculated for each industry, categorized by employment size, based on outstanding status and actual credit losses. Customers are grouped according to their credit characteristics, including industry classification according to the employment size and the existence of previous financial problems.

In addition, the Entity creates additional allowances for individual customers on a case-by-case basis if there is an appropriate indication.

All amounts in PLN thousands, unless otherwise stated

Credit risk related to bonds

The Entity holds commercial bonds which were issued by a financial institution with a reliable rating (mLeasing sp. z o.o.) and are presented as short-term financial assets. The maximum exposure of this item to credit risk is equal to its amount recognised in the statement of financial position. The Entity assesses that the credit risk related to this item of financial assets is low and therefore no loss allowance has been recognised.

Liquidity risk

The Entity is exposed to liquidity risk, i.e., risk of losing its ability to meet its financial obligations on time. The Entity manages the liquidity risk by monitoring payment terms and demand for cash with respect to the handling of short-term payments and long-term demand for cash. Cash demand is compared with available sources of cash and with available free cash. In addition, the Entity pursues a policy of diversification of financing sources.

The Entity's liquidity risk management policy is based on ensuring cash required to meet the Entity's obligations using the most attractive financing sources. The following measures are applied to reduce liquidity risk:

- current liquidity monitoring,
- monitoring and optimization of the level of working capital,
- current monitoring of the settlement of liabilities under the loan agreements conditions.

The tables below present analysis of financial liabilities based on the maturity date at the reporting date. The amounts presented in the tables are undiscounted cash flows including interest based on contractual terms.

30 June 2022 (unaudited)	Carrying amount	Contractual cash flows				
		<1 year	1-3 years	3-5 years	>5 years	Total
Bank loans	398 156	94 950	253 302	153 809	-	502 061
Lease liabilities	16 169	6 837	9 440	170	-	16 447
Trade payables	18 487	18 487	-	-	-	18 487
Liabilities from acquisition of shares in equity-accounted investees	2 590	2 590	-	-	-	2 590
Dividend liabilities	136 530	136 530	-	-	-	136 530
Total	**571 932**	**259 394**	**262 742**	**153 979**	**-**	**676 115**

31 December 2021	Carrying amount	Contractual cash flows				
		<1 year	1-3 years	3-5 years	>5 years	Total
Lease liabilities	18 298	6 602	12 307	19	-	18 928
Trade payables	14 685	14 685	-	-	-	14 685
Liabilities from acquisition of shares in equity-accounted investees	2 590	2 590	-	-	-	2 590
Other financial liabilities	4 507	4 507	-	-	-	4 507
Total	**40 080**	**28 384**	**12 307**	**19**	**-**	**40 710**

Working capital, defined as the difference between current assets and current liabilities, at the end of the reporting periods presented in these interim condensed separate financial statements, is presented in the table below. The decrease in working capital in the first half of 2022 was mainly influenced by: a decrease in cash and cash equivalents, as well as an increase in dividend liabilities and bank loan liabilities. Contract liabilities are a significant part of short-term liabilities and constitute an obligation of

All amounts in PLN thousands, unless otherwise stated

Entity to provide services for customers, for which Entity has already obtained the remuneration (or remunaretion is due) from the customer.

	30 June 2022 (unaudited)	31 December 2021
Current assets	201 302	224 171
Current liabilities	(387 511)	(152 753)
Working capital	**(186 209)**	**71 418**

Currency risk

The Entity is exposed to currency risk from its transactions. Such risk arises as a result of sales or purchases made by the operating unit and financing including leasing in currencies other than PLN.

The Entity seeks to negotiate the terms of the hedging derivatives so that they correspond to the terms of the hedged item and thus ensure maximum hedge effectiveness.

However, due to the fact, that the Entity conducts its operations mainly domestically, the currency risk is minimized.

Interest rate risk

The Entity is exposed to cash flow volatility risk due to changes in interest rates resulting from assets and liabilities for which interest income and interest expense depend on variable interest rates (loans, leases). The main objective of interest rate risk management is to minimize the fluctuations of items bearing variable-rate interest.

The following table presents the profile of the Entity's exposure to interest rate risk by presenting interest-bearing financial assets and liabilities by fixed and floating interest rates.

An increase in interest rates may lead to higher financing costs, and in consequence, decrease financial results and financial efficiency of investments. The Entity has not applied hedge accounting.

	30 June 2022 (unaudited)	31 December 2021
Interest-bearing financial instruments		
Fixed-rate instruments	**(1 240)**	**6 679**
Lease liabilities	(16 169)	(18 298)
Bonds	14 929	24 977
Variable-rate instruments	**(267 023)**	**144 806**
Credits	(398 156)	-
Cash deposits	3 138	2 991
Cash and cash equivalents	127 995	141 815
Interest rate risk exposure (net) (variable-rate instruments)	**(267 023)**	**144 806**

The following table presents an analysis of sensitivity of the Entity's financial result to changes in interest rates with regard to interest-bearing variable-rate instruments.

	Interest rate risk exposure (net)	Profit or loss	
		1 bp increase in interest rate	1 bp decrease in interest rate
30 June 2022 (unaudited)	(267 023)	(507)	507
31 December 2021	144 806	1 173	(1 173)

All amounts in PLN thousands, unless otherwise stated

7 OTHER EXPLANATORY NOTES

7.1 Related party transactions

In the periods covered by these interim condensed separate financial statements, there were no transactions between the Entity and its related parties concluded on terms other than market terms.

The members of the Entity's Management Board, Supervisory Board and close members of their families have not entered into transactions with the Entity that significantly affected the profit or loss for the reporting period or the financial position of Grupa Pracuj S.A.

7.2 Remuneration and other transactions with key management personnel

Remuneration of key management personnel

The Entity identifies the Management Board and the Supervisory Board as members of the key management personnel.

	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)	3 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2021 (unaudited)
Short-term employee benefits	1 526	1 198	766	603
Share-based payments	192	9 701	47	4 850
Total	**1 718**	**10 899**	**813**	**5 453**

Short-term employee benefits relate to salary costs and bonuses including surcharges for members of the Management Board and Supervisory Board.

Non-cash benefits received by members of the Entity's key management personnel primarily relate to medical packages, entity cars and phones used for private purposes and their value is not significant.

Payments to key management personnel arising from their shares in the Entity

In the first half of 2021 and in 2022, the Entity did not make dividend payments and remuneration for the acquisition of the Entity's shares held by Members of the Management Board.

7.3 Contingent liabilities

Issuer of a guarantee	*Currency*	30 June 2022 (unaudited)	31 December 2021
PKO BP S.A.	EUR	497	484
Total	**EUR**	**497**	**484**

The Entity recognises as contingent liabilities bank guarantees issued at the request of Grupa Pracuj S.A. These guarantees provide security for lease payments arising from agreements for the lease of office space where the Entity is the lessee.

All amounts in PLN thousands, unless otherwise stated

7.4 The impact of the armed conflict in Ukraine on the Entity's business activity

On 24 February 2022, martial law was introduced in Ukraine in connection with the entry of the Russian Federation troops into Ukraine and the beginning of an armed conflict, which creates new and unpredictable circumstances for the Ukrainian economy. The Entity has not generated significant revenue from contracts with customers from Ukraine, as well as from Russia and Belarus, but it has shares in entities conducting business operations in Ukraine (hereinafter: 'Ukrainian Entities'). The Management Board of the Entity monitors the development of the military and economic situation in Ukraine on an ongoing basis, analyzing its impact on the activities of Ukrainian Entities. Despite difficult and unstable situation that has caused since 24 February 2022 a very significant decrease in revenue from contracts with customers in these entities, they are able to continue as a going concern.

The armed conflict in Ukraine may have a long-term negative impact on the operating and financial results of entities operating there. The biggest risk may be the long-term deteriorating economic situation in Ukraine, which will result in a persistent decline in revenues, difficulties with repayment of receivables in Ukrainian Entities, and consequently impairment of the Entity's assets involved in Ukraine. However, so far, no assets used to generate cash flows in Ukrainian Entities have been destroyed and there are no restrictions on access to these assets, in particular to assets available through banking systems, but Ukrainian Entities cannot make dividend payments outside Ukraine. In addition, Ukrainian Entities have sufficient cash resources to continue operations in the coming months. The risk of losing the possibility of using Internet domains that Ukrainian Entities use to conduct operating activities based on license agreements is low or does not exist. These domains are registered by entities with their registered office in Cyprus in which the Entity holds shares. In addition, in the reporting period, the Entity recorded a share in the profit of entities measured using the equity method, which conduct operating activities in Ukraine, reported in the statement of comprehensive income in the amount of PLN 230 thousand.

Nevertheless, in the context of further escalation of the armed conflict, dynamically changing conditions regarding financial flows and the scope of applicable sanctions, the Management Board decided to make an impairment allowance related to investees measured using the equity method in the amount of PLN 3,900 thousand (concerning WorkIP Ltd and Work Ukraine TOV) and to make an impairment allowance of PLN 6,650 thousand for dividend receivables from Robota International TOV.

The Entity's assets as at 31 December 2021 and as at 30 June 2022 related to operations in Ukraine, which are exposed to the risk of impairment, are as follows:

	30 June 2022 (unaudited)	31 December 2021
Investments in subsidiaries	14 071	14 071
Equity-accounted investees	15 674	19 344
Dividend receivables from a subsidiary	-	6 742
Total	**29 745**	**40 157**

The Management Board of the Entity underlines that the effects of the armed conflict in Ukraine, and thus the impact on the financial results of Ukrainian Entities in future periods, are still difficult to predict, therefore the Management Board monitors on an ongoing basis the premises that could indicate the loss of the possibility of continuing the operations of Ukrainian Companies and will make the necessary decisions.

7.5 Subsequent events

Registration of an increase in share capital

On 8 July 2022, the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register registered amendments to § 5 section 1 of the Company's Articles of Association adopted based on the resolution of the Management Board of the Entity of 23 May 2022. After registration, the Entity's share capital amounts to PLN 341,325,130 and is divided into 68,265,026 shares with a nominal value of PLN 5.00 each. The increase in the Entity's share capital took place as part of the authorized capital, and the authorized capital of the Entity remaining to be issued is currently PLN 5,155,235.

Conclusion of transactions hedging interest rate risk

On 11 July 2022, Grupa Pracuj S.A. signed framework agreements with BNP Paribas Bank Polish S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A., the subject of which is to regulate the rules for concluding and settling term financial operations referred to in Article 85(2) of the Bankruptcy Law, in order to manage the risk of a variable interest rate adversely affecting financial costs related to financial debt. Based on the concluded agreements, the Entity secured the variable interest rate of the WIBOR 3M bank loan by concluding a transaction of converting IRS interest rates into a fixed interest rate of 6.94% for a period of 3 years, i.e. until September 30, 2025.

Admission and introduction of series D shares to trading on the WSE Main Market and registration of series D shares

On 9 August 2022, the Management Board of the Warsaw Stock Exchange (hereinafter: 'WSE') adopted Resolution No. 755 on the admission and introduction to stock exchange trading on the WSE Main Market of series D of the Entity. Based on this resolution, the WSE Management Board:

- stated that 160,776 Series D Shares with a nominal value of PLN 5.00 each are admitted to stock exchange trading on the main market;
- decided to introduce Series D Shares to stock exchange trading on the main market on 12 August 2022, provided that the National Depository for Securities S.A. registered these shares on 12 August 2022 and marked them with the code 'PLGRPRC00015'.

On August 12, 2022, 160,776 Series D Shares were registered in National Depository for Securities S.A.

Approval of the interim condensed separate financial statements for the 6-month period ended 30 June 2022

These interim condensed separate financial statements for the period ended 30 June 2022 have been approved for publication by the Management Board of the Company on 26 September 2022.

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Przemysław Gacek

President of the Management Board

……………………………………….

Gracjan Fiedorowicz

Member of the Management Board

……………………………………….

Rafał Nachyna

Member of the Management Board


grupa pracuj