Grupa Pracuj S.A. Group

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

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All amounts in PLN thousands, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED 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	2.2	**280 291**	**217 594**	**138 195**	**116 706**
Depreciation and amortisation		(6 232)	(5 920)	(3 143)	(3 048)
Marketing expenses		(23 942)	(17 335)	(9 262)	(4 581)
Software as services		(3 797)	(3 139)	(2 337)	(1 570)
Other external services		(18 631)	(7 646)	(13 366)	(4 145)
Employee benefits	7.4	(86 912)	(72 980)	(40 754)	(37 073)
Other expenses		(2 237)	(2 410)	(1 202)	(1 301)
Other operating income	2.3	717	564	329	324
Other operating costs	2.3	(2 149)	(182)	(389)	67
Expected credit loses		(1 046)	315	(715)	(49)
Operating profit		**136 062**	**108 861**	**67 356**	**65 330**
Finance income	2.4	3 117	87 130	2 090	86 848
Finance costs	2.4	(6 259)	(685)	(5 815)	(238)
Net finance income / (costs)		**(3 142)**	**86 445**	**(3 725)**	**86 610**
Share of profit of equity-accounted investees	6.5	(141)	3 267	(1 275)	1 799
Profit before tax		**132 779**	**198 573**	**62 356**	**153 739**
Income tax	3.1	(30 568)	(40 502)	(15 180)	(31 022)
Profit from continuing operations		**102 211**	**158 071**	**47 176**	**122 717**
Net profit		**102 211**	**158 071**	**47 176**	**122 717**

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)
Items that may be reclassified to profit or loss		**(1 766)**	**21**	**(2 582)**	**107**
Foreign exchange differences from the translation of foreign entities		(1 766)	21	(2 582)	107
Total other comprehensive income		**(1 766)**	**21**	**(2 582)**	**107**
TOTAL COMPREHENSIVE INCOME		**100 445**	**158 092**	**44 594**	**122 824**

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

	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)
Net profit attributable to:					
Owners of the Parent Entity		104 506	157 308	49 360	121 896
Non-controlling interests		(2 295)	763	(2 184)	821
		102 211	**158 071**	**47 176**	**122 717**
Total comprehensive income attributable to:					
Owners of the Parent Entity		102 740	157 330	46 778	122 004
Non-controlling interests		(2 295)	763	(2 184)	821
		100 445	**158 093**	**44 594**	**122 825**
Basic profit per share (PLN) - continuing operations	7.1	**1.53**	**2.35**	**0.72**	**1.82**
Diluted profit per share (PLN) - continuing operations	7.1	**1.52**	**2.35**	**0.72**	**1.82**

All amounts in PLN thousands, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 June 2022 (unaudited)	31 December 2021
Intangible assets	6.1	26 623	6 176
Property, plant and equipment	6.2	13 717	9 910
Right-of-use assets	6.3	17 956	20 854
Goodwill	6.4	560 041	-
Equity-accounted investees	6.5	28 283	32 484
Other financial assets	5.2	131 646	127 229
Other non-financial assets	6.6	994	227
Deferred tax assets	3.1	37 266	30 391
Non-current assets		**816 526**	**227 271**
Inventories	5.2	19 395	-
Trade receivables	5.3	78 966	55 739
Other financial assets	5.3	17 797	25 060
Other non-financial assets	6.6	16 080	6 799
Cash and cash equivalents	4.4	201 710	184 836
Current assets		**333 948**	**272 434**
Total assets		**1 150 474**	**499 705**

EQUITY AND LIABILITIES	Note	30 June 2022 (unaudited)	31 December 2021
Share capital	4.2	340 521	340 521
Reserve capital		238 248	108 516
Reserve capital for the acquisition of own shares		1 080	1 080
Share-based payments	6.9	39 487	29 256
Other reserves		(13 194)	(15 792)
Translation reserve		(1 860)	(94)
Merger reserve		(586 707)	(586 707)
Retained earnings		210 612	372 365
Equity attributable to owners of the Parent Entity		**228 187**	**249 145**
Non-controlling interests		**8**	**12**
Total equity		**228 195**	**249 157**
Bank loans	4.3	334 693	-
Lease liabilities	4.3	13 838	17 135
Other financial liabilities	5.4	9 396	13 481
Employee benefits	6.8	1 451	1 451
Deferred tax liabilities	3.1	19 145	19 145
Non-current liabilities		**378 523**	**51 212**
Bank loans	4.3	63 463	-
Lease liabilities	4.3	9 697	9 191
Employee benefits	6.8	45 174	14 860
Trade payables	5.4	49 537	15 770
Other payables	6.7	24 233	15 999
Dividend liabilities	4.2	136 530	-
Other financial liabilities	5.4	2 590	7 097
Current tax liabilities	3.1	5 219	5 197
Contract liabilities	2.2	207 313	131 222
Current liabilities		**543 756**	**199 336**
Total liabilities		**922 279**	**250 548**
Total equity and liabilities		**1 150 474**	**499 705**

All amounts in PLN thousands, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED 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		**132 779**	**198 573**
Adjustments for:			
Share in (profit) / loss of equity-accounted investees		141	(3 267)
Depreciation and amortisation		6 232	5 920
(Gain) / Loss due to exchange differences		1 201	860
(Gain) / Loss on interest		1 015	956
(Profit) / Loss on investment activities		69	(85 516)
Impairment of equity-accounted investees		4 060	-
Equity-settled share-based payment transactions		10 231	9 701
Income tax paid		(37 420)	(24 526)
Changes in working capital:			
Employee benefits	6.8	2 782	8 135
Trade receivables	5.3	(4 034)	(13 305)
Other non-financial assets	6.6	(879)	(1 754)
Trade payables	5.4	4 068	(2 081)
Other payables	6.7	(2 806)	15 643
Contract liabilities		28 154	5 684
Other adjustments		(8)	21
Net cash flows from operating activities		**145 585**	**115 044**
Przepływy pieniężne z działalności inwestycyjnej			
Expenditures for the acquisition of subsidiaries less cash and cash equivalents in acquired subsidiaries		(514 047)	-
Acquisition of financial assets		(50 967)	(41 499)
Proceeds from the sale of financial assets		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		(6 453)	(3 330)
Net cash flows from investing activities		**(521 416)**	**(14 355)**
Cash flows from financing activities			
Dividends paid		-	(79 681)
Proceeds frrom bank loans		400 000	-
Repayment of bank loans	4.3	-	(29 181)
Payment of lease liabilities	4.3	(4 452)	(4 167)
Interest paid	4.3	(856)	(1 069)
Commissions paid related to bank loans		(2 000)	-
Net cash flows from financing activities		**392 692**	**(114 098)**
Total net cash flows		**16 861**	**(13 409)**
Cash and cash equivalents at the beginning of the period		**184 836**	**135 227**
Effect of movements in exchange rates on cash and cash equivalents		13	(508)
Cash and cash equivalents at the end of the period		**201 710**	**121 310**
Cash and cash equivalents in the statement of financial position	4.4	**201 710**	**121 310**

All amounts in PLN thousands, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Translation reserve	Merger reserve	Retained earnings	Equity attributable to owners of the Parent Entity	Non-controlling interests	**Total equity**
1 January 2022	**340 521**	**108 516**	**1 080**	**29 256**	**(15 792)**	**(94)**	**(586 707)**	**372 365**	**249 145**	**12**	**249 157**
Net profit / (loss) for the period	-	-	-	-	-	-	-	104 506	104 506	(2 295)	102 211
Other comprehensive income for the period	-	-	-	-	-	(1 766)	-	-	(1 766)	-	(1 766)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(1 766)**	**-**	**104 506**	**102 740**	**(2 295)**	**100 445**
Equity-settled share-based payment	-	-	-	10 231	-	-	-	-	10 231	-	10 231
Distribution of retained earnings	-	129 731	-	-	-	-	-	(129 731)	-		-
Put option valuation	-	-	-	-	1 794	-	-	-	1 794	2 291	4 085
Dividends	-	-	-	-	-	-	-	(136 530)	(136 530)	-	(136 530)
Unregistered capital	-	-	-	-	804	-	-	-	804	-	804
Transactions with owners	**-**	**129 731**	**-**	**10 231**	**2 598**	**-**	**-**	**(266 261)**	**(123 701)**	**2 291**	**(121 410)**
30 June 2022 (unaudited)	**340 521**	**238 247**	**1 080**	**39 487**	**(13 194)**	**(1 860)**	**(586 707)**	**210 610**	**228 185**	**8**	**228 192**

All amounts in PLN thousands, unless otherwise stated

	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Translation reserve	Merger reserve	Retained earnings	Equity attributable to owners of the Parent Entity	Non-controlling interests	**Total equity**
1 January 2021	**334 867**	**107 247**	**2 960**	**16 685**	**37 812**	**488**	**(586 707)**	**189 839**	**103 191**	**(216)**	**102 975**
Net profit / (loss) for the period	-	-	-	-	-	-	-	157 308	157 308	763	158 071
Other comprehensive income for the period	-	-	-	-	-	21	-	-	21	-	21
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**21**	**-**	**157 308**	**157 329**	**763**	**158 092**
Creation of reserve capital	-	1 269	(1 269)	-	-	-	-	-	-	-	-
Dividends					(38 040)			(65 635)	(103 675)	-	(103 675)
Equity-settled share-based payment				9 701					9 701	-	9 701
Podział wyniku finansowego	-	-	6 532	-	-	-	-	(6 532)	-	-	-
Transactions with owners	**-**	**1 269**	**5 263**	**9 701**	**(38 040)**	**-**	**-**	**(72 167)**	**(93 974)**	**-**	**(93 974)**
30 June 2021 (unaudited)	**334 867**	**108 516**	**8 223**	**26 386**	**(228)**	**509**	**(586 707)**	**274 980**	**166 546**	**547**	**167 093**

All amounts in PLN thousands, unless otherwise stated

1. GENERAL INFORMATION

1.1 General information about the Parent Entity

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

Grupa Pracuj spółka akcyjna (hereinafter referred to as 'Grupa Pracuj S.A.', the 'Parent Entity' 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.

Grupa Pracuj S.A. 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 Group 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. The Group's brands create an advanced digital ecosystem for the HR industry, the most important of which are Pracuj.pl, Robota.ua and eRecruiter.

1.2 Composition of the Management Board and Supervisory Board of the Parent Entity

As at 30 June 2022 and up to the date of approval of these interim condensed consolidated financial statements 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.

As at 30 June 2022 and up to the date of approval of these interim condensed consolidated financial statements 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.

1.3 Composition of the Group and basis for consolidation

The Group consists of the Parent Entity, i.e., Grupa Pracuj S.A. and its subsidiaries.

The data of the subsidiaries are presented based on the full consolidation method.

In addition, the Group holds shares in associates, which are measured using the equity method.

The financial statements of all subsidiaries and associates have been prepared for the same reporting periods as those of the Parent Entity, using consistent accounting policies.

The Parent Entity has prepared separate interim condensed separate financial statements for the 6-month period ended 30 June 2022, which were authorized for issue on 26 September 2022.

As at 30 June 2022 and 31 December 2021, the share in the total number of votes held by the Group in subsidiaries is equal to the Group's share in the capital of these entities.

Changes in the composition of the Group

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 (note 6.4).

The table below shows the Group’s subsidiaries and associates.

All amounts in PLN thousands, unless otherwise stated

Entity name	Seat	Core activities	Interest in the share capital as at 30 June 2022 (unaudited)	Interest in the share capital as at 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%

1.4 Basis for the preparation of these interim condensed consolidated financial statements

These interim condensed consolidated 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 consolidated 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 consolidated financial statements are consistent with those applied as the basis for the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

These interim condensed consolidated 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 the Parent Entity declares that, according to its best judgment, these interim condensed consolidated 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 Group.

These interim condensed consolidated financial statements have been prepared under the assumption that the Group will continue to operate on a going concern basis in the foreseeable future. The Management Board of the Parent Entity does not identify any facts or circumstances that would indicate a threat to the going concern of the Group in the foreseeable future. The impact of the armed conflict in Ukraine on the Group's operations has been described in note 7.7.

These interim condensed consolidated financial statements were prepared in accordance with the Regulation of Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and terms for recognizing as equivalent information required by the laws of a non-member state (unified text, 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 2022 and as at 31 December 2021.

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

1.5 Significant estimates and judgements

The preparation of financial statements in accordance with 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 Group 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 on 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 consolidated financial statements.

Financial statements line items to which significant estimates and judgments relate	Note
Revenue from contracts with customers	2.2
Deferred tax assets	3.1
Intangible assets	6.1
Property, plant and equipment	6.2
Right-of-use assets	6.3
Payables/receivables due to taxes	3.1
Lease liabilities	4.3
Financial assets measured at amortised cost	5.1
Trade receivables	5.3
Unlisted shares	5.3
Equity-accounted investees	6.5
Employee benefits	0
Share-based payments	6.9

1.6 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 relate to proceeds before intended use	1 January 2022
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Changes relate 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 Group has decided to apply the new standards and amendments to the existing standards in line with the effective dates specified therein, i.e., the Group has not decided to apply the above amendments earlier. The amended standards and interpretations do not have a significant impact on the interim condensed consolidated financial statements.

All amounts in PLN thousands, unless otherwise stated

1.7 Functional currency and foreign currency transactions

Functional currency and presentation currency

Financial statements of the Group's subsidiaries and associates are prepared in the currency of their primary economic environment in which they operate, i.e., their functional currency.

Polish zloty (PLN) is the functional currency of the Parent Entity and of some of the Group's entities (apart from foreign operations listed below) as well as the presentation currency of these interim condensed consolidated financial statements.

All figures in these interim condensed consolidated financial statements have been rounded to the nearest thousand PLN, unless otherwise indicated.

The Group's foreign operations with a functional currency other than Polish zloty are Robota International TOV, eRecruitment Solutions Ukraine TOV and Work Ukraine TOV, for which the functional currency is Ukrainian hryvnia (UAH), and Snowless Global Ltd, WorkIP Ltd, Spoonbill Holding GmbH, Spoonbill GmbH, softgarden e-recruiting GmbH and absence.io GmbH for which the functional currency is the euro (EUR).

For the translation of financial data of foreign entities into PLN and 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 2022 (unaudited)
EUR	4.6427	4.5408
USD	4.2744	3.7682
UAH	0.1449	0.1357

1.8 Error corrections and the change of accounting policies

In the reporting period the Group did not make any corrections of prior period errors or did not change accounting policies.

All amounts in PLN thousands, unless otherwise stated

2. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2.1 Operating segments

According to IFRS 8 Operating Segments ('IFRS 8'), an operating segment is a separable component of the Group for which separable financial information is available and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

The Group has identified the following operating segments:

- Segment Poland – this segment includes entities that generate revenue on the Polish market and whose results are regularly reviewed by the Parent Entity's Management Board as the main decision-making authority. This segment consists of the following entities: Grupa Pracuj S.A., eRecruitment Solutions sp. z o.o., HumanWay sp. z o.o. w likwidacji and BinarJobs sp. z o.o. The particular entities included in this segment offer comprehensive recruitment, branding and advertising projects.
- Segment Ukraine – this segment includes entities that generate revenue from contracts with customers on the Ukrainian market. The financial results of entities included in this segment are periodically reviewed by the Management Board of the Parent Entity. This segment includes the following entities: Robota International TOV, eRecruitment Solutions Ukraine TOV and Snowless Global Ltd (an entity registered in Cyprus, providing licensing services for Robota International TOV). Entities operating on the Ukrainian market offer comprehensive recruitment projects similarly to entities operating on the Polish market.

The Group decided to disclose certain information regarding profit or loss for the periods by operating segments. The Group applies the exemption available in IFRS 8 for assets and liabilities and does not report the assets and liabilities for the segments as the Management Board of the Parent Entity (i.e., chief operating decision maker as defined in IFRS 8) does not analyze segment data taking into account the division of assets and liabilities.

Selected data on revenues and expenses analyzed by the Management Board of the Parent Entity for both operating segments are presented in the following tables:

6 months ended 30 June 2022 (unaudited)	Segment Poland	Segment Ukraine	Intra segment adjustments	Total
External revenue	266 160	14 131	-	280 291
Other operating income	578	139	-	717
Inter-segment revenue	25	67	(92)	-
Segment revenue	**266 763**	**14 337**	**(92)**	**281 008**
Depreciation and amortisation	(4 645)	(1 587)	-	(6 232)
Operating expenses other than depreciation and amortisation	(119 283)	(19 523)	92	(138 714)
Operating profit	**142 835**	**(6 773)**	**-**	**136 062**

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All amounts in PLN thousands, unless otherwise stated

6 months ended 30 June 2021 (unaudited)	Segment Poland	Segment Ukraine	Intra segment adjustments	Total
External revenue	195 293	22 301	-	217 594
Other operating income	539	25	-	564
Inter-segment revenue	15	68	(83)	-
Segment revenue	**195 847**	**22 394**	**(83)**	**218 158**
Depreciation and amortisation	(4 245)	(1 675)	-	(5 920)
Operating expenses other than depreciation and amortisation	(84 213)	(19 247)	83	(103 377)
Operating profit	**107 389**	**1 472**	**-**	**108 861**

3 months ended 30 June 2022 (unaudited)	Segment Poland	Segment Ukraine	Intra segment adjustments	Total
External revenue	134 597	3 598	-	138 195
Other operating income	284	45	-	329
Inter-segment revenue	13	15	(28)	-
Segment revenue	**134 894**	**3 659**	**(28)**	**138 524**
Depreciation and amortisation	(2 329)	(814)	-	(3 143)
Operating expenses other than depreciation and amortisation	(59 064)	(8 990)	28	(68 025)
Operating profit	**73 500**	**(6 144)**	**-**	**67 356**

3 months ended 30 June 2021 (unaudited)	Segment Poland	Segment Ukraine	Intra segment adjustments	Total
External revenue	104 450	12 256	-	116 706
Other operating income	303	21	-	324
Inter-segment revenue	5	47	(52)	-
Segment revenue	**104 758**	**12 324**	**(52)**	**117 030**
Depreciation and amortisation	(2 135)	(913)	-	(3 048)
Operating expenses other than depreciation and amortisation	(40 444)	(8 260)	52	(48 652)
Operating profit	**62 179**	**3 151**	**-**	**65 330**

2.2 Revenue from contracts with customers

Characteristics of key types of products and services

The following list presents revenue from contracts with customers by the timing of satisfaction of performance obligations and by couutry.

The most important categories of services offered by the Group are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2021.

All amounts in PLN thousands, unless otherwise stated

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	183 725	145 050	90 267	78 850
At a point in time	96 566	72 544	47 928	37 856
Total	**280 291**	**217 594**	**138 195**	**116 706**

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	266 160	195 293	134 597	104 450
Ukraine	14 131	22 301	3 598	12 256
Total	**280 291**	**217 594**	**138 195**	**116 706**

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.

Contract liabilities	30 June 2022 (unaudited)	31 December 2021
Short-term	207 313	131 222
Total	**207 313**	**131 222**

The Group 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 Group has applied the practical expedient provided in IFRS 15 based on which the Group 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.

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	79	46	72	18
Income from lease modifications	8	-	-	-
Other operating income	630	518	257	306
Total	**717**	**564**	**329**	**324**

All amounts in PLN thousands, unless otherwise stated

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	2 003	94	270	94
Costs related to lease modifications	-	21	-	-
Other operating costs	146	67	119	(161)
Total	**2 149**	**182**	**389**	**(67)**

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. Additional UAH 6,278 thousand were donated by Robota International TOV to the Ukrainian Red Cross. In total, the Group made donations amounting to PLN 2,003 thousand.

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	3 117	524	2 090	242
Net change in fair value of investments measured at fair value through profit or loss	-	86 222	-	86 222
Foreign exchange income	-	384	-	384
Total	**3 117**	**87 130**	**2 090**	**86 848**

In the 6-month period ended 30 June 2021, the Group measured to fair value the investment in Beamery Inc. as a result of which PLN 86,222 thousand was recognised in finance income (note 5.3).

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 on bank loans	636	203	636	44
Interest on lease liabilities	379	445	189	221
Net change in value of equity-accounted investees	4 060	-	3 999	-
Net change in fair value of financial instrument and settlement of deferred income from a valuation of the option	168	-	446	-
Foreign exchange losses	958	-	490	(59)
Other	58	37	55	32
Total	**6 259**	**685**	**5 815**	**238**

Changes in impairment losses on equity-accounted investees are presented in note 6.5.

Changes between the opening and closing balance of investments measured at fair value through profit or loss are presented in note 5.2.

All amounts in PLN thousands, unless otherwise stated

3. EXPLANATORY NOTES REGARDING TAXATION

3.1 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	37 442	25 440	16 250	12 991
Deferred tax	(6 874)	15 062	(1 070)	18 031
Total tax expense in the statement of comprehensive income	**30 568**	**40 502**	**15 180**	**31 022**

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	132 779	198 573	62 356	153 739
Income tax using 19% tax rate	**25 228**	**37 729**	**11 848**	**29 210**
Effect of different tax rates in foreign jurisdictions	55	(23)	52	(30)
Non-deductible expenses	2 511	1 430	1 823	1 118
Shhare-based payments	1 944	1 843	412	922
Share of profit of equity-accounted investees	27	(621)	242	(342)
Net change in value of shares in equity-accounted investees	741	-	741	-
Net change in valuation of financial assets	62	144	62	144
Income tax in the statement of comprehensive income	**30 568**	**40 502**	**15 180**	**31 022**

Tax rates

	Tax rates
Poland	19%
Ukraine	18%
Cyprus	13%

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	28 911	23 973
Right-of-use assets and lease liabilities (IFRS 16)	1 048	1 040
Trade receivables	401	274
Trade payables	2 518	-
Other payables	74	109
Employee benefits	3 442	2 948
Other non-financial assets	1 362	1 460
Other negative temporary differences	332	1 220
Total deferred tax assets related to other sources	**38 059**	**31 024**
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	640	519
Other positive temporary differences	182	115
Total deferred tax liabilities related to other sources	**822**	**634**
Deferred tax liabilities related to capital gains		
Deferred tax liabilities related to investments measured at fair value	19 145	19 145
Net deferred tax liabilities related to capital gains	**19 145**	**19 145**

Net deferred tax assets related to other sources	**37 237**	**30 391**
Deferred tax assets related to capital gains	**29**	**-**
Deferred tax liabilities related to capital gains	**19 145**	**19 145**

Unrecognised deferred tax asset

The Group has not recognised deferred tax assets in respect of tax losses of some subsidiaries in the amount of PLN 2,226 thousand. In the Group's opinion, the forecasts relating to the performance of these subsidiaries do not justify the possibility of recognising deferred tax assets on these losses, as it is not probable that they will generate sufficient tax profits in the future to utilize respective benefits.

	30 June 2022 (unaudited)		31 December 2021	
	Gross amount	Tax effect	Gross amount	Tax effect
Tax losses	2 226	423	2 226	423
Total	**2 226**	**423**	**2 226**	**423**

Unused tax losses in respect of which deferred tax assets have been recognised and the expiry dates of those losses

	30 June 2022 (unaudited)		31 December 2021	
	Gross amount	Year of expiry	Gross amount	Year of expiry
BinarJobs sp. z o.o.	2 180	2026	2 180	2026
HumanWay sp. z o.o. w likwidacji	46	2026	46	2026
Total	**2 226**	**-**	**2 226**	**-**

All amounts in PLN thousands, unless otherwise stated

4. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AND INFORMATION ON INDEBTNESS

4.1 Capital management policy and net debt

The purpose of the Group's capital management policy is to ensure continuous operations of the Group in order to increase value for shareholders and other stakeholders as well as to maintain the optimal structure of capital taking into account its cost and appropriate levels of credit ratings. In order to maintain or adjust the capital structure, the Group 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 Group. As at 30 June 2022, the Group had financial liabilities resulting from Credit Agreement (note 4.3).

The Group 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 Group's equity.

The table below presents the 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	922 279	250 548
Less: cash and cash equivalents	(201 710)	(184 836)
Net debt	**720 569**	**65 712**
Equity	228 195	249 157
Leverage ratio	**3.16**	**0.26**

4.2 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.

Changes in equity in the 6-month period ended 30 June 2022

On 23 May 2022 Management Board of the Parent Entity adopted a resolution on the increase of the the Parent Entity's share capital within the limits of the authorized capital by issuing 160,776 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 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 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.

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,
- 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 Parent Entity adopted the Resolution No. 6 on a distribution of the net profit of the Parent Entity 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 Parent 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 Parent 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 Parent Entity's key management personnel.

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, the share capital was reduced by PLN 652,600.00, by way of redemption of 130,520 of own shares acquired by the Parent Entity with a nominal value of PLN 5.00 each.

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 were taken up by members of the Management Board.

4.3 Debt liabilities

At the moment of initial recognition bank loans are recognized at 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. In determining the amortised cost, costs of obtaining the loan and discounts or premiums are taken into consideration.

Debt liabilities

	30 June 2022 (unaudited)	31 December 2021
Bank loans	**398 156**	**-**
- long-term	334 693	-
- short-term	63 463	-
Lease liabilities	**23 535**	**26 326**
- long-term	13 838	17 135
- short-term	9 697	9 191
Total	**421 691**	**26 326**

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 Parent 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 Parent 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 Parent 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.

All amounts in PLN thousands, unless otherwise stated

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 Parent 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 pledge on verbal and graphic trademarks 'pracuj.pl' up to the amount of PLN 600,000 thousand each,
- registered pledge on verbal trademark 'pracuj.pl' up to the amount of PLN 600,000 thousand,
- 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 Parent 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.

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

	Bank loans	Lease liabilities	Total
1 January 2022	**-**	**26 326**	**26 326**
Changes from financing cash flows			
New bank loans	400 000	-	400 000
Commissions paid on bank loans	(2 000)	-	(2 000)
Interest paid on bank loans	(481)	-	(481)
Payment of lease liabilities	-	(4 336)	(4 336)
Interest paid on lease liabilities	-	(376)	(376)
Net cash flows from financing activities	**397 519**	**(4 712)**	**392 807**
Other changes			
New lease agreements	-	150	150
Modifications to lease agreements	-	561	561
Accrued interest	637	379	1 016
Effect of changes in foreign exchange rates	-	831	831
Total of other changes	**637**	**1 921**	**2 558**
6 months ended 30 June 2022 (unaudited)	**398 156**	**23 535**	**421 691**

All amounts in PLN thousands, unless otherwise stated

	Bank loans	Lease liabilities	Total
1 January 2021	**29 294**	**32 146**	**61 440**
Changes from financing cash flows			
Repayments of bank loans	(29 181)	-	(29 181)
Interest paid on bank loans	(195)	-	(195)
Payment of lease liabilities		(4 188)	(4 188)
Interest paid on lease liabilities	-	(874)	(874)
Net cash flows from financing activities	**(29 376)**	**(5 062)**	**(34 438)**
Other changes			
New lease agreements	-	1 048	1 048
Modifications to lease agreements	-	(21)	(21)
Accrued interest	82	566	648
Effect of changes in foreign exchange rates	-	664	664
Total of other changes	**82**	**2 257**	**2 339**
30 June 2021 (unaudited)	**-**	**29 341**	**29 341**

Information regarding the Group's exposure to interest rate risk, currency risk and liquidity risk are described in note 5.4. Information regarding fair value is contained in note 5.1.

4.4 Cash and cash equivalents

Cash and cash equivalents

	30 June 2022 (unaudited)	31 December 2021
Cash in bank accounts	62 187	24 105
Short-term bank deposits	139 178	160 612
Cash in transit	345	119
Razem	**201 710**	**184 836**

The Group has cash deposited in banks in Ukraine being restricted due to the announced restrictions resulting from the prohibitions established by the National Bank of Ukraine. On 24 February 2022 additional moratorium on cross-border foreign exchange payments was introduced. The total value of cash deposited in Ukrainian bank accounts as at 30 June 2022 amounted to PLN 11,907 thousand. The Ukrainian entity Robota International TOV has full ability to settle its liabilities and has the cash accumulated in these bank accounts at disposal, due to the predominant nature of liabilities in domestic trade.

5. Financial instruments and financial risks management

5.1 Financial instruments and fair value

According to the Group’s assessment, the reported value of trade receivables, cash and cash equivalents, 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 reporting periods covered by these interim condensed consolidated financial statements.

All amounts in PLN thousands, unless otherwise stated

In the 6-month period ended 30 June 2022 and in the 6-month period ended 30 June 2021, there have been no transfers between level 1 and level 2 of the fair value hierarchy, and none of the instruments was transferred from or to the level 3 of the fair value hierarchy.

Impairment losses are recognized in the statement of comprehensive income as finance costs.

There have been no changes to the valuation process and techniques, nor the types of inputs used in the fair value measurement in the current period.

The following table 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	2 785	2 149	Level 3
Total	**131 041**	**124 321**	
Financial assets measured at amortised cost			
Trade receivables	78 966	55 739	
Cash and cash equivalents	201 710	184 836	
Cash deposits	3 473	2 991	
Bonds	14 929	24 977	
Total	**299 078**	**268 543**	
Other financial liabilities			
Bank loans	398 156	-	
Lease liabilities	23 535	26 326	
Trade payables	49 537	15 770	
Dividend payables	136 530	-	
Other financial liabilities	11 986	20 578	Level 3
Total	**619 744**	**62 674**	

5.2 Trade receivables and other financial assets

Trade receivables

	30 June 2022 (unaudited)	31 December 2021
Trade receivables		
- from related entities	73	2
- from other entities	78 893	55 737
Total	**78 966**	**55 739**

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**	**25 060**
Bonds	14 929	24 977
Cash deposits	83	83
Other financial assets	2 785	-
Total	**149 443**	**152 289**

All amounts in PLN thousands, unless otherwise stated

In accordance with the provisions of the agreement regarding the investment in Fitqbe Sp. z o.o (hereinafter: ‘Fitgebe’) (note 5.4), 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. 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 costs for the 6-month period ended 30 June 2022 in the amount of PLN 932 thousand and was presented in the statement of comprehensive income net of finance income for this period 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 time 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)

Changes in the value of unlisted shares in each of the reporting periods presented in these interim condensed consolidated 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.

All amounts in PLN thousands, unless otherwise stated

In accordance with the Resolution No. 2 of the Shareholders' Meeting of Pracuj Ventures spółka z ograniczoną odpowiedzialnością ASI sp.k. (hereafter: '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 6,083 thousand to Pracuj Ventures. Payment was made on 21 February 2022.

Management Board analyses 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 unlisted shares remained 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 6-month period ended 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 consolidated 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 consolidated financial statements for the period ended 31 December 2021 and has not changed until the date of preparation of these interim condensed consolidated financial statements.

5.3 Trade payables and other financial liabilities

Trade payables

	30 June 2022 (unaudited)	31 December 2021
Trade payables		
- due to related entities	84	434
- due to other entities	49 453	15 336
Total	**49 537**	**15 770**

Other financial liabilities

	30 June 2022 (unaudited)	31 December 2021
Long-term financial liabilities		
Long-term liabilities due to put option	9 396	13 481
Short-term financial liabilities		
Current liability due to acquisition of shares in an associate	2 590	7 097
Total	**11 986**	**20 578**

All amounts in PLN thousands, unless otherwise stated

Liabilities due to put option

Long-term liabilities due to put options relate to the estimated value of liabilities arising from potential future payments to non-controlling shareholders of Robota International TOV. The liability in the amount of PLN 9,396 thousand was recognised in correspondence with equity (other reserves). Detail information has been described in note 5.3 to the consolidated financial statements for the year ended 31 December 2021.

Liability due to acquisition of shares in an associate

On 28 May 2021 an agreement was signed regarding investment in Fitqbe under which on 2 August 2021, the Parent Entity acquired 44 shares, with a nominal value of PLN 50.00 each. In accordance with the provisions of the agreement, the Parent Entity is entitled to the call option ('Call option') for additional shares. As a consequence, on 7 October 2021 the Parent 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 recognized and presented as other financial liabilities in correspondence with the investment measured using the equity method. Additionally, on 22 December 2021, the Parent Entity accepted offers to purchase shares thus acquiring additional 39 shares in Fitqbe, which were fully paid on 11 January 2022. After the acquisition of additional 33 shares, the Parent Entity will hold a total of 116 shares representing 35% of the share capital of Fitqbe.

Dividend liabilities

	30 June 2022 (unaudited)	31 December 2021
Dividend liabilities	136 530	-
Total	**136 530**	**-**

Short-term dividend liabilities in the amount of PLN 136,530 thousand is a liability arising pursuant to the resolution of the Ordinary General Meeting of Shareholders from 22 June 2022 (note 4.2). The dividend day was set for 16 September 2022 and all the shares existing at the dividend day will be entitled to the dividend payment.The dividend shall be paid on 30 September 2022. As at 30 June 2022 there were no restrictions on dividend payments.

5.4 Financial risk management

5.4.1 Principles of financial risk management

The Group 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 Group's exposure to each of the risks identified above and describes the Group's 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 Group's financial results.

All amounts in PLN thousands, unless otherwise stated

5.4.2 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 Group recognises, in particular, short-term bonds and cash deposits paid.

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

	30 June 2022 (unaudited)	31 December 2021
Trade receivables	78 966	55 739
Other financial assets	18 402	27 968
Cash and cash equivalents	201 710	184 836
Total	**299 078**	**268 543**

Credit risk related to cash balances

The Group 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 Group concludes transactions with banks with high rating and stable market position. The expected credit loss estimated by the Group is close to zero, therefore no allowance for such loss has been recognised.

The maximum exposure to this risk is equal to the reporting value of cash and cash equivalents.

Credit risk related to trade receivables

The following table provides information about the gross carrying amount and expected credit loss allowance for trade receivables measured at amortised cost.

	Weighted-average loss rate	Gross carrying amount	Expected credit loss allowance	Net carrying amount
30 June 2022 (unaudited)	3.18%	81 563	2 597	78 966
31 December 2021	3.10%	57 520	1 781	55 739

The changes in the allowance for expected credit losses for trade receivables during the periods covered by these interim condensed consolidated financial statements were as follows:

	30 June 2022 (unaudited)	31 December 2021
Opening balance	**1 781**	**2 283**
Net remeasurement of expected credit losses	1 046	(142)
Amounts written off	(227)	(353)
Translation reserve	(3)	(7)
Closing balance	**2 597**	**1 781**

Credit risk related to the bonds

The Group 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 Group assesses that the credit risk related to this item of financial assets is low and therefore no loss allowance has been recognised.

All amounts in PLN thousands, unless otherwise stated

5.4.3 Liquidity risk

The Group is exposed to liquidity risk, i.e., risk of losing its ability to meet its financial obligations on time. The Group manages the liquidity risk by monitoring payment dates 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 Group pursues a policy of diversification of financing sources.

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

- current monitoring of liquidity of the Group's entities,
- 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 of the Group based on the maturity date at the reporting date. The amounts presented in the table 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
Lease liabilities	23 535	9 737	14 757	1 994	-	26 488
Trade payables	49 537	49 537	-	-	-	49 537
Put option liabilities	9 396	-	15 527	-	-	15 527
Liabilities due to acquisition of shares in equity-accounted investees	2 590	2 590	-	-	-	2 590
Dividend liabilities	136 530	136 530				136 530
Total	**619 744**	**293 344**	**283 586**	**155 803**	**-**	**732 733**

31 December 2021	Carrying amount	Contractual cash flows				
		<1 year	1-3 years	years	>5 years	Total
Lease liabilities	26 326	8 942	18 465	19	-	27 426
Trade payables	15 770	15 770	-	-	-	15 770
Other financial liabilities	20 578	7 097	15 527	-	-	22 624
Total	**62 674**	**31 809**	**33 992**	**19**	**-**	**65 820**

Working capital, defined as the difference between current assets and current liabilities, at the end of the reporting periods presented in these interim condensed consolidated 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 current liabilities and constitute an obligation of the Entity to provide services for customers, for which the Entity has already obtained remuneration (or remuneration is due) from the customer.

5.4.4 Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and liabilities are denominated and the respective functional currencies of Group entities.

All amounts in PLN thousands, unless otherwise stated

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

5.4.5 Interest rate risk

The Group 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 (bank 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 Group's exposure to interest rate risk by presenting interest-bearing financial assets and liabilities by fixed and floating interest rates.

	30 June 2022 (unaudited)	31 December 2021
Interest-bearing financial instruments		
- fixed-rate instruments	**(8 606)**	**(1 349)**
Lease liabilities	(23 535)	(26 326)
Bonds	14 929	24 977
- variable-rate instruments	**(193 308)**	**187 492**
Bank loans	(398 156)	-
Cash deposits	3 138	2 656
Cash and cash equivalents	201 710	184 836
Interest rate risk exposure (net) (variable-rate instruments)	**(193 308)**	**187 492**

	30 June 2022 (unaudited)	31 December 2021
Current assets	333 948	272 434
Current liabilities	(543 756)	(199 336)
Working capital	**(209 808)**	**73 098**

The following table presents an analysis of sensitivity of the Group'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)	(193 308)	(1 566)	1 566
31 December 2021	187 492	1 519	(1 519)

An increase in interest rates may lead to higher financing costs, and in consequence, decrease in financial results and financial efficiency of investments.

6. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

The Group identifies the following categories of intangible assets: property rights acquired, other intangible assets, and internally developed software. The above-mentioned items are mostly related to software used in the Group's operating business. Capital expenditures for internally generated software constitute development costs incurred before the period in which the software is used to generate revenue from contracts with customers.

In the current reporting period, the Group has not concluded any individually significant transactions related to acquisition or sale of intangible assets.

At the end of the periods presented in these interim condensed consolidated financial statements, the Group assessed that there were no objective indications of impairment of intangible assets.

6.2 Property, plant and equipment

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

In the current reporting period, the Group has not concluded any individually significant transactions related to acquisition or sale of property, plant and equipment.

At the end of the periods presented in these interim condensed consolidated financial statements, the Group assessed that there were no objective indications of impairment of property, plant and equipment.

6.3 Right-of-use assets

The Group 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 Group signed a few new lease agreements.

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

6.4 Goodwill

Acquisition of Spoonbill Holding GmbH's shares

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. Till 30 June 2022 there have been no significant transactions in Spoonbill Holding GmbH and its subsidiaries.

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.

Acquisition of Spoonbill Holding GmbH together with the indirectly acquired shares in Spoonbill GmbH, softgarden e-recruiting GmbH and absence.io GmbH is an important step for Grupa Pracuj S.A. Group in the implementation of its international expansion strategy and aims to strengthen the position of Grupa Pracuj S.A. Group as a leading player in the area of HR Tech in Central and Eastern Europe and the DACH region (i.e. Germany, Austria, Switzerland).

All amounts in PLN thousands, unless otherwise stated

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.

As a result of this transaction, Grupa Pracuj S.A. Group gained the know-how and experience of one of the leading companies in the HR Tech industry. Access to a wide customer base may be the basis for further development on these markets by building an ecosystem of HR Tech solutions by the Group.

As at 30 June 2022, the process of purchase price allocation has not been completed by the Group yet. Therefore, the fair value of the acquired assets and liabilities and the goodwill recognized on the acquisition may change within 12 months from the date of taking control over Spoonbill Holding GmbH. As part of the provisional settlement of the acquisition, as at the balance sheet date of 30 June 2022, the Entity recognized the surplus of the price paid over the value of the acquired net assets in the amount of PLN 561,902 thousand as goodwill.

As at 30 June 2022, the Group waived the presentation of revenues and financial result of the acquired entity and its subsidiaries for the current reporting period, calculated as if the acquisition date were the beginning of the reporting period, i.e. 1 January 2022, due to the inability to obtain sufficient financial data in accordance with IFRS from the moment of obtaining control to the date of preparation of these interim condensed consolidated financial statements.

The provisional amounts of identifiable assets and liabilities of the acquired entity as at 30 June 2022 are presented below:

	Provisional amounts as at 30 June 2022 thousand EUR	Provisional amounts as at 30 June 2022 thousand PLN
Acquired assets		
Intangible assets	4 045	18 934
Property, plant and equipment	495	2 317
Inventories	4 144	19 395
Trade receivables	4 101	19 193
Cash and cash equivalents	8 213	38 441
Other assets	1 795	8 403
Total assets	**22 793**	**106 683**
Acquired liabilities		
Employee benefits	5 882	27 532
Trade payables	6 345	29 699
Contract liabilities	10 242	47 937
Other payables	2 373	11 105
Total liabilities	**24 842**	**116 273**
Net assets	(2 049)	(9 590)
Acquired percentage of share capital	100%	100%
Purchase price	117 603	552 488
Provisional goodwill recognised as at 30 June 2022	**119 652**	**560 041**

All amounts in PLN thousands, unless otherwise stated

6.5 Equity-accounted investees

A summary of associates together with the Group's share in the equity of these entities for all periods covered by these interim condensed consolidated financial statements is presented in note 1.3.

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**

On 28 May 2021, an agreement was signed regarding investment in Fitqbe, under which on 2 August 2021, the Entity acquired 44 shares, with a nominal value of PLN 50.00 each (note 5.4).

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

Changes in the value of equity-accounted interests in each of the periods presented in these interim condensed consolidated financial statements

	30 June 2022 (unaudited)	31 December 2021
Equity-accounted interests at the beginning of the period	**32 484**	**23 945**
Acquisition of shares	-	13 105
Dividends received	-	(6 619)
Share in profit of equity-accounted investees	(141)	3 133
Exchange differences on the translation of the profit share of entities measured using the equity method	-	(187)
Impairment loss	(4 060)	(893)
Equity-accounted interests at the end of the period	**28 283**	**32 484**

The dividends received by the Parent Company in 2021 were paid by the associate Work Ukraine TOV.

In the period of 6 months ended 30 June 2022, the Entity recognized an impairment loss on financial assets classified financial assets measured using the equity method in the amount of PLN 161 thousand due to the failure to achieve the business objectives assumed at the time of the Entity's investment in these entities (concerns Poland segment) and in the amount of PLN 3,900 thousand, reasons for which were described in note 7.7 (concerns Ukraine segment). In the corresponding period of the previous year, an impairment loss in the amount of PLN 893 thousand was recognized for Poland segment. The discount rates applied by the Entity to the current and previous estimates of value in use were in the range of 30-40% (prior period 25-35%).

At the end of the periods presented in these interim condensed consolidated financial statements, there were no reversals of impairment losses on investments measured using the equity method.

All amounts in PLN thousands, unless otherwise stated

6.6 Inventories

Due to the acquisition by the Entity 25,000 shares representing 100% in the share capital of Spoonbill Holding GmbH and indirectly 100% of shares in Spoonbill GmbH, softgarden e recruiting GmbH and absence i.o.GmbH as at the balance sheet date of 30 June 2022 the Group presents the provisional amounts of the identifiable assets and liabilities of the Entity as imventories in the statement of financial position. The transaction of acquisition of shares and the assets and liabilities provisionally recognised in the statement of financial are described in detail in note 6.4.

6.7 Other non-financial assets

	30 June 2022 (unaudited)	31 December 2021
Long-term	**994**	**227**
Other	994	227
Short-term	**16 080**	**6 799**
Prepaid services		
Website domains	155	156
Prepaid marketing expenses	540	519
Prepaid hardware and software maintenance	2 475	1 820
Prepaid other external services	5 066	1 193
Other	1 204	162
Other assets		
Advance payments for intangibles and property, plant and equipment	619	33
Assets of the Company Social Benefits Fund	-	310
Receivables from the State	5 449	492
Other	572	410
Shareholders settlements	-	1 704
Total	**17 074**	**7 026**

6.8 Other payables

	30 June 2022 (unaudited)	31 December 2021
Tax liabilities (other than corporate income tax) and social security liabilities	15 373	14 923
Other payables	8 860	1 076
Total	**24 233**	**15 999**

6.9 Employee benefits

All amounts in PLN thousands, unless otherwise stated

	30 June 2022 (unaudited)	31 December 2021
Long-term	**1 451**	**1 451**
Provisions	**1 451**	**1 451**
Post-mortem severance	765	765
Retirement benefits	589	589
Disability benefits	97	97
Short-term	**45 174**	**14 860**
Provisions	**614**	**1 246**
Post-mortem severance	20	20
Retirement benefits	1	1
Disability benefits	12	12
Bonuses	581	1 213
Other employee related liabilities	**44 560**	**13 614**
Liability for unused vacation entitlements	6 108	4 324
Liabilities for bonuses and commissions for employees	38 452	9 290
Total	**46 625**	**16 311**

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.

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 Entity 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 exeption 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 3,793 thousand in the period from 1 January to 30 June 2021).

6.10 Share-based payments and employee incentive programmes

Share-based payments programme

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 (in PLN thousand) of the programme	29 492
Key inputs used in the measurement of the fair values	
Exercise price (PLN)	24.42 lub 5.00
Expected exercise date	31 March 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 7.8).

Bonus Shares 2 and Bonus Shares 3 were 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 program 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 31 December 2021, the costs of employee benefits in the amount of PLN 1,254 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 6-month period ended 30 June 2022, amounts to PLN 9,404 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.

7. OTHER EXPLANATORY NOTES

7.1 Earnings per share

Earnings per share are calculated by dividing the profit for the financial year attributable to the owners of the Parent Entity by the weighted average number of ordinary shares in a given reporting period adjusted proportionally for the effect of the change in the number of shares occurring as a result of the transformation of the legal form of the Parent Entity from a limited liability company into a joint-stock company, assuming no simultaneous change of resources.

In the periods covered by these interim condensed consolidated financial statements, there were equity instruments diluting the weighted average number of ordinary shares used to calculate basic earnings per share and resulted from entitlements granted under the share-based payment programme described in note 6.9. For purposes of calculating the number of shares having a 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 for the 6-month period ended on June 30, 2022, the market prices of the Entity's shares were used.

All amounts in PLN thousands, unless otherwise stated

	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 attributable to the owners of the Parent Entity				
Continued operations	104 506	157 308	49 360	121 896
Net profit attributable to the owners of the Parent Entity	**104 506**	**157 308**	**49 360**	**121 896**
Effect of dilution	-	-	-	-
Net profit attributable to the owners of the Parent Entity, adjusted for the effect of dilution	**104 506**	**157 308**	**49 360**	**121 896**
Weighted average number of ordinary shares - for the purpose 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 purpose 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 purpose 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	***1.53***	***2.35***	***0.72***	***1.82***
Diluted earnings per share (in PLN) - continuing operations	***1.52***	***2.35***	***0.72***	***1.82***

**The weighted average number of ordinary shares has been calculated taking into account the transformation of the legal form of the Parent Entity from a limited liability company into a joint-stock company. The number of shares after the transformation is 66,973,370, which means the conversion according to parity of 1 share into 10 shares. The weighted average number of shares in each period was converted proportionally to take into account the effect of the company's transformation.*

7.2 Related party transactions

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

The members of the Parent Entity's Management Board, Supervisory Board and their close family members have not entered into transactions with the entities from the Group that significantly affected the profit or loss for the reporting period or the financial position of the Group.

7.3 Remuneration and other transactions with key management personnel

Remuneration of key management personnel

The Group identifies the Management Board and the Supervisory Board of the Parent Entity 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	760	595
Share-based payments	192	9 701	145	4 851
Total	**1 718**	**10 899**	**905**	**5 446**

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 Group'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 Parent Entity

In the6-month period ended 30 June 2021 and 2022, respectively, the Entity did not make dividend payments and remuneration for the acquisition of the Entity's shares and stocks held by Members of the Management Board.

7.4 Employee benefit 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)
Wages and salaries	56 555	40 632	28 328	19 529
Bonuses	7 772	13 654	4 255	8 561
Share-based payments	10 231	9 701	2 171	4 850
Social security contributions	10 335	8 015	5 246	3 974
Other employee benefits	2 019	978	754	159
Total	**86 912**	**72 980**	**40 754**	**37 073**

7.5 Other information relevant for the assessment of the financial position and profit or loss

Apart from the information disclosed in these interim condensed consolidated financial statements, the Group has no other material information that it considers relevant to the assessment of its financial position and profit or loss.

7.6 Contingent liabilities

Issuer of a guarantee	*Currency*	6 months ended 30 June 2022 (unaudited)	31 December 2021
PKO Bank Polski S.A.	EUR thousands	497	487
Total	**EUR thousands**	**497**	**487**

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

7.7 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.

All amounts in PLN thousands, unless otherwise stated

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).

The table below presents assets of Robota recognised in the consolidated statement of financial position as at 30 June 2022, which are exposed to impairment risk and respective assets of the Group presented in the consolidated statement of financial position as at 30 June 2022.

	Assets of Robota as at 30 June 2022	Group' assets as at 30 June 2022
Intangible assets	25	26 623
Property, plant and equipment	2 525	13 717
Right-of-use assets	6 137	17 956
Deferred tax assets	4 758	37 266
Trade receivables	4 580	78 966
Other non-financial assets	2 679	16 080
Cash and cash equivalents	11 897	201 710

In the Group's assets are presented equity-accounted investees (WorkIP Ltd and Work Ukraine TOV) operating in Ukraine and which amounted to PLN 15,674 thousand as at 30 June 2022 and PLN 19,344 thousand as at 31 December 2022.

The table below presents liabilities of the Group related to the operations in Ukraine and respective liabilities of the Group presented in the consolidated statement of financial position as at 30 June 2022:

	Group's liabilities related to operations in Ukraine as at 30 June 2022	Group's liabilities as at 30 June 2022
Long-term lease liabilities	4 479	13 838
Short-term lease liabilities	2 887	9 697
Employee benefits	2 692	45 174
Trade payables	721	49 537
Other non-financial liabilities	881	24 233
Contract liabilities	27 793	207 313

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.

7.8 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 Shares. 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 the National Depository for Securities.

Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements for the 6-month period ended 30 June 2022 have been approved for publication by the Management Board of Grupa Pracuj S.A. on 26 September 2022.

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Przemysław Gacek

President of the Management Board

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Gracjan Fiedorowicz

Member of the Management Board

…………………………………………

Rafał Nachyna

Member of the Management Board


grupa pracuj