Grupa Pracuj S.A. Group

Interim condensed consolidated financial statements of Grupa Pracuj S.A. for the 6-month period ended on June 30, 2023

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All amounts in PLN thousand, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	Note	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Revenue from contracts with customers	2.2	**369,718**	**280,291**	**184,348**	**138,195**
Depreciation and amortisation		(17,258)	(6,232)	(8,567)	(3,143)
Cost of advertisements sold		(26,502)	-	(12,756)	-
Marketing expenses		(22,351)	(23,942)	(8,145)	(9,262)
Software as service		(6,511)	(3,797)	(3,405)	(2,337)
Other services		(17,189)	(18,631)	(9,191)	(13,366)
Employee benefits expense	7.4	(123,471)	(86,912)	(60,705)	(40,754)
Other costs		(4,649)	(2,237)	(2,551)	(1,202)
Other income	2.3	1,337	717	509	329
Other expenses	2.3	(1,670)	(2,149)	(1,199)	(389)
Expected credit losses		243	(1,046)	139	(715)
Operating profit		**151,697**	**136,062**	**78,477**	**67,356**
Finance income	2.4	4,019	3,117	2,016	2,090
Finance costs	2.4	(22,347)	(6,259)	(10,070)	(5,815)
Net finance income/(costs)		**(18,328)**	**(3,142)**	**(8,054)**	**(3,725)**
Share of profit of equity-accounted investees	6.5	2,370	(141)	1,465	(1,275)
Profit before tax		**135,739**	**132,779**	**71,888**	**62,356**
Income tax	3.1	(25,910)	(30,568)	(12,577)	(15,180)
Net profit from continuing operations		**109,829**	**102,211**	**59,311**	**47,176**
Net profit		**109,829**	**102,211**	**59,311**	**47,176**

OTHER COMPREHENSIVE INCOME	Note	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Items that may be reclassified to profit or loss		**(27,726)**	**(1,766)**	**(26,025)**	**(2,582)**
Exchange differences on translating foreign operations		(27,726)	(1,766)	(26,025)	(2,582)
Total other comprehensive income		**(27,726)**	**(1,766)**	**(26,025)**	**(2,582)**
TOTAL COMPREHENSIVE INCOME		**82,103**	**100,445**	**33,286**	**44,594**

	Note	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Net profit attributable to:					
Owners of the Parent		107,845	104,506	58,357	49,360
Non-controlling interests		1,984	(2,295)	954	(2,184)
		109,829	**102,211**	**59,311**	**47,176**
Total comprehensive income attributable to:					
Owners of the Parent		80,119	102,740	32,332	46,778
Non-controlling interests		1,984	(2,295)	954	(2,184)
		82,103	**100,445**	**33,286**	**44,594**
Basic earnings per share (PLN) - continuing operations	7.1	**1.58**	**1.53**	**0.85**	**0.72**
Diluted earnings per share (PLN) - continuing operations	7.1	**1.56**	**1.52**	**0.84**	**0.72**

All amounts in PLN thousand, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 June 2023 (unaudited)	31 December 2022 (restated)
Intangible assets	6.1	92,101	96,377
Property, plant and equipment	6.2	11,988	12,382
Right-of-use assets	6.3	13,709	15,093
Goodwill	6.4	456,624	481,209
Equity-accounted investees	6.5	25,092	27,407
Other financial assets	5.2	131,607	130,622
Other non-financial assets	6.7	892	944
Deferred tax assets	3.1	39,810	36,123
Non-current assets		**771,823**	**800,157**
Inventory	6.6	14,678	3,912
Trade receivables	5.2	66,697	73,121
Other financial assets	5.2	1,042	348
Other non-financial assets	6.7	42,757	31,139
Cash and cash equivalents	4.4	219,402	109,538
Current assets		**344,576**	**218,058**
Total assets		**1,116,399**	**1,018,215**

EQUITY AND LIABILITIES	Note	30 June 2023 (unaudited)	31 December 2022 (restated)
Share capital	4.2	341,325	341,325
Reserve capital		300,617	238,248
Share repurchase reserve		1,080	1,080
Share-based payment arrangements	6.10	61,490	57,416
Other reserves		(13,477)	(13,633)
Translation reserve		(27,218)	508
Merger reserve		(586,707)	(586,707)
Retained earnings		215,764	272,686
Equity attributable to owners of the Parent		**292,874**	**310,923**
Non-controlling interests		**52**	**33**
Total equity		**292,926**	**310,956**
Bank borrowings	4.3	270,936	303,168
Lease liabilities	4.3	6,124	8,762
Other financial liabilities	5.3	10,946	9,138
Employee benefit obligations	6.9	1,847	1,847
Deferred tax liabilities	3.1	15,935	18,204
Non-current liabilities		**305,788**	**341,119**
Bank borrowings	4.3	63,619	63,492
Lease liabilities	4.3	10,807	10,942
Employee benefit obligations	6.9	26,215	23,618
Trade payables	5.3	41,411	32,809
Other financial liabilities	5.3	8,100	4,171
Other non-financial liabilities	6.8	15,785	16,765
Dividend liabilities	4.2	102,398	-
Current tax liabilities	3.1	12,209	5,923
Contract liabilities	2.2	237,141	208,420
Current liabilities		**517,685**	**366,140**
Total liabilities		**823,473**	**707,259**
Total equity and liabilities		**1,116,399**	**1,018,215**

All amounts in PLN thousand, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)
Cash flows from operating activities			
Profit before tax		**135,739**	**132,779**
Adjustments for:			
Share of (profit) / loss of equity-accounted investees		(2,370)	141
Depreciation and amortisation		17,258	6,232
Foreign exchange (gains) / losses		(246)	1,201
(Gain) / loss on interest		15,136	1,015
(Gain)/loss on investing activities		(326)	69
Impairment loss on dividends receivable		1,001	-
Remeasurement of investments measured at fair value through profit or loss		1,138	-
Impairment loss on equity-accounted investees		-	4,060
Measurement of equity-settled share-based payment arrangement		4,075	10,231
Settlement and measurement of financial instruments		4,423	-
Income tax paid		(25,580)	(37,420)
Changes in working capital:			
Employee benefit obligations	6.9	2,597	2,782
Change in inventory		(10,766)	-
Trade receivables	5.2	6,436	(4,034)
Other non-financial assets	6.7	(11,710)	(879)
Trade payables	5.3	8,962	4,068
Other non-financial liabilities	6.8	(980)	(2,806)
Contract liabilities		28,721	28,154
Other adjustments		(1)	(8)
Net cash flows from operating activities		**173,507**	**145,585**
Cash flows from investing activities			
Expenditure on acquisition of subsidiaries less cash and cash equivalents in acquired subsidiaries		-	(514,047)
Purchase of financial assets		(151)	(50,967)
Proceeds from sale of financial assets		-	50,000
Proceeds from sale of property, plant and equipment and intangible assets		358	51
Purchase of property, plant and equipment and intangible assets		(10,937)	(6,453)
Net cash flows from investing activities		**(10,730)**	**(521,416)**
Cash flows from financing activities			
Proceeds from bank borrowings		-	400,000
Payment of bank borrowings	4.3	(32,000)	-
Payment of lease liabilities	4.3	(5,669)	(4,452)
Interest paid	4.3	(15,241)	(856)
Commissions on bank borrowings		-	(2,000)
Settlement of derivative financial instruments		47	-
Net cash flows from financing activities		**(52,863)**	**392,692**
Total net cash flows		**109,914**	**16,861**
Cash and cash equivalents at beginning of period		**109,538**	**184,836**
Exchange differences on cash and cash equivalents		(50)	13
Cash and cash equivalents at end of period		**219,402**	**201,710**
Cash and cash equivalents in the statement of financial position	4.4	**219,402**	**201,710**

All amounts in PLN thousand, unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Share repurchase reserve	Share-based payment arrangements	Other reserves	Translation reserve	Merger reserve	Retained earnings/(losses) carried forward	Equity attributable to owners of the Parent	Non-controlling interests	**Total equity**
31 December 2022 (audited)	**341,325**	**238,248**	**1,080**	**57,416**	**(13,633)**	**506**	**(586,707)**	**277,146**	**315,381**	**33**	**315,414**
Accounting for business combination	-	-	-	-	-	2	-	(4,460)	(4,458)	-	(4,458)
1 January 2023 (restated)	**341,325**	**238,248**	**1,080**	**57,416**	**(13,633)**	**508**	**(586,707)**	**272,686**	**310,923**	**33**	**310,956**
Net profit/(loss) for period	-	-	-	-	-	-	-	107,845	107,845	1,984	109,829
Other comprehensive income for period	-	-	-	-	-	(27,726)	-	-	(27,726)	-	(27,726)
Total comprehensive income for period	**-**	**-**	**-**	**-**	**-**	**(27,726)**	**-**	**107,845**	**80,119**	**1,984**	**82,103**
Share-based payments	-	-	-	4,075	-	-	-	-	4,075	-	4,075
Distribution of retained earnings	-	62,369	-	-	-	-	-	(62,369)	-	-	-
Valuation of put option	-	-	-	-	156	-	-	-	156	(1,965)	(1,809)
Dividends	-	-	-	-	-	-	-	(102,398)	(102,398)	-	(102,398)
Transactions with owners	**-**	**62,369**	**-**	**4,075**	**156**	**-**	**-**	**(164,767)**	**(98,168)**	**(1,965)**	**(100,133)**
30 June 2023 (unaudited)	**341,325**	**300,617**	**1,080**	**61,490**	**(13,477)**	**(27,218)**	**(586,707)**	**215,764**	**292,874**	**52**	**292,926**

	Share capital	Reserve capital	Share repurchase reserve	Share-based payment arrangements	Other reserves	Translation reserve	Merger reserve	Retained earnings/(losses) carried forward	Equity attributable to owners of the Parent	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 period	-	-	-	-	-	-	-	104,506	104,506	(2,295)	102,211
Other comprehensive income for period	-	-	-	-	-	(1,766)	-	-	(1,766)	-	(1,766)
Total comprehensive income for period	**-**	**-**	**-**	**-**	**-**	**(1,766)**	**-**	**104,506**	**102,740**	**(2,295)**	**100,445**
Share-based payments	-	-	-	10,231	-	-	-	-	10,231	-	10,231
Distribution of retained earnings	-	129,731	-	-	-	-	-	(129,731)	-	-	-
Valuation of put option	-	-	-	-	1,794	-	-	-	1,794	2,291	4,085
Dividends	-	-	-	-	-	-	-	(136,530)	(136,530)	-	(136,530)
Unregistered share 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**

1. GENERAL INFORMATION

1.1 General information about the Parent

Name Grupa Pracuj spółka akcyjna

Registered office ul. Prosta 68, 00-838 Warsaw

Registry court District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register (KRS)

KRS number 0000913770

Tax identification number (NIP) 527-27-49-631

Grupa Pracuj spółka akcyjna ('Grupa Pracuj S.A.', the 'Company' or the 'Parent') is the parent of the Grupa Pracuj S.A. Group (the 'Group').

On 2 August 2021, the Parent was transformed from a limited liability company (*spółka z ograniczoną odpowiedzialnością*) into a joint-stock company (*spółka akcyjna*).

Grupa Pracuj S.A. is a prominent HR technology platform in Central and Eastern Europe that operates online job posting sites and offers various services to assist organisations in employee recruitment, retention, and development. The Group helps its users find the right employment that enables them to use their full potential, and develops world-class technologies shaping the future of the HR market.

The Group's brands form an advanced digital ecosystem for the HR industry, with Pracuj.pl, Robota.ua, eRecruiter and softgarden as the mainstays of the portfolio.

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

In the six months ended 30 June 2023 and as at that date, the composition of the Management Board was as follows:

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

The composition of the Parent's Management Board remained unchanged as at the date of authorisation of these interim condensed consolidated financial statements.

As at 30 June 2023 and until the date of authorisation of these interim condensed consolidated financial statements, the composition of the Company's Supervisory Board was as follows:

- 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,

- Martina van Hetting, Member of the Supervisory Board from 1 February 2023.

1.3 Composition of the Group and basis for consolidation

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

These interim condensed consolidated financial statements of the Group include financial information of the Parent and all its subsidiaries. The subsidiaries are consolidated on a full consolidation basis. The Group also 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, using consistent accounting policies.

As at 30 June 2023 and 31 December 2022, the Group's ownership interests in its subsidiaries were equal to the voting interests held by the Group in these entities.

The table below provides a list of the subsidiaries and associates of the Group as at 30 June 2023 and 31 December 2022. In the period between 31 December 2022 and 30 June 2023, there were no changes in the composition of the Group. The table below provides a list of the subsidiaries and associates of the Group.

All amounts in PLN thousand, unless otherwise stated

Company	Registered office	Principal business	Ownership interest 30 June 2023 (unaudited)	Ownership interest 31 December 2022
Direct and indirect subsidiaries				
Robota International TOV	Ukraine	advertising services	67%	67%
eRecruitment Solutions sp. z o.o.	Poland	IT services	100%	100%
eRecruitment Solutions Ukraine TOV	Ukraine	activities related to databases	100%	100%
HumanWay sp. z o.o. w likwidacji	Poland	IT services	100%	100%
BinarJobs sp. z o.o.	Poland	advertising services	100%	100%
Snowless Global Ltd	Cyprus	licensing activities	67%	67%
Spoonbill Holding GmbH	Germany	activities of holding companies excluding financial holdings	100%	100%
Spoonbill GmbH	Germany	activities of holding companies excluding financial holdings	100%	100%
softgarden e-recruiting GmbH	Germany	IT services	100%	100%
absence.io GmbH	Germany	IT services	100%	100%
Associates				
Epicode sp. z o.o.	Poland	IT services	35%	35%
Resolutio sp. z o.o.	Poland	HR management consulting services	34%	34%
Video Recruiting Solutions s.r.o., v likvidaci	Czech Republic	IT services	30%	30%
Work Ukraine TOV	Ukraine	advertising services	33%	33%
WorkIP Ltd	Cyprus	licensing activities	33%	33%
Coders Lab sp. z o.o.	Poland	training services	22%	22%
Fitqbe sp. o.o.	Poland	IT services	34%[1)]	35%

[1)] Under an agreement of 21 June 2023, the preliminary share sale agreement was terminated with respect to Pracuj Ventures sp. z o.o. ASI sp.k.'s commitment to sell and Grupa Pracuj S.A.'s commitment to purchase 4 shares in the share capital of Fitqbe sp. z o.o. Consequently, the Company now owns a total of 112 shares, which represent 34% of the share capital of Fitqbe sp. z o.o.

1.4 Basis of preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as endorsed by the European Union ('IAS 34'). These interim condensed consolidated financial statements do not include all the information and disclosures required to be included in full-year financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022, which were authorised for issue on 3 April 2023.

The accounting policies applied to prepare these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's full-year consolidated financial statements for the year ended 31 December 2022.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investments in equity instruments measured at fair value through profit or loss, derivatives and a liability arising from the put option.

The Management Board of the Parent represents that, to the best of its knowledge, these interim condensed consolidated financial statements have been prepared in accordance with the applicable accounting principles and give a true, fair and clear view of the Group's assets and financial position.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern for a period of at least 12 months from 30 June 2023. As at the date of preparation of these interim condensed consolidated financial statements, the Management Board of the Parent did not identify any events or conditions that could cast significant doubt on the Group's ability to continue as a going concern. The impact of the armed conflict in Ukraine on the Group's business is analysed and described in Note 7.7.

The scope of these interim condensed consolidated financial statements is compliant with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (consolidated text: Dz.U. of 2019, item 757), covering the reporting period of six months from 1 January to 30 June 2023 and the comparative period from 1 January to 30 June 2022 for, respectively, the interim condensed statement of comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows, as well as the statement of financial position as at 30 June 2023 and 31 December 2022.

The data presented on a YTD basis for the six months ended 30 June 2023 and data for the comparative period ended 30 June 2022 have been reviewed by an independent auditor. The data for the three months ended 30 June 2023 was calculated as the difference between the YTD data for the period ended 30 June 2023 and the data presented in the interim condensed consolidated financial statements of the Grupa Pracuj S.A. Group for the three months ended 31 March 2023, published on 25 May 2023. The data for the three months ended 31 March 2023 have not been reviewed or audited.

1.5 Significant judgements and assumptions

The preparation of financial statements in accordance with IFRS requires the reporting entity to make significant accounting judgements and assumptions. Such judgements and assumptions 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 judgements and assumptions relating to the future. The resulting accounting estimates will rarely match actual results, as they are subject to uncertainties and assumptions. Judgements 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 relevant notes to these interim condensed consolidated financial statements.

All amounts in PLN thousand, unless otherwise stated

In the six months ended 30 June 2023, there were no material changes in the method in which accounting estimates are made.

Judgements 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 relevant notes to the Group's consolidated financial statements for the year ended 31 December 2022, authorised for issue on 3 April 2023.

Line items in the financial statements to which significant estimates and judgments pertain	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
Taxes payables/receivables	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 benefit obligations	6.9
Share-based payments	6.10

1.6 Effect of new standards and interpretations

New standards, amendments to standards and interpretations that have been endorsed by the European Union and are effective for annual periods beginning on 1 January 2023:

Standard	Description of amendments	Effective date
IFRS 17 *Insurance Contracts*	The standard, dedicated to insurance contracts, has replaced IFRS 4 *Insurance Contracts*. It applies to all types of insurance contracts, certain guarantees and financial instruments with discretionary participation features.	1 January 2023
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	The standard has introduced a new definition of 'accounting estimates' and includes other amendments to help distinguish changes in accounting estimates from changes in accounting policies and corrections of errors. It also describes how entities use measurement techniques and inputs to develop accounting estimates.	1 January 2023
IAS 1 *Presentation of Financial Statements*	The amendments have enhanced the usefulness of accounting policy disclosures by replacing the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information.	1 January 2023
IAS 12 *Income Taxes*	The amendments have narrowed the scope of the recognition exemption provided for in the standard so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	1 January 2023

The Group decided to apply the new standards and amendments to the existing standards as of their respective effective dates, i.e. it did not elect to early apply the amendments. However, the amendments do not have a material effect on the interim condensed consolidated financial statements.

1.7 Functional currency and foreign currency transactions

Functional currency and presentation currency

Financial statements of individual Group companies are prepared in the currency of the primary economic environment in which the company operates, i.e. in its functional currency.

The Polish złoty (PLN) is the functional currency of the Parent and of some of the Group companies (except for the foreign operations listed below) as well as the presentation currency of these interim condensed consolidated financial statements.

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

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

All amounts in PLN thousand, unless otherwise stated

The following exchange rates were applied to translate foreign operations into PLN and to translate transactions and balances denominated in foreign currencies:

	Exchange rate at the reporting date		
	30 June 2023	31 December 2022	30 June 2022
EUR	4.4503	4.6899	4.6806
USD	4.1066	4.4018	4.4825
UAH	0.1117	0.1258	0.1467

	Average rate in the period	
	6 months ended 30 June 2023	6 months ended 30 June 2022
EUR	4.6130	4.6427
USD	4.2711	4.2744
UAH	0.1197	0.1449

1.8 Corrections for errors and changes in accounting policies

The Group did not make any correction of errors or changes in accounting policies during the reporting period.

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

2.1 Operating segments

In accordance with IFRS 8 *Operating Segments* ('IFRS 8'), an operating segment is a distinguishable part of the Group's business activities for which separate financial information is available and whose operating results are regularly reviewed by the Management Board of the Parent as the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The Group has identified the following operating segments:

- Segment Poland – this segment comprises entities that earn revenues in the Polish market. It includes the following companies: 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 comprises entities that earn revenues in the Ukrainian market. It includes the following companies: Robota International TOV, eRecruitment Solutions Ukraine TOV and Snowless Global Ltd (an entity registered in Cyprus, providing licensing services for Robota International TOV). The companies operating on the Ukrainian market offer, similarly to the companies operating in Poland, end-to-end recruitment projects.
- Segment Germany – the segment comprises entities that earn revenues mainly in the German market. It includes the following companies: Spoonbill Holding GmbH, Spoonbill GmbH, softgarden e-recruiting GmbH and absence.io GmbH. The companies operating in the German market offer a wide range of services related to recruitment processes, as well as support services for time and absence management, and recruitment advertising on online portals mainly in the DACH region.

The Group has chosen to disclose selected data on profit or loss in individual reporting periods by operating segments. The Group has elected not to disclose the allocation of assets and liabilities to operating segments using the exemption permitted under IFRS 8, as the Management Board of Grupa Pracuj S.A. (i.e. the chief operating decision maker within the meaning of IFRS 8) does not analyse the segment data in terms of allocation of the assets and liabilities.

All amounts in PLN thousand, unless otherwise stated

Selected data on income and expenses analysed by the Management Board of the Parent for both operating segments are presented in the tables below.

6 months ended 30 June 2023 (unaudited)	Segment Poland	Segment Ukraine	Segment Germany	Intersegment eliminations	Total
Revenue from external customers	257,183	19,899	92,636	-	369,718
Other income	843	9	485	-	1,337
Intersegment revenue	26	17	-	(43)	-
Total segment revenue	**258,052**	**19,925**	**93,121**	**(43)**	**371,055**
Depreciation and amortisation	(5,856)	(993)	(10,409)	-	(17,258)
Operating expenses other than depreciation and amortisation	(108,282)	(13,527)	(80,334)	43	(202,100)
Operating profit	**143,914**	**5,405**	**2,378**	**-**	**151,697**

6 months ended 30 June 2022 (unaudited)	Segment Poland	Segment Ukraine	Intersegment eliminations	Total
Revenue from external customers	266,160	14,131	-	280,291
Other income	578	139	-	717
Intersegment revenue	25	67	(92)	-
Total 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**

3 months ended 30 June 2023 (unaudited)	Segment Poland	Segment Ukraine	Segment Germany	Intersegment eliminations	Total
Revenue from external customers	127,607	10,222	46,519	-	184,348
Other income	302	4	204	-	509
Intersegment revenue	15	9	-	(24)	-
Total segment revenue	**127,924**	**10,235**	**46,723**	**(24)**	**184,857**
Depreciation and amortisation	(2,945)	(466)	(5,156)	-	(8,567)
Operating expenses other than depreciation and amortisation	(51,686)	(6,674)	(39,477)	24	(97,813)
Operating profit	**73,293**	**3,094**	**2,090**	**-**	**78,477**

3 months ended 30 June 2022 (unaudited)	Segment Poland	Segment Ukraine	Intersegment eliminations	Total
Revenue from external customers	134,597	3,598	-	138,195
Other income	284	45	-	329
Intersegment revenue	13	15	(28)	-
Total 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**

2.2 Revenue from contracts with customers

Key types of products and services

The table below shows revenue from contracts with customers, broken down according to the timing of satisfaction of performance obligations and by country.

The key categories of services offered by the Group are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2022.

All amounts in PLN thousand, unless otherwise stated

Revenue from contracts with customers by the timing of satisfaction of performance obligations

Revenue from contracts with customers segmented by the timing of revenue recognition	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Over time	224,312	183,725	114,678	90,267
At a point in time	145,406	96,566	69,670	47,928
Total	**369,718**	**280,291**	**184,348**	**138,195**

Revenue from contracts with customers by region

Revenue from contracts with customers segmented by geography	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Poland	250,328	257,867	124,848	130,706
Ukraine	19,926	14,158	10,249	3,624
DACH region	96,204	5,865	47,592	3,001
Other countries	3,260	2,401	1,659	864
Total	**369,718**	**280,291**	**184,348**	**138,195**

Contract liabilities

Contract liabilities represent the amount of transaction price attributable to an unsatisfied performance obligation at the reporting date, the most significant item being the sale of recruitment projects.

Contract liabilities	30 June 2023 (unaudited)	31 December 2022
Current	237,141	208,420
Total	**237,141**	**208,420**

The Group anticipates that the amounts reported as contract liabilities will be recognised as revenue within 12 months after payment, as the contracts with customers are typically signed for a maximum of one year.

The Group uses the practical expedient permitted by IFRS 15 whereby it is not required 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 income and expenses

Other income

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Gain on disposal of non-current non-financial assets	101	79	31	72
Income from lease modifications	-	8	-	-
Income from sublease of office space	503	16	269	8
Other income	733	614	209	249
Total	**1,337**	**717**	**509**	**329**

All amounts in PLN thousand, unless otherwise stated

Other expenses

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Donations	985	2,003	966	270
Other expenses	685	146	233	119
Total	**1,670**	**2,149**	**1,199**	**389**

2.4 Finance income and finance costs

Finance income

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Interest income	3,789	3,117	2,013	2,090
Remeasurement of financial instrument at fair value and settlement of deferred gain on first-day measurement of options	227	-	-	-
Other	3	-	3	-
Total	**4,019**	**3,117**	**2,016**	**2,090**

Finance costs

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Interest expense on bank borrowings	14,826	636	7,103	636
Interest expense on lease contracts	312	379	154	189
Impairment of equity-accounted investees	-	4,061	-	3,999
Remeasurement of investments measured at fair value through profit or loss	1,138	168	(43)	446
Remeasurement of dividends receivable	1,001	-	106	-
Measurement of derivative financial instruments	4,423	-	1,797	-
Exchange differences	409	958	853	490
Other	238	58	100	55
Total	**22,347**	**6,259**	**10,070**	**5,815**

As at 30 June 2023, the Group measured at fair value the investment in Pracuj Ventures spółka z ograniczoną odpowiedzialnością ASI sp.k. ('Pracuj Ventures'), recognising an amount of PLN 1,138 thousand under finance costs (Note 5.2).

In connection with the ongoing armed conflict in Ukraine, the rapidly changing financial flow conditions and the scope of applicable sanctions, the Management Board decided to recognise an impairment loss in the period of six months ended 30 June 2023 for a part of the dividend receivable from Work Ukraine TOV of PLN 1,001 thousand (see Note 5.2 and Note 7.7).

In the six months ended 30 June 2023, finance costs from measurement of derivative financial instruments (instruments not designated for hedge accounting) were related to the hedge of a variable interest rate on a credit facility (Note 4.3).

All amounts in PLN thousand, unless otherwise stated

3. NOTES ON TAXATION

3.1 Income tax

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Current tax	33,373	37,442	14,969	16,250
Reduction of income tax for 2022	(1,507)	-	(1,507)	-
Deferred tax	(3,687)	(6,874)	781	(1,070)
Change in net deferred tax liabilities arising from capital gains	(2,269)	-	(1,666)	-
Total tax expense in the statement of comprehensive income	**25,910**	**30,568**	**12,577**	**15,180**

The effective tax rate in the period of six months ended 30 June 2023 was 19.09%, relative to 23.02% in the comparative period.

Reconciliation of effective tax rate

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Profit before tax	135,739	132,779	71,888	62,356
Income tax at 19%	**25,790**	**25,228**	**13,659**	**11,848**
Effect of tax rates applicable in foreign operations	(890)	68	(267)	65
Tax effect of costs adjusting profit/(loss) before tax (permanent difference)	1,333	2,062	(305)	117
Permanently non-deductible expenses for share-based payment arrangement	774	1,944	389	1,771
Share of profit of equity-accounted investees	(450)	27	(278)	242
Current year tax losses for which no deferred tax asset is recognised	2,830	423	2,813	321
Prior period tax losses for which no deferred tax asset has been recognised in current year	(2,596)	-	(2,596)	-
Expenses incurred in 2022, classified as tax-deductible	(1,506)	-	(1,506)	-
Revaluation of equity-accounted investees	190	741	190	741
Remeasurement of financial instrument	(43)	-	-	-
Revaluation of financial assets	-	62	-	62
Other permanent differences	478	-	478	-
Total tax expense in the statement of comprehensive income	**25,910**	**30,568**	**12,577**	**15,180**

Tax rates

	Tax rates
Poland	19%
Ukraine	18%
Cyprus	13%
Germany	30%-33%

All amounts in PLN thousand, unless otherwise stated

Deferred income tax

The table below presents the deferred tax assets and liabilities that have been recognised for temporary differences arising from individual items of assets and liabilities.

	30 June 2023 (unaudited)	31 December 2022 (restated)
Deferred tax assets arising from other sources		
Contract liabilities	33,168	29,561
Other liabilities	46	802
Other non-financial assets	1,384	1,288
Trade receivables	(304)	484
Right-of-use assets and lease liabilities	688	881
Employee benefit obligations	2,909	2,868
Trade payables	948	-
Tax losses carried forward	25,097	28,216
Difference between carrying amount and tax value of liabilities arising from bank borrowing	105	-
Measurement of derivative financial instruments	1,539	690
Other deductible temporary differences	874	354
Total deferred tax assets arising from other sources	**66,454**	**65,144**

	30 June 2023 (unaudited)	31 December 2022 (restated)
Deferred tax liabilities arising from other sources		
Temporary differences between the carrying amounts of property, plant, and equipment and intangible assets recognised in the accounts and their tax base	22,663	25,647
Capitalised costs of obtaining contracts	3,967	3,328
Taxable temporary differences	14	47
Total deferred tax liabilities arising from other sources	**26,644**	**29,021**
Deferred tax liabilities from capital gains		
Deferred tax liabilities arising from revaluation of investments measured at fair value	19,140	18,813
Tax losses carried forward, to be used against capital gains	(3,205)	(609)
Total net deferred tax liabilities arising from capital gains	**15,935**	**18,204**

Net deferred tax assets arising from other sources	**39,810**	**36,123**
Net deferred tax liabilities arising from capital gains	**15,935**	**18,204**

4. NOTES TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS. DEBT OF THE GROUP

4.1 Capital management policy and net debt

The Group's capital management policy aims to support the continuous operations of the Group and increase value for shareholders and other stakeholders. It also seeks to maintain an optimal capital structure that balances the cost of capital with appropriate levels of credit ratings. The Group may modify the level of dividends paid to shareholders, conduct share buybacks, issue new shares, or sell assets as appropriate to maintain or adjust the capital structure and reduce the level of net debt.

The Group's capital management policy considers various factors, including:

- the Group's performance in relation to investment and development plans,
- the repayment schedule for financial debt,

All amounts in PLN thousand, unless otherwise stated

- credit rating and capital ratios,
- and value creation for shareholders.

As at 31 December 2022 and 30 June 2023, the Group had financial liabilities arising from the credit facility agreement (Note 4.3).

The Group uses the debt ratio as a metric to monitor its capital position, which is computed by dividing net debt by total equity. Net debt is determined by subtracting cash and cash equivalents from interest-bearing loans, option liabilities, derivative liabilities, and lease liabilities. Equity comprises equity attributable to owners of the Parent.

The following table presents the development of the net debt to equity ratio at the end of each reporting period covered by these interim condensed consolidated financial statements.

	30 June 2023 (unaudited)	31 December 2022 (restated)
Bank borrowings	334,555	366,660
Lease liabilities	16,931	19,704
Other financial liabilities	19,046	13,309
Less: cash and cash equivalents	(219,402)	(109,538)
Net debt	**151,130**	**290,135**
Equity	292,926	310,956
Leverage (net debt to equity)	**0.52**	**0.93**

4.2 Equity

Share capital

As at 30 June 2023, the share capital consisted of 68,265,026 shares with a par value of PLN 5.00 each. All shares outstanding as at 30 June 2023 had a total par value of PLN 341,325,130.00 and were fully paid for.

Changes in equity in the six months ended 30 June 2023

As per Resolution No. 6 of the Annual General Meeting held on 15 June 2023, the net profit earned by the Company in the year ended 31 December 2022, of PLN 164,766,117.07, was approved for distribution in the following manner:

- the amount of PLN 62,368,578.07 was allocated to the Company's reserve fund,
- the amount of PLN 102,397,539.00 was allocated to dividend.

The dividend record date was set for 30 June 2023, and all of the Company shares in existence on that date carried the right to the dividend. The dividend payment date was set for 14 July 2023. As at 30 June 2023 there were no restrictions on dividend payments.

Changes in equity in 2022

On 23 May 2022, the Management Board of the Parent adopted a resolution to increase the Company's share capital within the limits of authorised capital by issuing 160,776 Series D ordinary bearer shares ('Series D Shares'). Under the resolution, the Management Board decided to increase the share capital from PLN 340,521,250.00 to PLN 341,325,130.00, i.e. by PLN 803,880.00.

On 8 July 2022, the District Court for the City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered amendments to Article 5.1 of the Company's Articles of Association adopted pursuant to the resolution of the Management Board dated 23 May 2022. The Company's share capital was increased under the framework of authorised capital, and the Company's authorised capital remaining to be issued as at 30 June 2023 amounted to PLN 5,155,235.

All amounts in PLN thousand, unless otherwise stated

On 12 August 2022, 160,776 Series D Shares were registered with the Central Securities Depository of Poland.

All of the newly issued Series D Shares were offered privately by the Management Board to employees and associates of the Company and its subsidiaries as part of the incentive schemes established by Resolutions No. 4 and No. 5 of the Extraordinary General Meeting on 29 October 2021, which outlined the rules for Incentive Schemes No. 2 and No. 3 designed for key personnel employed by the Group. The eligible employees and associates acquired Series D Shares at an issue price of PLN 5.00 per share. The Series D shares were subject to a temporary lock-up until 9 September 2022.

As per Resolution No. 8 of the General Meeting held on 22 June 2022, the net profit earned by the Company in the year ended 31 December 2021, of PLN 266,261,411.34, was approved for distribution in the following manner:

- the amount of PLN 129,731,359.34 was allocated to the Company's reserve fund,
- the amount of PLN 136,530,052.00 was allocated to dividend.

The dividend payment of PLN 136,530,052.00 was made in September 2022.

4.3 Debt liabilities

Debt liabilities

	30 June 2023 (unaudited)	31 December 2022
Bank borrowings	**334,555**	**366,660**
- long-term	270,936	303,168
- short-term	63,619	63,492
Lease liabilities	**16,931**	**19,704**
- long-term	6,124	8,762
- short-term	10,807	10,942
Total	**351,486**	**386,364**

Upon initial recognition, bank borrowings are recognised at fair value, less costs associated with obtaining the borrowings. After initial recognition, interest-bearing bank borrowings are measured at amortised cost using the effective interest rate method. Amortised cost includes the cost of obtaining the borrowing and any discounts or premiums received in connection with the borrowing.

Bank borrowings – terms, payment schedules

Facility	Currency	Nominal value	Credit limit	Interest rate	Maturity
Term credit facility from BNP 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	3M WIBOR + margin 1.2-1.9%; *for periods shorter than 3M the linear interpolation rate	14 June 2027

On 14 June 2022, the Company entered, as the borrower, into a credit facility agreement with BNP Paribas Bank Polska S.A., Santander Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. (the ‘Banks’) as the lenders (the ‘Credit Facility Agreement’). Under the Credit Facility Agreement, the Banks provided the Company with a term loan of up to PLN 400,000 thousand to finance general corporate purposes, including planned future investments and further development of the

All amounts in PLN thousand, unless otherwise stated

Company. The facility repayment date is 14 June 2027. The facility bears interest at a variable rate plus the Banks' margin.

Debt covenants

The credit agreements entered into with the Banks impose standard legal and financial obligations (covenants) on the Parent, as is typical in transactions of this kind. Some of the key covenants in the Credit Facility Agreement include the following financial ratios calculated for the Group: Debt Coverage Ratio (equal to or greater than 1.20), Interest Coverage Ratio (equal to or greater than 2.0), Leverage Ratio (less than 3.50).

As at 30 June 2023, the Group was in compliance with all the ratios.

Execution of interest rate risk hedging transactions

Grupa Pracuj S.A. entered into framework agreements with banks on 11 July 2022 to govern the execution and settlement of forward financial transactions, as provided for in Article 85.2 of the Bankruptcy Law. These agreements aim to mitigate the risk of negative impact of variable interest rates on finance costs related to debt. Under the agreements, the Company hedged the variable interest rate on the 3M WIBOR credit facility with an interest rate swap (IRS) that guarantees a fixed interest rate of 6.94% for a period of three years, i.e., until 30 September 2025. The carrying amount of the liability under derivative financial instruments used for hedging interest rate risk and not covered by hedge accounting was PLN 8,100 thousand as at 30 June 2023.

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)
Measurement of derivative financial instruments		
IRS – Interest Rate Swap	(4,470)	-
Settlement of derivative financial instruments		
IRS – Interest Rate Swap	47	-
Total	**(4,423)**	**-**

Collateral for repayment of the credit facility

In order to provide additional security for the repayment of the Company's liabilities under the Credit Facility Agreement of 14 June 2022, on the same day the Parent entered into agreements with the Banks for the establishment of registered pledges on trademarks and an Internet domain name, as well as an agreement for the establishment of registered pledges and financial pledges on Grupa Pracuj S.A.'s bank accounts.

As at 30 June 2023, the following assets were pledged as collateral:

- registered pledge on a set of Grupa Pracuj S.A.’s assets up to PLN 852,450 thousand,
- registered pledge on the word and graphic trademark ‘pracuj.pl’ up to PLN 852,450 thousand,
- registered pledge on the word trademark mark ‘pracuj.pl’ up to PLN 852,450 thousand,
- registered pledge on the Internet domain name ‘pracuj.pl’ up to PLN 852,450 thousand,
- registered pledges and financial pledges on bank accounts up to PLN 852,450 thousand each,
- the Company's statement of voluntary submission to enforcement pursuant to Article 777 of the Code of Civil Procedure.

During the six months ended 30 June 2023 and until the issue date of these interim condensed consolidated financial statements, there were no events of default in repayment of principal or interest by the Group or any other breaches of the terms of credit facility agreements.

All amounts in PLN thousand, unless otherwise stated

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

	Bank borrowings	Lease liabilities	Total
1 January 2023	**366,660**	**19,704**	**386,364**
Changes in cash flows from financing activities			
Payment of bank borrowings	(32,000)	-	(32,000)
Payment of interest on bank borrowings	(14,929)	-	(14,929)
Payment of lease liabilities	-	(5,670)	(5,670)
Payment of lease interest	-	(312)	(312)
Net cash flows from financing activities	**(46,929)**	**(5,982)**	**(52,911)**
Other changes			
New lease contracts	-	642	642
Lease modifications	-	3,313	3,313
Accrued interest	14,824	312	15,136
Effect of changes in foreign exchange rates	-	(1,058)	(1,058)
Total other changes	**14,824**	**3,209**	**18,033**
30 June 2023 (unaudited)	**334,555**	**16,931**	**351,486**

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

For information on the Group's exposure to interest rate risk, currency risk, and liquidity risk see Note 5.4. For information on fair value see Note 5.1.

4.4 Cash and cash equivalents

Cash and cash equivalents

	30 June 2023 (unaudited)	31 December 2022
Cash in current accounts	95,322	33,127
Bank deposits	123,764	75,918
Cash in transit	316	493
Total	**219,402**	**109,538**

All amounts in PLN thousand, unless otherwise stated

The Group holds restricted cash at banks in Ukraine, whose limited availability results from restrictions imposed by the National Bank of Ukraine. An additional moratorium on cross-border foreign exchange payments was imposed on 24 February 2022. The total value of cash held in Ukrainian bank accounts as at 30 June 2023 was PLN 13,115 thousand. While the Group's cash holdings at Ukrainian banks are subject to restrictions imposed by the National Bank of Ukraine, the subsidiary Robota International TOV has the capacity to meet its financial obligations and manage its cash balances, as its liabilities are largely limited to the domestic market.

5. FINANCIAL INSTRUMENTS AND MANAGEMENT FINANCIAL RISK

5.1 Financial instruments and fair value

Due to the short-term nature of trade receivables, cash and short-term bank deposits, cash security deposits, bonds, trade payables, and other financial liabilities, the Group assesses that their carrying amounts at the end of each reporting period covered by these interim condensed consolidated financial statements are a reliable approximation of their fair value.

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

In the six months ended 30 June 2023 or in the year ended 31 December 2022, there were no transfers between Level 1 and Level 2 of the fair value hierarchy, and no instruments were transferred from or to Level 3 of the fair value hierarchy.

In the reporting period, there were no changes in the measurement processes or techniques or in the types of inputs used to measure the fair value.

	30 June 2023 (unaudited)	31 December 2022	Fair value hierarchy
Financial assets measured at fair value through profit or loss			
Unlisted shares	125,369	126,507	Level 3
Total	**125,369**	**126,507**	
Financial assets measured at amortised cost			
Trade receivables	66,697	73,121	
Cash and cash equivalents	219,402	109,538	
Cash security deposits	4,593	4,463	
Dividends receivable	2,687	-	
Total	**293,379**	**187,122**	
Other financial liabilities			
Bank borrowings	334,555	366,660	Level 2
Lease liabilities	16,931	19,704	
Trade payables	41,411	32,809	
Liabilities arising from put option	10,946	9,365	Level 3
Derivatives recognised in financial liabilities	8,100	3,630	Level 3
Other financial liabilities	-	314	Level 3
Total	**411,943**	**432,482**	

All amounts in PLN thousand, unless otherwise stated

5.2 Trade receivables and other financial assets

Trade receivables

	30 June 2023 (unaudited)	31 December 2022
Trade receivables		
- to related entities	7	19
- to other entities	66,690	73,102
Total	**66,697**	**73,121**

Other financial assets

	30 June 2023 (unaudited)	31 December 2022
Non-current	**131,607**	**130,622**
Unlisted shares	125,369	126,507
Cash security deposits	3,551	4,115
Dividends receivable	2,687	-
Current	**1,042**	**348**
Cash security deposits	1,042	348
Total	**132,649**	**130,970**

On 9 January 2023, shareholders of Work Ukraine TOV passed a resolution to distribute profits earned in previous years. The dividend of PLN 4,371 thousand reduced the value of equity-accounted investees in the six months ended 30 June 2023.Given the restrictions on dividend payments outside of Ukraine in connection with the ongoing armed conflict, the Management Board expects the dividend to be received by 31 December 2024. On that basis, in the six months ended 30 June 2023 the Management Board decided to recognise an impairment loss for a portion of the dividend receivable of PLN 1,001 thousand. The dividend payment period is not expected earlier than 31 December 2024 (see Note 7.4)

Changes in the carrying amount of unlisted shares in each of the reporting periods presented in these interim condensed consolidated financial statements

	6 months ended 30 June 2023 (unaudited)	Year ended 31 December 2022
Unlisted shares measured at fair value through profit and loss at beginning of period	**126,507**	**122,172**
Purchase of unlisted shares measured at fair value	-	6,084
Changes in fair value measurement recognised in net finance income/(costs)	(1,138)	(1,749)
Unlisted shares measured at fair value through profit and loss at end of period	**125,369**	**126,507**
including shares in:		
Beamery Inc.	107,730	107,730
Pracuj Ventures sp. z o.o. ASI sp.k.	17,639	18,777

The Group measures unlisted shares at fair value classified as Level 3 of the fair value hierarchy. The Group uses its own estimates for this valuation, based on the assumption that there is a lack of reasonably available information indicating that market participants would make different assumptions in their valuations.

Pursuant to Resolution No. 2 passed by the General Meeting of Pracuj Ventures on 16 February 2022, Grupa Pracuj S.A. provided an additional cash contribution of PLN 6,084 thousand to Pracuj Ventures as part of a capital increase. The payment was made on 21 February 2022.

The Management Board undertakes regular analysis of the factors that could potentially affect the fair value measurement of the shares. In the opinion of the Company's Management Board, as at the reporting date of 31 December 2022 the fair value of unlisted shares was lower by PLN 1,749 thousand, not including the above-described cash contribution of PLN 6,084 thousand. In the opinion of the Company's Management Board, as at 30 June 2023 the fair value of unlisted shares was lower by PLN 1,138 thousand from the amount disclosed as at 31 December 2022.

All amounts in PLN thousand, unless otherwise stated

Measurement of unlisted shares

The Group determines the fair value of the shares in Beamery Inc. by reference to the valuations of the shares issued by the entity in subsequent funding rounds. As a result of the funding round in June 2021, the fair value of shares in Beamery Inc. was revalued by the Company by PLN 86,222 thousand. On 13 December 2022, Beamery Inc. completed another funding round (Series D) without external investors, in which the Company did not participate. There was no change to the valuation of the asset as at the reporting date, which remains the same as that presented in the consolidated financial statements for the year ended 31 December 2022.

Assessment of the Group's involvement in Pracuj Ventures sp. z o.o. ASI sp.k.

As at 30 June 2023, the Company continued to classify its contribution of 71.96% to Pracuj Ventures as an investment, despite its majority interest in the entity. The Group’s involvement in Pracuj Ventures, detailed in Note 5.2 to its consolidated financial statements for the year ended 31 December 2022, did not change as at the date of these interim condensed consolidated financial statements.

5.3 Trade payables and other financial liabilities

Trade payables

	30 June 2023 (unaudited)	31 December 2022
Trade payables		
- to related entities	75	536
- to other entities	41,336	32,273
Total	**41,411**	**32,809**

Other financial liabilities

	30 June 2023 (unaudited)	31 December 2022
Non-current liabilities		
Non-current liabilities arising from put option	10,946	9,138
Current liabilities		
Current liability arising from acquisition of shares in associate	-	314
Liability arising from put option on shares in associate	-	227
Derivative liabilities	8,100	3,630
Total	**19,046**	**13,309**

Liabilities arising from put option

The non-current liabilities arising from a put option are related to the estimated value of potential future payments to non-controlling shareholders of Robota International TOV. The liability was recognised in the amount of PLN 10,946 thousand, with an offsetting entry in equity (other reserves). For detailed information, see Note 5.3 to the consolidated financial statements for the year ended 31 December 2022.

Liability arising from acquisition of shares in associate

On 28 May 2021, an agreement was signed regarding investment in Fitqbe, under which on 2 August 2021, the Company acquired 44 shares, with a par value of PLN 50.00 per share. In accordance with the provisions of the agreement, the Company had a call option on further shares. On 7 October 2021, the Company entered into a preliminary share purchase agreement with Pracuj Ventures sp. z o.o. ASI sp.k. ('Pracuj Ventures') to purchase an additional 33 shares in the share capital of Fitqbe. As a result, the Company recognised a liability of PLN 2,590 thousand. The liability is presented under other financial liabilities, with the offsetting entry being an investment measured using the equity method. On 22 December 2021, the Company accepted offers to sell shares and acquired an additional 39 shares in Fitqbe. The shares were paid in full on 11 January 2022. On 13 December 2022, the Company signed the final agreement for the sale of 29 shares, which were sold for a total price of PLN 2,276 thousand. This sale was effected in fulfilment of the preliminary share sale agreement of 7 October 2021. After completing the acquisition of an additional 33 shares, the Company now owns a total of 116 shares, which represent 35% of the share capital of Fitqbe.

Under an agreement of 21 June 2023, the preliminary share sale agreement was terminated with respect to Pracuj Ventures' commitment to sell and Grupa Pracuj's commitment to purchase 4 shares in the share capital of Fitqbe. Consequently, as at 30 June 2023 the Company owned a total of 112 shares, which represented 34% of the share capital of Fitqbe.

Derivative liabilities

The carrying amount of derivative financial instruments used for hedging interest rate risk and not covered by hedge accounting was PLN 8,100 thousand as at 30 June 2023 (see Note 4.3).

5.4 Financial risk management

5.4.1 Principles of financial risk management

The Group is exposed to various financial instrument risks, including:

- 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 minimise the negative impact of the identified financial risks on the Group's financial results.

5.4.2 Credit risk

Credit risk is the potential risk of a credit event occurring in the future, which can take the form of counterparty insolvency, partial repayment of receivables, significant payment delays, unexpected deviations from contractual terms, or the risk of not recovering cash placed with banks. This risk primarily relates to trade receivables, cash and cash equivalents, and other financial assets, under which the Group recognises, in particular, cash security deposits.

All amounts in PLN thousand, unless otherwise stated

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

	30 June 2023 (unaudited)	31 December 2022
Trade receivables	66,697	73,121
Other financial assets	7,679	4,463
Cash and cash equivalents	219,402	109,538
Total	**293,778**	**187,122**

Credit risk related to cash

The Group periodically places free cash in short-term deposits with banks to earn finance income from interest.

The credit risk associated with cash at banks and bank deposits is considered to be low since the Group conducts transactions with banks that have high ratings and a stable market position. The Company has estimated that the expected credit loss is minimal, and therefore it has not recognised any allowance for such loss.

The maximum exposure to this risk is equal to the carrying amount of cash and cash equivalents as presented in the financial statements.

Credit risk related to trade receivables

The table below presents information on the gross carrying amount and allowance for expected credit losses for trade receivables measured at amortised cost.

	Weighted-average loss rate	Gross carrying amount	Allowance for expected credit loss	Net carrying amount
30 June 2023 (unaudited)	3.46%	69,086	2,389	66,697
31 December 2022	3.49%	75,769	2,648	73,121

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

	6 months ended 30 June 2023 (unaudited)	Year ended 31 December 2022
Opening balance	**2,648**	**1,781**
Net change in allowance for expected credit loss	(243)	914
Net change arising from acquisition	-	413
Amounts written off	-	(449)
Exchange differences on translating foreign operations	(16)	(11)
Closing balance	**2,389**	**2,648**

5.4.3 Liquidity risk

The Group faces liquidity risk, which refers to its ability to meet its financial obligations in a timely manner. The Group monitors and manages its liquidity risk by regularly assessing payment dates and cash requirement for both short-term obligations and long-term cash needs. The Group compares its cash requirement with the available sources of funds and assesses its free funds to manage liquidity risk. In addition, the Group has a policy of diversifying its funding sources.

In managing liquidity risk, the Group's approach is to ensure financing needed for its companies to meet their obligations, prioritising the most advantageous financing options available. The following measures are applied to reduce liquidity risk:

- ongoing monitoring of the liquidity position of Group companies,

All amounts in PLN thousand, unless otherwise stated

- monitoring and optimising the level of working capital,
- ongoing monitoring of the Group's compliance with the terms of credit facility agreements and timely payment of principal and interest.

The following tables show the maturity of the Group's financial liabilities. The table below presents the maturity profile of the Group's financial liabilities, including undiscounted cash flows with interest based on contractual terms.

30 June 2023 (unaudited)	Carrying amount	Expected cash flows from financial liabilities				
		up to 1 year	1-3 years	3-5 years	over 5 years	Total
Bank borrowings	334,555	89,203	163,130	153,684	-	406,017
Lease liabilities	16,931	10,929	6,402	105	-	17,436
Trade payables	41,411	41,411	-	-	-	41,411
Liabilities arising from put option	10,946	-	13,821	-	-	13,821
Derivatives recognised in financial liabilities	8,100	8,100	-	-	-	8,100
Dividend liabilities	102,398	102,398				102,398
Total	**514,341**	**252,041**	**183,353**	**153,789**	**-**	**589,183**

31 December 2022	Carrying amount	Expected cash flows from financial liabilities				
		up to 1 year	1-3 years	3-5 years	over 5 years	Total
Bank borrowings	366,660	92,748	169,734	192,968	-	455,450
Lease liabilities	19,704	10,867	9,579	361	-	20,807
Trade payables	32,809	32,809	-	-	-	32,809
Financial liabilities	17,480	8,342	12,604	-	-	20,946
Total	**436,653**	**144,766**	**191,916**	**193,329**	**-**	**530,012**

The table below presents working capital, which is the difference between current assets and current liabilities, at the end of the reporting periods covered in these interim condensed consolidated financial statements. Changes in working capital in the periods presented were mainly attributable to changes in cash and dividend liabilities. Contract liabilities are a significant component of current liabilities, representing the Group's obligation to provide services to customers for which it has already received payment (or payment is pending) from the customer.

	30 June 2023 (unaudited)	31 December 2022
Current assets	344,576	218,058
Current liabilities	(517,685)	(366,140)
Working capital	**(173,109)**	**(148,082)**

5.4.4 Currency risk

The Group's exposure to transactional currency risk arises when there is a mismatch between the currencies used for sales, purchases, receivables, and payables and the respective functional currencies of its subsidiaries.

The Group's financial statements are reported in the Polish złoty, but its foreign subsidiaries operate in different functional currencies. The Group is exposed to currency risk arising from transactions denominated in currencies other than the functional currency of the respective Group company. The Group regularly assesses currency risk by analysing transactions conducted in currencies other than the functional currency of each respective entity, and monitors the impact of exchange rate fluctuations on these transactions.

All amounts in PLN thousand, unless otherwise stated

5.4.5 Interest rate risk

The Group faces the risk of cash flow volatility due to fluctuations in interest rates, which can affect assets and liabilities that are subject to variable interest rates, such as credit facilities and leases, resulting in changes in interest income and expenses. The Group aims to minimise the impact of interest rate fluctuations on items that bear variable-rate interest through its interest rate risk management strategy.

The profile of the Group's exposure to interest rate risk is provided in the table below, which breaks down interest-bearing financial assets and liabilities according to whether they have fixed or variable interest rates.

	30 June 2023 (unaudited)	31 December 2022
Interest-bearing financial instruments		
- fixed-rate instruments	**(25,031)**	**(23,875)**
Lease liabilities	(16,931)	(19,704)
Derivatives recognised in financial liabilities	(8,100)	(3,630)
Other financial liabilities	-	(541)
- variable-rate instruments	**(110,902)**	**(252,995)**
Bank borrowings	(334,555)	(366,660)
Cash security deposits	4,251	4,127
Cash and cash equivalents	219,402	109,538
Net exposure to interest rate risk (in relation to variable-rate instruments)	**(110,902)**	**(252,995)**

An increase in interest rates may lead to higher service costs of external financing, resulting in a decrease in the financial result and potentially reducing the financial effectiveness of investments made by the Group. Seeking to minimise interest rate risk, the Group hedged the variable interest rate on the 3M WIBOR credit facility with an interest rate swap (IRS) that guarantees a fixed interest rate of 6.94% for a period of three years, i.e., until 30 September 2025.

The table below illustrates how changes in interest rates impact the Company's profit or loss with respect to variable-rate instruments.

	Net exposure to interest rate risk	Effect on profit or loss	
		1bp increase in interest rate	1bp decrease in interest rate
30 June 2023 (unaudited)	(110,902)	(898)	898
31 December 2022	(252,995)	(2,049)	2,049

Credit risk related to derivative instruments

The counterparties with which the Group enters into derivative transactions to hedge interest rate risk operate in the financial sector. These are banks with investment-grade ratings. The Company diversifies the banks with which it enters into derivative transactions.

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

6.1 Intangible assets

The Group distinguishes the following categories of intangible assets: acquired property rights, other intangible assets, and internally produced software. All categories mostly relate to software used in the

Group's core operations. Expenditures incurred for internally produced software represent the costs of development incurred before the software is used to generate revenue from contracts with customers.

In the reporting period, the Group did not conclude any individually significant transactions involving acquisition or sale of intangible assets.

Based on the assessments performed, the Group did not identify any objective indications of impairment of intangible assets as at the end of the reporting periods presented in these interim condensed consolidated financial statements.

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 improvements in leased office space. The Group also has its own fleet of vehicles used for business purposes.

In the reporting period, he Group did not conclude any individually significant transactions involving acquisition or sale of property, plant and equipment.

Based on the assessments performed, the Group did not identify any objective indications of impairment of property, plant and equipment as at the end of the reporting periods presented in these interim condensed consolidated financial statements.

6.3 Right-of-use assets

The Group acts as a lessee in contracts involving the use of office space leased for business purposes and car lease contracts.

In the reporting period, the Group signed several new car lease contracts.

Based on the assessments performed, the Company did not identify any objective indications of impairment of right-of-use assets as of the end of the reporting periods presented in these interim condensed consolidated financial statements.

6.4 Goodwill

Purchase of shares in Spoonbill Holding GmbH

On 14 June 2022, Grupa Pracuj S.A., as the buyer, entered into a share purchase agreement with Eden Investment S.à r.l. (a company controlled by Investcorp, an alternative investment company) and Stefan Schüffler Beteiligungs UG (haftungsbeschränkt), as the sellers, to acquire 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. From the date of acquisition to 30 June 2022, there were no material transactions at Spoonbill Holding GmbH or its subsidiaries.

The sale price was partly financed through a term loan of PLN 399,999,999.00, while the remaining amount of PLN 152,488,196.69 was financed with the Company's own funds.

The acquisition of Spoonbill Holding GmbH, which includes the indirectly acquired shares in Spoonbill GmbH, softgarden e-recruiting GmbH, and absence.io GmbH, marks a significant milestone for the Grupa Pracuj S.A. Group in executing its international expansion strategy. The acquisition is expected to enhance the Grupa Pracuj S.A. Group's position as a leading player in HR Tech within Central and Eastern Europe and the DACH region (Germany, Austria, Switzerland).

Softgarden e-recruiting GmbH (‘softgarden’) is the owner of a leading Talent Acquisition System (TAS), which supports and automates the management of recruitment processes, offered through a subscription model (‘SaaS’). Softgarden's offerings also include multiposting features, allowing job offers to be posted simultaneously on several job portals in a specific country. The company operates mainly in the German market, while also building presence in several European markets.

Absence.io GmbH (‘absence.io’) offers, through a SaaS model, dedicated HR Tech software for the SME sector to support efficient and transparent time and absence management. Absence.io operates mainly in the German market, but also has customers in other countries.

As a result of this transaction, the Grupa Pracuj Group acquired the know-how and experience of one of the leading HR Tech companies. Access to a broad customer base can provide the basis for further growth in these markets by building the Group's ecosystem of HR Tech solutions.

As at 30 June 2023, the purchase price allocation was completed. On accounting for the acquisition, certain intangible assets were recognised, including brands, software, customer databases including customer orders, and the related deferred tax liabilities. The following are the fair values of the acquired assets and liabilities as at the acquisition date:

	Provisional amounts as at the acquisition date, EUR thousand	Provisional amounts as at the acquisition date, PLN thousand	Accounting for the acquisition (EUR ‘000)	Accounting for the acquisition (PLN ‘000)
Acquired assets				
Intangible assets	3,503	16,396	19,146	89,615
Property, plant and equipment	495	2,317	495	2,317
Right-of-use assets	975	4,562	975	4,564
Inventory	2,454	11,488	2,454	11,486
Trade receivables	4,146	19,404	4,146	19,406
Cash and cash equivalents	8,213	38,441	8,213	38,442
Other assets	5,210	24,387	5,210	24,386
Deferred tax assets	4,904	22,952	4,904	22,954
Total assets	**29,899**	**139,947**	**45,542**	**213,164**
Acquired liabilities				
Employee benefit obligations	5,882	27,532	5,882	27,531
Trade payables	6,272	29,358	6,272	29,357
Contract liabilities	10,235	47,908	10,235	47,906
Lease liabilities	982	4,598	982	4,596
Other liabilities and provisions	2,452	11,476	2,452	11,477
Deferred tax liabilities	-	-	4,720	22,094
Total liabilities	**25,824**	**120,872**	**30,544**	**142,966**
Net assets	**4,075**	**19,075**	**14,998**	**70,198**
Acquired percentage of share capital	**100%**	**100%**	**100%**	**100%**
Purchase price	**117,603**	**552,488**	**117,603**	**552,488**
Goodwill recognised as at 30 June 2022 (unaudited)	**113,527**	**531,376**	**102,605**	**480,254**

The accounting for the acquisition resulted in retrospective restatements of comparative data which affected assets: increasing intangible assets by PLN 66,974 thousand, lowering goodwill by PLN 51,223 thousand and reducing deferred tax asset by PLN 20,209 thousand, as well as equity: increasing translation reserve by PLN 2 thousand and decreasing retained earnings by PLN 4,460 thousand.

All amounts in PLN thousand, unless otherwise stated

6.5 Equity-accounted investees

A summary of associates, along with the Group's shares in the equity of these companies in all the periods covered by these interim condensed consolidated financial statements, is presented in Note 1.3.

The table below presents the carrying amount of equity-accounted investments in associates:

	30 June 2023 (unaudited)	31 December 2022
Carrying amount of equity-accounted associates		
WorkIP Ltd and Work Ukraine TOV	13,492	15,313
Fitqbe sp. z o.o.	11,440	11,960
Other associates	160	134
Total	**25,092**	**27,407**

WorkIP Ltd and Work Ukraine TOV are assessed jointly for the presence of impairment indicators due to the significant operational relationships between the two companies. The Company believes that it cannot consider the cash flows generated by these companies as largely independent of each other. WorkIP Ltd owns trademarks and domain names, and its main revenue source is license fees paid by Work Ukraine TOV for the use of these rights. In contrast, Work Ukraine TOV generates operating revenue by using licenses from WorkIP Ltd. Impairment indicators, which result mainly from the armed conflict in Ukraine, are described in Note 7.7.

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

	6 months ended 30 June 2023 (unaudited)	Year ended 31 December 2022
Equity-accounted investees at beginning of period	**27,407**	**32,484**
Share of profit/(loss) of equity-accounted investees	2,370	(848)
Dividends	(4,371)	-
Disposal of shares	(314)	-
Impairment loss	-	(4,230)
Equity-accounted investees at end of period	**25,092**	**27,407**

In 2022, the Company recognised an impairment loss of PLN 330 thousand on financial assets classified as equity-accounted financial assets due to the non-attainment of business objectives that were assumed at the time of the Company's investment in these entities (Segment Poland). In addition, the Company recognised an impairment loss of PLN 3,900 thousand in the same period, as described in Note 7.7, for reasons specific to Segment Ukraine. The Company applied discount rates between 30-40% to the current and previous estimates of value in use. On 9 January 2023, shareholders of Work Ukraine TOV passed a resolution to distribute profits earned in previous years. The dividend of PLN 4,371 thousand reduced the value of equity-accounted investees in the three months ended 31 March 2023.

In the six months ended 30 June 2023, the Company did not identify any impairment indicators for equity-accounted financial assets.

No reversals of impairment losses were recorded on equity-accounted investees as at the end of the periods covered by these interim condensed consolidated financial statements.

All amounts in PLN thousand, unless otherwise stated

6.6 Inventory

	30 June 2023 (unaudited)	31 December 2022
Inventory		
Advertisements	14,678	3,912
Total	**14,678**	**3,912**

The Group includes in its inventory the value of advertisements purchased for resale from websites that mainly operate in the DACH region. As at 30 June 2023, inventory rose significantly following the purchase of advertisements, in the amount specified in the budget, to be gradually resold in the following months of 2023.

During the six months to 30 June 2023 and the year ended 31 December 2022, the Group did not recognise any inventory write-downs.

6.7 Other non-financial assets

	30 June 2023 (unaudited)	31 December 2022
Non-current	**892**	**944**
Other	892	944
Current	**42,757**	**31,139**
Prepaid services		
Internet domain names	21	155
Prepaid marketing expenses	1,659	1,081
Prepaid hardware and software maintenance services	5,156	3,393
Prepaid other services	2,861	1,259
Advertisements purchased on the basis of orders	15,757	11,650
Other	621	252
Other assets		
Prepayments for intangible assets and property, plant and equipment	361	259
Taxes and public charges receivable	2,210	1,903
Incremental costs of obtaining a contract	13,190	11,067
Other	922	120
Total	**43,649**	**32,083**

6.8 Other non-financial liabilities

	30 June 2023 (unaudited)	31 December 2022
Tax liabilities (other than CIT) and social security liabilities	14,111	13,180
Other non-financial liabilities	1,674	3,585
Total	**15,785**	**16,765**

All amounts in PLN thousand, unless otherwise stated

6.9 Employee benefit obligations

	30 June 2023 (unaudited)	31 December 2022
Non-current	**1,847**	**1,847**
Provisions	**1,847**	**1,847**
Death gratuities	946	946
Retirement benefits	785	785
Disability benefits	116	116
Current	**26,215**	**23,618**
Provisions	**57**	**57**
Death gratuities	28	28
Retirement benefits	14	14
Disability benefits	15	15
Other obligations to employees	**26,158**	**23,561**
Accrued holiday entitlements	8,853	6,098
Sales-related bonuses and commission fees payable to employees	15,837	17,009
Other	1,468	455
Total	**28,062**	**25,465**

6.10 Incentive schemes and free transfer of part of the Company shares

Incentive Scheme 1

On 29 October 2021, the Extraordinary General Meeting of the Parent adopted a resolution establishing incentive scheme No. 1 ('Incentive Scheme 1') for members of the Management Board, the Supervisory Board and key employees (persons employed under an employment contract or contract of mandate, regardless of the applicable law governing the contract). Incentive Scheme 1 is founded on shares issued under the authorisation granted to the Management Board to increase the share capital within the authorised share capital pursuant to Resolution No. 5 of the Extraordinary General Meeting of 22 October 2021 ('Bonus Shares 1'). To implement Incentive Scheme 1, the Management Board is authorised to issue not more than 1,021,563 Bonus Shares 1, representing not more than 1.5% of the share capital, and to disapply shareholders' pre-emptive rights with respect to the shares, subject to approval from the Supervisory Board. Incentive Scheme 1 aims to align the interests of key employees with the long-term success of the Company and retain talents who play a significant role in shaping and executing the Company's strategy. The Incentive Scheme 1 will be implemented in 2022-2024. A participant's entitlement to receive Bonus Shares 1 will be conditionally vested at the end of each calendar year during the term of the Incentive Scheme 1 and will be subject to the fulfilment of the following conditions as determined by the Management Board:

- delivery of a specific financial result in a given performance period (proportion 80%),
- delivery of a specific business objective in a given performance period (20%).

Each participant will pay the issue price per Bonus Share 1 determined as:

- a PLN-equivalent of 33% of the final price per share in the retail tranche of the initial public offering, rounded down to the nearest grosz (PLN 1/100), or
- the par value per share, that is PLN 5.00.

As at 31 December 2022, the Group's employees were invited to participate in, and joined, the portion of Incentive Scheme 1 that is linked to the 2022 results. The vesting period runs from 1 June 2022 to 31 March 2025. The total cost of the scheme, which was taken to the Company's equity in 2022, amounted to PLN 4,795 thousand. Additionally, an amount of PLN 4,075 thousand was recognised in employee benefits expense in the three months ended 31 March 2023.

The scheme has an estimated maximum total cost of PLN 23,278 thousand, which may be recognised in the Company's equity during the scheme's term.

The following table shows the key assumptions used for the scheme valuation and terms of the scheme.

Fair value measurement of the scheme at the grant date, i.e. 1 June 2022	
Fair value of a single option at the grant date (PLN)	32.48 (tranche 1) 19.22 (tranches 2 and 3)
Number of priced options	1,021,563
Total fair value of the scheme (PLN thousand)	23,278
Key inputs used in the fair value measurement	
Option exercise price (PLN)	24.42 or 5.00
Expected option exercise date	31 March 2025
Expected dividend yield	4.52%
Model used	Black-Scholes-Merton

Incentive Schemes 2 and 3

On 29 October 2021, the Extraordinary General Meeting of the Company passed resolutions establishing the rules for Incentive Schemes 2 and 3 (separately ‘Incentive Scheme 2’ and ‘Incentive Scheme 3’, and collectively ‘Incentive Schemes 2 and 3’).

Two main objectives behind Incentive Schemes 2 and 3 are to support the delivery of the Company long-term business goals and to retain talents who play a key role in shaping and executing the Company's strategy. Incentive Schemes 2 and 3 were founded on shares issued under the authorisation granted to the Management Board to increase the share capital within the authorised share capital pursuant to Resolution No. 5 of the Extraordinary General Meeting of 22 October 2021, and to disapply shareholders’ pre-emptive rights with respect to the issued shares, subject to approval from the Supervisory Board. Incentive Scheme 2 was intended for employees (persons employed under an employment contract or contract of mandate (regardless of the applicable law governing the contract)) of the Group, members of the Management Board and the Supervisory Board of the Company. Incentive Scheme 3 was intended for the Group's associates (independent contractors who provide services to the Group under a separate service contract (regardless of the applicable law governing the contract)). To implement Incentive Schemes 2 and 3, the Management Board was authorised to issue a maximum of 163,113 bonus shares 2 (‘Bonus Shares 2’) and 7,147 bonus shares 3 (‘Bonus Shares 3’), representing a total of no more than 0.25% of the Company's share capital.

The number of shares received by each participant in Incentive Schemes 2 and 3 was determined at the discretion of the Management Board based on two factors:

- total length of service or cooperation with the Group, and
- the amount of remuneration of a participant in Incentive Schemes 2 and 3, which reflects their contribution to the development of the Company.

The vesting period under these schemes ended in the first half of 2022. The Management Board offered a total of 160,776 shares, which were admitted to trading on the regulated market of the Stock Exchange on 9 August 2022.

Bonus Shares 2 and Bonus Shares 3 were subject to a lock-up until 9 September 2022. Incentive Schemes 2 and 3 were implemented in 2021-2022. On 17 December 2021, each scheme participant was notified of their allocation of Bonus Shares 2 and Bonus Shares 3, along with the specific number of shares they would receive. The price of each granted equity instrument was calculated by subtracting the par value per share from the share price on the Warsaw Stock Exchange as at 17 December 2021.

Each scheme participant took up shares at par. As at 31 December 2021, employee benefit expenses amounting to PLN 1,254 thousand were recognised for the period from the date of share allocation to 31 December 2021. The total value of the schemes, of PLN 10,658 thousand, was recognised in the Company's equity. The total cost of the schemes, expensed as employee benefit expense in 2022, was PLN 9,404 thousand, of which PLN 8,341 thousand was recognised in the six months ended 30 June 2022.

On 22 October 2021, the Company's Extraordinary General Meeting authorised the Management Board to issue up to 1,191,823 new bearer shares with a par value of PLN 5.00 per share, and a total par value not more than PLN 5,959,115.00. Within the limits of the authorised capital, the Management Board is authorised to increase the Company's share capital once or multiple times for the purposes of Incentive Schemes 2 and 3 and Incentive Scheme 1. The authorisation will expire three years after the registration of the relevant amendment to the Company's Articles of Association by the competent registry court, i.e., the amendment made in accordance with Resolution No. 5/2021 of the General Meeting held on 22 October 2021. As the allotment of Bonus 1 Shares is scheduled no earlier than 31 March 2025, the Annual General Meeting passed a resolution to extend the Management Board's authorisation to increase the authorised share capital. The Management Board is also authorised to disapply the pre-emptive rights to shares issued within the authorised capital, either wholly or in part, subject to approval from the Supervisory Board. This extension enables the share capital increase and the issuance of Bonus 1 Shares in 2025.

Free transfer of part of the Company shares

In January 2023, the following shareholders of the Company: Przemysław Gacek, Maciej Noga, Gracjan Fiedorowicz, Rafał Nachyna, Oksana Świerczyńska, and Paweł Leks transferred a total of 341,325 shares in the Company to a group of 18 members of senior management from the Company and selected Group companies. The transfer aimed to acknowledge each individual's contribution to the Company and Group's development while providing motivational incentives. The shares were existing ordinary bearer shares held by each of the named shareholders, issued by the Company and listed on the regulated market operated by the Warsaw Stock Exchange.
The fair value of the transferred shares was determined based on the market share price of PLN 40.90 per share. The total value of the transferred shares was PLN 13,960,192.50 and was recognised as employee benefit expense in 2022.

Fair value measurement of Company shares transferred free of charge as at the grant date, i.e. 5 January 2023	
Fair value of the shares as at the date of grant (donation) (PLN)	40.90
Number of priced options	341,325
Total fair value of the transferred shares (PLN thousand)	13,960

All amounts in PLN thousand, unless otherwise stated

7. OTHER NOTES

7.1 Earnings per share

Earnings per share are calculated by dividing the net profit for the financial year attributable to the owners of the Parent by the weighted average number of ordinary shares in the reporting period.

The calculation of basic earnings per share for the periods covered by these interim condensed consolidated financial statements took into account the dilution caused by equity instruments. These instruments resulted from the acquisition of rights under the share-based payment arrangement outlined in Note 6.10.

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Net profit attributable to owners of the Parent	**107,845**	**104,506**	**58,357**	**49,360**
CONTINUING OPERATIONS	107,845	104,506	58,357	49,360
Net profit attributable to owners of the Parent	**107,845**	**104,506**	**58,357**	**49,360**
Weighted average number of ordinary shares – for the purpose of calculation of basic earnings per share	68,265,026	68,104,250	68,265,026	68,104,250
Effect of dilution (share-based payment arrangement)	930,677	430,744	930,677	430,744
Weighted average number of ordinary shares – for the purpose of calculation of diluted earnings per share	69,195,703	68,534,994	69,195,703	68,534,994
Basic earnings per share (PLN) – continuing operations	***1.58***	***1.53***	***0.85***	***0.72***
Diluted earnings per share (PLN) – continuing operations	***1.56***	***1.52***	***0.84***	***0.72***

7.2 Related-party transactions

During the period covered by these interim condensed consolidated financial statements, there were no transactions between the Group and its related parties on other than arm's length terms.

Members of the Parent's Management Board, Supervisory Board and close members of their families, or other related parties, did not engage in transactions with Group companies that had a significant impact on net profit for the reporting period or the Group's financial position.

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 as members of the key management personnel.

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Short-term employee benefits	1,594	1,526	808	760
Share-based payments	634	192	319	145
Total	**2,228**	**1,718**	**1,127**	**905**

Short-term employee benefits refer to the cost of salaries and bonuses, including additional payroll costs, for members of the Management Board and the Supervisory Board.

All amounts in PLN thousand, unless otherwise stated

Non-monetary benefits received by members of the Group's key management personnel mainly consist of medical care packages, company cars, and company phones for private use. However, the value of these benefits is not significant.

7.4 Employee benefits expense

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2023 (unaudited)	3 months ended 30 June 2022 (unaudited)
Salaries and wages	81,759	56,555	35,572	28,328
Bonuses	17,470	7,772	12,229	4,255
Share-based payments	4,075	10,231	2,049	2,171
Social security contributions	16,078	10,335	7,792	5,246
Other employee benefits	4,089	2,019	3,063	754
Total	**123,471**	**86,912**	**60,705**	**40,754**

7.5 Other information relevant to the assessment of assets, financial condition and results

Other than the information disclosed in these interim condensed consolidated financial statements, the Group is not aware of any information which, in its opinion, could be relevant to the assessment of its assets, financial condition and results.

7.6 Contingent liabilities

Guarantee provider	Currency	30 June 2023 (unaudited)	31 December 2022
PKO Bank Polski S.A.	EUR	430	498
Total	**EUR**	**430**	**498**

The Group recognises bank guarantees issued on behalf of the Parent as contingent liabilities. These guarantees provide security for lease payments under office leases in which the Group is the lessee.

7.7 Impact of the armed conflict in Ukraine on the Company's business

On 24 February 2022, martial law was declared in Ukraine due to the invasion of Russian troops into Ukraine and the onset of an armed conflict that has created new and unpredictable circumstances for the Ukrainian economy. The Company did not earn significant revenue from contracts with customers in Ukraine, Russia and Belarus, but it holds shares in entities conducting business operations in Ukraine ('Ukrainian Companies').

The armed conflict in Ukraine could potentially have a long-term adverse impact on the operational and financial performance of entities operating in the region. The most significant risk could stem from the prolonged economic downturn in Ukraine, potentially resulting in continued decline in revenues, challenges in receivables collection at Ukrainian Companies, and the potential loss of value for the Company's assets involved in Ukraine. To date, no assets used to generate cash flows in Ukrainian Companies have been destroyed, and there are currently no restrictions on access to these assets, including those available through banking systems. However, due to regulatory restrictions, Ukrainian Companies are unable to make dividend payments outside of Ukraine. In addition, Ukrainian Companies have sufficient cash resources to continue operations in the coming months. The risk of losing the use of Internet domain names that Ukrainian Companies use for their operations under license agreements is either low or non-existent. These domain names are registered by entities domiciled in Cyprus in which the Company holds shares.

All amounts in PLN thousand, unless otherwise stated

In the first half of 2022, due to the possibility of further escalation of the armed conflict, the constantly changing financial flow conditions, and the scope of applicable sanctions, the Management Board elected to recognise an impairment charge of PLN 3,900 thousand for the value of equity-accounted investees (WorkIP Ltd and Work Ukraine TOV).

On 9 January 2023, shareholders of Work Ukraine TOV passed a resolution to distribute profits earned in previous years. The dividend of PLN 4,371 thousand reduced the value of equity-accounted investees in the six months ended 30 June 2023. In connection with the ongoing armed conflict in Ukraine, the Management Board decided to recognise an impairment loss in the six months ended 30 June 2023 for a part of the dividend receivable of PLN 1,011 thousand, charged to finance costs.

The Management Board of the Parent continually monitors the military and economic situation in Ukraine and analyses its impact on the operations of Ukrainian Companies. Although the difficult and unstable situation has caused a significant decrease in revenue from customer contracts for these companies since 24 February 2022, they have managed to maintain business continuity.

The table below summarises Robota's assets recognised in the consolidated statement of financial position as at 30 June 2023, which are at risk of impairment, and the corresponding assets of the Group as reported in the interim condensed consolidated statement of financial position as at 30 June 2023.

	Robota's assets as at 30 June 2023	Group's assets as at 30 June 2023
Intangible assets	8	92,101
Property, plant and equipment	1,280	11,988
Right-of-use assets	2,517	13,709
Deferred tax assets	3,050	39,810
Trade receivables	3,972	66,697
Other non-financial assets	1,789	43,649
Cash and cash equivalents	13,108	219,402

The Group's assets include equity-accounted investees (WorkIP Ltd and Work Ukraine TOV) which have operations in Ukraine, measured at PLN 13,492 thousand as at 30 June 2023.

The following table summarises the Group's liabilities related to its operations in Ukraine and the corresponding liabilities of the Group as reported in the interim condensed consolidated statement of financial position as at 30 June 2023.

	Group's liabilities related to operations in Ukraine as at 30 June 2023	Group's liabilities as at 30 June 2023
Non-current lease liabilities	2,279	6,124
Current lease liabilities	1,391	10,807
Employee benefit obligations	1,870	28,062
Trade payables	422	41,411
Other non-financial liabilities	489	15,785
Contract liabilities	18,748	237,141

In addition, the Group has a put option liability to non-controlling shareholders in Robota. The carrying amount of the liability as at 30 June 2023 was PLN 10,946 thousand.

The Group has no direct significant transactions with customers or suppliers from Russia and Belarus.

The Management Board of the Company would like to emphasise that the effects of the ongoing armed conflict in Ukraine and its potential impact on the financial performance of the Ukrainian subsidiaries in future periods remain uncertain. Consequently, the Management Board is closely monitoring developments and potential indicators that could signify the loss of ability of the Ukrainian subsidiaries to continue as going concerns, and will take appropriate actions as necessary.

7.8 Events after the reporting date

Payment of dividend

On 14 July 2023, dividend of PLN 102,397,539.00 was paid.

Authorisation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements for the six months ended 30 June 2023 were authorised for issue by the Management Board of Grupa Pracuj S.A. on 30 August 2023.

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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


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