



grupa pracuj

# Grupa Pracuj S.A. Group

Management Board's Report on the activities  
of Grupa Pracuj S.A. and Grupa Pracuj S.A. Group  
for the 6-month period ended on June 30, 2023



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## SELECTED FINANCIAL DATA

### Grupa Pracuj S.A. Group

Selected consolidated financial data for the six months ended 30 June 2023 and 2022<sup>1</sup>

#### Financial results

	PLN thousand		EUR thousand	
	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)
<b>Revenue from contracts with customers</b>	<b>369,718</b>	<b>280,291</b>	<b>80,147</b>	<b>60,372</b>
Operating profit	151,697	136,062	32,885	29,307
Profit before tax	135,739	132,779	29,425	28,600
<b>Net profit attributable to:</b>	<b>109,829</b>	<b>102,211</b>	<b>23,809</b>	<b>22,015</b>
Owners of the Parent	107,845	104,506	23,378	22,510
Non-controlling interests	1,984	(2,295)	430	(494)
<b>Total comprehensive income attributable to:</b>	<b>82,103</b>	<b>100,445</b>	<b>17,798</b>	<b>21,635</b>
Owners of the Parent	80,119	102,740	17,368	22,129
Non-controlling interests	1,984	(2,295)	430	(494)

#### Cash flows

	PLN thousand		EUR thousand	
	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)
Net cash flows from operating activities	173,507	145,585	37,613	31,358
Net cash flows from investing activities	(10,730)	(521,416)	(2,326)	(112,309)
Net cash flows from financing activities	(52,863)	392,692	(11,460)	84,583
<b>Total net cash flows</b>	<b>109,915</b>	<b>16,861</b>	<b>23,827</b>	<b>3,632</b>

#### Financial position

	PLN thousand		EUR thousand	
	30 June 2023 (unaudited)	31 December 2022 (restated)	30 June 2023 (unaudited)	31 December 2022 (restated)
Non-current assets	771,823	800,157	173,432	170,613
Current assets	344,576	218,058	77,428	46,495
<b>Total assets</b>	<b>1,116,399</b>	<b>1,018,215</b>	<b>250,859</b>	<b>217,108</b>
Equity attributable to owners of the Parent	292,874	310,923	65,810	66,296
Non-controlling interests	52	33	12	7
Non-current liabilities	305,788	341,119	68,712	72,735
Current liabilities	517,685	366,140	116,326	78,070
<b>Total equity and liabilities</b>	<b>1,116,399</b>	<b>1,018,215</b>	<b>250,859</b>	<b>217,108</b>

<sup>1</sup>The selected financial data was translated into the euro in accordance with the principles described in Note 1.7 to the interim condensed consolidated financial statements for the six months ended 30 June 2023.

## Grupa Pracuj S.A.

Selected separate financial data for the six months ended 30 June 2023 and 2022<sup>2</sup>

### Financial results

	PLN thousand		EUR thousand	
	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)
<b>Revenue from contracts with customers</b>	<b>238,828</b>	<b>251,233</b>	<b>51,773</b>	<b>54,114</b>
Operating profit	137,089	138,201	29,718	29,767
Profit before tax	119,964	128,385	26,006	27,653
<b>Net profit</b>	<b>97,268</b>	<b>101,130</b>	<b>21,086</b>	<b>21,783</b>
<b>Total comprehensive income</b>	<b>97,268</b>	<b>101,130</b>	<b>21,086</b>	<b>21,783</b>

### Cash flows

	PLN thousand		EUR thousand	
	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)
Net cash flows from operating activities	146,803	150,493	31,824	32,415
Net cash flows from investing activities	(6,395)	(558,533)	(1,386)	(120,303)
Net cash flows from financing activities	(50,637)	394,234	(10,977)	84,915
<b>Total net cash flows</b>	<b>89,771</b>	<b>(13,806)</b>	<b>19,460</b>	<b>(2,974)</b>

### Financial position

	PLN thousand		EUR thousand	
	30 June 2023 (unaudited)	31 December 2022 (restated)	30 June 2023 (unaudited)	31 December 2022 (restated)
Non-current assets	802,767	796,061	180,385	169,739
Current assets	193,990	112,314	43,590	23,948
<b>Total assets</b>	<b>996,757</b>	<b>908,375</b>	<b>223,975</b>	<b>193,687</b>
Total equity	323,151	324,205	72,613	69,128
Non-current liabilities	292,192	329,603	65,657	70,279
Current liabilities	381,414	254,567	85,705	54,280
<b>Total equity and liabilities</b>	<b>996,757</b>	<b>908,375</b>	<b>223,975</b>	<b>193,687</b>

<sup>2</sup>The selected financial data was translated into the euro in accordance with the principles described in Note 1.7 to the interim condensed consolidated financial statements for the six months ended 30 June 2023.

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

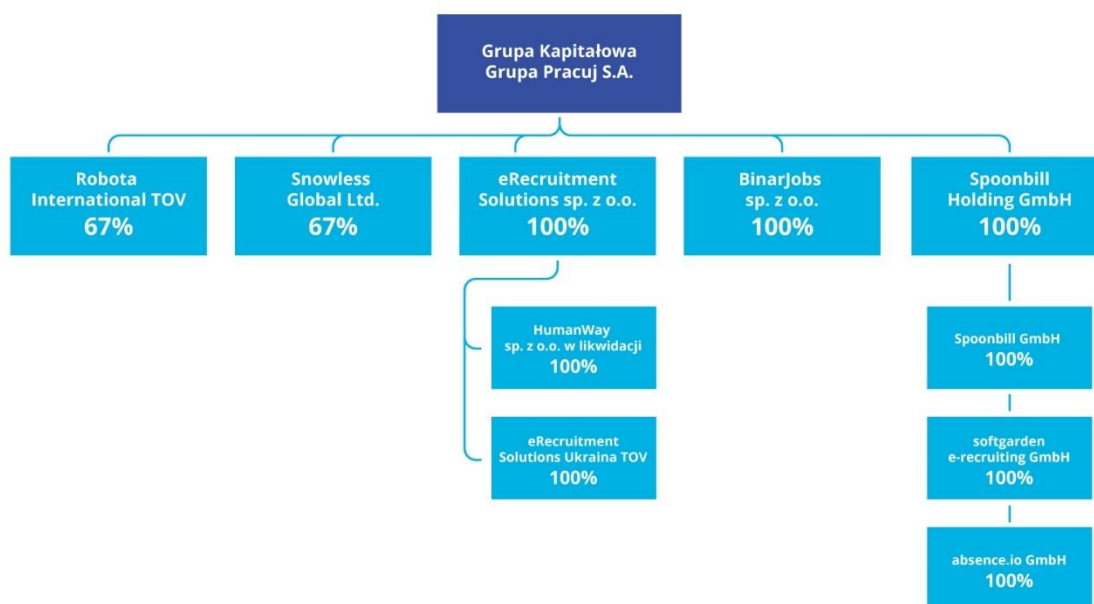
## BASIC INFORMATION ABOUT THE GROUP

### Structure of the Group

Grupa Pracuj S.A. (the 'Company') has direct or indirect control over all companies in the Grupa Pracuj S.A. Group (the 'Group').

As at 30 June 2023 the Group consisted of: (i) the Company, (ii) wholly-owned direct subsidiaries of the Company: eRecruitment Solutions sp. z o.o., BinarJobs sp. z o.o., and Spoonbill Holding GmbH, (iii) wholly-owned indirect subsidiaries of the Company: eRecruitment Solutions Ukraine TOV and HumanWay sp. z o.o. w likwidacji (in liquidation) (through eRecruitment Solutions sp. z o.o.) and Spoonbill GmbH, softgarden e-recruiting GmbH and absence.io GmbH (through Spoonbill Holding GmbH), and (iv) 67%-owned subsidiaries of the Company: Robota International TOV and Snowless Global Ltd. The Company is the Parent of the Group.

Company	Registered office	Principal business	Ownership interest	
			30 June 2023	31 December 2022
<b>Parent:</b>				
Grupa Pracuj S.A.	Poland	web portals		
<b>Direct and indirect subsidiaries:</b>				
eRecruitment Solutions sp. z o.o.	Poland	IT services	100%	100%
HumanWay sp. z o.o. w likwidacji	Poland	IT services	100%	100%
BinarJobs sp. z o.o.	Poland	web portals	100%	100%
Robota International TOV	Ukraine	web portals	67%	67%
Snowless Global Ltd	Cyprus	licensing activities	67%	67%
eRecruitment Solutions Ukraina TOV	Ukraine	activities related to databases	100%	100%
Spoonbill Holding GmbH	Germany	activities of holding companies excluding financial holdings	100%	-
Spoonbill GmbH	Germany	activities of holding companies excluding financial holdings	100%	-
softgarden e-recruiting GmbH	Germany	IT services	100%	-
absence.io GmbH	Germany	IT services	100%	-



### **Changes in the composition and structure of the Group after the reporting date**

After the reporting date, there were no changes in the Group's structure.

### **Operating segments of the Group**

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 in the Ukrainian market offer, similarly to the companies operating in Poland, end-to-end online recruitment products and solutions;
- Segment Germany – this 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.



## Leading European HR technology platform

Grupa Pracuj is a leading HR technology platform in the CEE region supporting organizations in the recruitment, retention and development of their staff, helping people find the best job for them to maximize their full potential, and developing world-class technology to shape the future of the HR market.

**Grupa Pracuj has been operating for over 20 years in Poland, for 15 years in Ukraine, and since June 2022 also in the DACH region (Germany, Austria & Switzerland),** employing a total of about 1,100 people. Grupa Pracuj brands form an advanced digital ecosystem for the HR sector.

Grupa Pracuj includes **Pracuj.pl**, the largest Polish job board; the Ukrainian job board **Robota.ua**; and recruitment management systems—the Polish **eRecruiter** and the German **softgarden**, operating in an SaaS (software as a service) model.

On the group's platforms, in which Poland's largest recruitment platform, Pracuj.pl, remains key, an average of over 75,000 job offerings are posted each month.

As of the end of June 2023, nearly 1,900 companies used the eRecruiter system, the most frequently used tool in Poland supporting the conduct of recruitment procedures. Another over 1,500 firms chose the services of softgarden systems, mainly in the DACH region.

The strategic objectives of Grupa Pracuj include delivering new tech solutions in the HR field, increasing product synergies between the group's leading brands, raising revenues through growth of the portfolio of products, and strengthening its position in the markets where it operates. The company is also open to growth through acquisition of complementary solutions supplementing or expanding the group's overall service portfolio.

## Grupa Pracuj in numbers in the first half of 2023

**75,600**

job offers available on average on Pracuj.pl <sup>(1)</sup>

**3.3 million**

CVs sent via Pracuj.pl every month <sup>(1)</sup>

**58,800**

active customers of Pracuj.pl (employers) <sup>(2)</sup>

**41,000**

active customers of Robota.ua (employers) <sup>(2)</sup>

**1,880+**

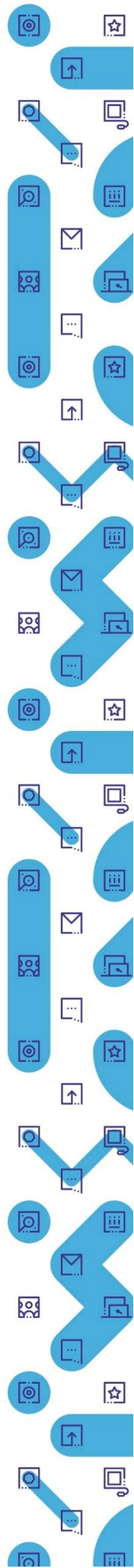
companies using the eRecruiter system <sup>(2)</sup>

**1,540+**

companies using the softgarden system <sup>(2)</sup>

<sup>(1)</sup> on average in the first half of 2023 (excluding job center announcements)

<sup>(2)</sup> as of 30 June 2023





# Key brands of Grupa Pracuj

**Pracuj.pl** is the largest Polish online job board, with a leading market share by revenue. It is the undisputed leader on the market of job offers for specialists and managers (white-collar segment) and is strengthening its position on the market of offers for physical labourers (blue-collar segment). The average number of job postings published each month on the platform is about 75,600, while over 58,800 employers use the paid services of the platform (as of the end of June 2023), including the biggest Polish and international companies.

Since 2021, Pracuj.pl has been supported by **the:protocol**, a recruitment service devoted to IT specialists.

**Robota.ua** is a leading online job board on the Ukrainian market, with a universal profile, publishing postings for both popular and specialized professions. It has been owned by Grupa Pracuj since 2006. The average number of postings accessible daily on the platform in the first half of 2023 was about 58,900, while about 41,000 companies actively used the platform, including the largest Ukrainian enterprises and major international brands.

**eRecruiter** is the leading Polish recruitment platform offered in an SaaS model. It is regularly used by over 1,880 companies from dozens of industries (as of the end of June 2023). The eRecruiter system provides a single tool for managing the entire recruitment process, including publication of postings, management of the candidate database in compliance with the GDPR, and analysis of the experience of jobseekers. eRecruiter supports process optimisation and improves process efficiency by automating activities and integrating with multiple HR tools, making it the center of an efficient and automated HR ecosystem within an organization.

**softgarden** is one of the leaders of the HR Tech industry in Germany, and also present on other European markets. It has belonged to Grupa Pracuj since 2022. softgarden provides comprehensive solutions in the area of talent acquisition systems supporting innovative recruitment, including tools for planning and managing recruitment, creation of career pages, generating employer reviews and employee recommendations. softgarden also offers

employers technologies enabling multiposting—automated publication of job offers on multiple platforms. Over 1,500 employers use softgarden's services (as of the end of June 2023).

The logo for Pracuj.pl, featuring the text "pracuj.pl" in white lowercase letters inside a dark blue rounded rectangle.The logo for Robota.ua, featuring a red circle with a white lowercase "r" inside, followed by the text "robota.ua" in black lowercase letters.The logo for eRecruiter, featuring two colored circles (one light blue, one dark blue) followed by the text "eRecruiter" in black lowercase letters.The logo for softgarden, featuring a colorful abstract graphic of three overlapping loops (yellow, blue, red) followed by the text "(softgarden)" in a black, handwritten-style font.

**Worksmile** is a modern platform which combines fringe benefits for employees with building an integrated corporate culture. It is a platform through which Grupa Pracuj is expanding its services beyond the field of recruitment.

The logo for the:protocol, featuring the text "the:protocol" in a light blue, lowercase, sans-serif font.The logo for Worksmile, featuring the text "worksmile" in a dark blue, lowercase, sans-serif font, with a yellow smiley face icon at the end.



## RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### Overview of the Group's activities

- In the six months ended 30 June 2023, the Grupa Pracuj S.A. Group earned revenue of PLN 369.7 million, representing a 31.9% increase year on year. Segment Poland recorded a slight year-on-year decline, while revenue of Segment Germany amounted to PLN 92.6 million. Results of the softgarden group have been consolidated by the Company since 1 July 2022. Revenue of Segment Ukraine also improved, amounting to PLN 19.9 million at the end of the first half of 2023, compared with PLN 14.1 million earned in the very challenging first half of 2022, when the armed conflict broke out.
- The Group's EBITDA increased by 18.7% year on year in the six months ended 30 June 2023, to PLN 169.0 million. The Company also posted an increase in consolidated operating profit, which came in at PLN 151.7 million at the end of June 2023, up from PLN 136.1 million a year earlier, representing year-on-year growth of 11.5%.
- Adjusted EBITDA margin for the reporting period was 46.8%, compared with 57.4% the year before, which is mainly due to an increase in the Group's operating expenses driven, among other factors, by the acquisition of the softgarden group (comprising Spoonbill Holding GmbH, Spoonbill GmbH, softgarden e-recruiting GmbH and absence.io GmbH – 'softgarden').
- In the six months ended 30 June 2023, the Group generated consolidated net profit of PLN 109.8 million, an increase of 7.5% on the same period last year.

### Significant events in the six months ended 30 June 2023

- The new version of Pracuj.pl, developed based on data and AI solutions, represents added value for both users and customers themselves. It relies on algorithms to support better alignment of job postings with a candidate's skills. Today, more than half of job applications in response to vacancies advertised on Pracuj.pl are submitted thanks to an AI-based recommendation system. Work is also under way to shorten the time for a job seeker to reach a matching offer. According to a report by Edison, a UX consultancy, Pracuj.pl was named among international leaders in terms of functionality and ease of the job application process. According to the authors of the study, it takes users only nine clicks from entering the main page to submitting a job application. The convenient and simple application process is among the three key pillars of the new release of Pracuj.pl. Nearly 70.0% of all job postings on the site allows the users to apply via the 'Easy Apply' feature. The second pillar involves toolkits made available to users to assist them in job searches. These include smart CV builders, aptitude tests and interview simulations. As for employers, they can use AI to create job advert content – based on job names, the ChatGPT-based tool generates the relevant requirements and job descriptions that can be edited to suit a customer's specific needs. Functionalities are also being developed for recruiters to generate questions useful when interviewing job candidates.
- With the beginning of the year, a new product offering was rolled out on Pracuj.pl. The new additions and packages offered via all sales channels will, in the long term, translate into higher average prices.
- eRecruiter has made available to its customers the PRO Career Site Builder, previously offered by softgarden, for building professional and personalised career sites to enhance their recruitment campaigns. The HR process automation and integration are also gaining in importance. A set of tools and solutions are already available to eRecruiter customers for streamlining their recruitment processes and integrating all available HR systems to save a company's time and resources.
- softgarden was working on a number of features to improve its solutions and deployed new modules, such as a video call feature for job interviewing.

## Market environment

### Economic situation and macroeconomic factors

#### Poland

According to the Ministry of Family and Social Policy, the registered unemployment rate in Poland was estimated at 5.0% at the end of June 2023.<sup>3</sup> This represents a decrease of 0.1 percentage point on May 2023 and a decrease of 0.2 percentage point compared to June 2022. At the end of June 2023, 785.0 thousand individuals were registered as unemployed, according to data from the Ministry, a decrease of 4.0% relative to June 2022.

According to EUROSTAT, the statistical office of the European Union, the unemployment rate in Poland in June 2023 was 2.7%,<sup>4</sup> against 5.9% recorded for the European Union as a whole, and 6.4% for the eurozone. Poland has consistently ranked among the leaders of the list for six months running.

According to Statistics Poland, the average monthly wages in the enterprise sector in June 2023 were PLN 7,335.20, relative to PLN 7,180.71 in May 2023 and PLN 7,005.76 in the second quarter of 2023.

Based on the latest data communicated by the National Bank of Poland, in June 2023 core inflation excluding food and energy prices stood at 11.1% year on year. The Consumer Price Index (CPI) in the period under review was 11.5% year on year, in line with data released by Statistics Poland (11.5%). Prices of goods and services remained unchanged from the previous month.

According to Statistics Poland's flash estimate, in the second quarter of 2023 the GDP figure not seasonally adjusted declined by 0.5% year on year in real terms, compared with growth of 6.1% recorded in the same period of 2022. These estimates correspond to data published by the IPAG Institute for Economic Forecasts and Analyses, according to which the GDP growth rate in the second quarter of 2023 was also -0.5%. IPAG experts predict an improvement in the following quarters, with GDP growing 0.6% for the whole of 2023 and by 3.4% in 2024.

As forecast by the Polish Economic Institute<sup>5</sup>, Poland's GDP growth rate should reach 0.7% in 2023 and 2.2% in 2024.

#### Germany

According to estimates by the Federal Statistical Office Destatis, the German economy experienced a slowdown in the second quarter of 2023, with GDP contracting by 0.6% year on year. As estimated by Ifo Institute, in 2023 as a whole Germany's GDP will fall by 0.4% year on year<sup>6</sup>.

Consumer inflation in June 2023 stood at 6.4% year on year.

#### Ukraine

In its latest announcement, the National Bank of Ukraine says inflation will slow down to 10.6% in 2023, while real GDP will expand by 2.9%. In the following years, inflation will remain on a downward trend, with the economic recovery gathering pace. This scenario is based on the assumption that potential security threats will begin to lessen significantly starting from mid-2024.

The National Bank of Ukraine forecasts a drop in the country's unemployment rate to 18.3% by the end of the year, down from around 20% in the first quarter of 2023 and 24.5% in 2022.

Meanwhile, the International Monetary Fund has raised its 2023 growth forecast for Ukrainian economy, predicting a growth rate between 1.0% and 3.0%. Previously, Ukraine's GDP in 2023 was expected to remain within the range of -3.0% to +1.0%. The assumptions that Ukrainian economy is recovering have been confirmed by the IMF's launch of a four-year fund facility (the first one in years extended to a country at war) of USD 15.6 million.

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<sup>3</sup> <https://www.gov.pl/web/rodzina/bezrobocie-w-czerwcu-na-poziomie-5-proc>

<sup>4</sup> <https://ec.europa.eu/eurostat/news/euro-indicators>

<sup>5</sup> <https://pie.net.pl/prognozy/>

<sup>6</sup> <https://www.ifo.de/en/facts/2023-06-21/ifo-economic-forecast-summer-2023-inflation-slowly-easing-economy>

## Labour market

Unemployment remains at low single-digit levels in both Poland and most countries across Europe. Even though employers demonstrate a rather cautious approach, a combination of pay pressures and a shortage of qualified workforce has led to fairly elevated staff turnover rates fuelling activity on the labour market, which remains relatively stable amid significant uncertainty. Currently, the main factors shaping the labour market include:

- Ageing populations,
- Pay pressures;
- Pay transparency;
- Policies promoting diversity and the expectation of closing gender and racial pay gaps;
- Changing forms of work and the expected shift towards a more flexible work delivery model;
- Digital transition of the labour market and the adoption of new HR Tech solutions to enhance recruitment processes, such as online recruitment.

The labour market is changing. Long correlated with the macroeconomic landscape, its behaviour now goes increasingly beyond conventional patterns. Demographic shifts such as the ageing populations, especially in Europe, are having a huge impact on the market. Low unemployment levels are expected to stay with us for longer, despite significant economic uncertainties.

Furthermore, the inclination and capacity of companies to align wage increases with inflation are diminishing. On the other hand, wage pressures, especially from skilled workers, remain high affecting staff turnover rates at companies. The percentage of companies experiencing wage pressures remains relatively high at 77.0%<sup>7</sup>.

Despite the persistence of strong pay pressures, their impact on wages is weakening. Among respondents of the National Bank of Poland's Quick Monitoring Survey, the share of enterprises planning to raise wages in the coming quarter did not change considerably from the previous quarter, remaining at 43.6% against 44.0%, still far above the average, which has hovered around 27.1% for a number of years.

On the one hand, the past year saw more companies reducing employment levels than those hiring more staff. On the other hand, though, the percentage of companies reporting vacancies in the second quarter of 2023 rose to 45.2% (versus 43.5% in the first quarter of this year), the problem affecting mainly large enterprises.

Moreover, the forecasts indicate that, following an earlier decline, the quarterly employment forecast index rose slightly from the previous survey reading (from 15.3 to 16.4 percentage points). Some 24.0% of all companies surveyed expect to increase staff levels in the next quarter, with only 8.0% planning to cut employment.

The situation is similar in the German market. Employers are still faced with very serious staff shortages, especially of qualified workers. To address the situation, in June 2023 the German government passed the Skilled Labour Immigration Act, aiming to facilitate access to the German labour market by skilled foreign workers.

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<sup>7</sup> <https://nbp.pl/publikacje/cykliczne-materialy-analityczne-nbp/szybki-monitoring/>



## Operating results for 2023

The presented operating indicators are estimates of the Company and the Group and should not be used as the sole basis for predicting their financial and operational condition or for peer comparisons.

Table 1

	6 months ended		Change (y/y)	3 months ended		Change (y/y)
	30 June			30 June		
	2023	2022		2023	2022	
<b>Pracuj.pl</b>						
Number of recruitment projects (thousand) <sup>(1)</sup>	257.9	298.1	(13.5%)	125.2	146.1	(14.3%)
Average price of recruitment project (PLN) <sup>(2)</sup>	878.4	813.1	8.0%	905.2	842.7	7.4%
<b>eRecruiter</b>						
Number of active customers	1883	1716	9.7%	1883	1716	9.7%
<b>softgarden</b>						
Number of active customers	1548	N/A	N/A	1548	N/A	N/A
<b>Robota.ua</b>						
Number of recruitment projects (thousand) <sup>(3)</sup>	403.4	281.0	43.6%	228.3	74.3	207.3%
Number of no-cost recruitment projects (thousand)	171.6	135.2	26.9%	99.4	39.4	152.3%
Number of paid recruitment projects (thousand)	231.8	145.8	59.0%	129.0	34.9	269.6%
Average price of paid recruitment project (UAH)	717.2	668.9	7.2%	698.2	702.8	(0.7%)
Average price of paid recruitment project (PLN)	85.8	96.9	(11.4%)	79.2	103.1	(23.1%)

<sup>(1)</sup> The number of recruitment projects is equivalent to the number of credits used to post job vacancies on Pracuj.pl or Robota.ua. In the case of Pracuj.pl, one credit can be used to post multiple job vacancies, whereas on Robota.ua, one credit can only be used to post one job vacancy for a period of one month.

<sup>(2)</sup> For Pracuj.pl defined as revenue from recruitment projects divided by the number of recruitment projects.

<sup>(3)</sup> For Robota.ua defined as revenue from contracts with customers in segment Ukraine divided by the number of paid recruitment projects.

#### Pracuj.pl:

- The number of recruitment projects on pracuj.pl was 257.9 thousand, down by 13.5% on the first six months of 2022. Despite the persistently elevated economic uncertainty and a high base effect (a very strong first half of 2022 driven by the post-pandemic rebound), the market appears to be holding steady. The combination of pay pressures and rising employee expectations, especially from specialists and experts, has been fuelling staff turnover and activity in the labour market.
- The average price of a recruitment project went up both in the second quarter and in the first half of 2023, by 7.4% and 8.0%, respectively. The price growth is largely attributable to the number of recruitment projects executed and published by customers based on last year's prices.

#### eRecruiter:

- The number of active customers using eRecruiter subscriptions increased by 9.7% year on year in the six months to 30 June 2023, with a total of 1,883 accounts at the end of June. The rise was primarily driven by the growing popularity of Talent Acquisition Suite (TAS) tools in Poland, which provide customers with improved capabilities for managing recruitment and core HR functions.

#### Robota.ua:

- After the extremely challenging year 2022, the total number of recruitment projects on Robota.ua has begun to go up. In the second quarter of 2023, 228.3 thousand recruitment projects were published, compared with 74.3 thousand a year earlier (the toughest quarter). The total number of recruitment projects in the first half of 2023 was 403.4 thousand, up 43.6% year on year. Increased activity has been recorded among employers.
- Despite the challenging market environment due to ongoing military hostilities, the average price of a paid recruitment project in the first half of 2023 increased 7.2% year on year, to UAH 717.17.

#### softgarden:

- The number of active customers using softgarden subscriptions has been steadily on the rise, to reach 1,548 at the end of June 2023, gradually solidifying the company's market position.

Furthermore, the Group continuously monitors the financial metrics presented in the table below to assess its ongoing operational performance and determine strategies for improvement. Please note that these indicators are not mandatory under IFRS and are not calculated in accordance with IFRS guidelines.

Table 2

Financial indicator	6 months ended			3 months ended		
	30 June		Change (y/y)	30 June		Change (y/y)
	2023	2022		2023	2022	
EBITDA	168,955	142,294	18.7%	87,045	70,499	23.5%
<i>EBITDA margin (%)</i>	<i>45.7%</i>	<i>50.8%</i>	<i>(10.0%)</i>	<i>47.2%</i>	<i>51.0%</i>	<i>(7.4%)</i>
Adjusted EBITDA	173,054	160,940	7.5%	89,118	81,084	9.9%
<i>Adjusted EBITDA margin (%)</i>	<i>46.8%</i>	<i>57.4%</i>	<i>(18.5%)</i>	<i>48.3%</i>	<i>58.7%</i>	<i>(17.6%)</i>

The Group uses the following definitions for the selected financial indicators.

- *EBITDA is defined as operating profit/(loss) adjusted for depreciation and amortisation (net profit plus depreciation and amortisation and less share of profit of equity accounted investees and finance income);*
- *Adjusted EBITDA is defined as operating profit/(loss) plus depreciation and amortisation adjusted for recognised, as well as recognised and then reversed impairment losses on assets, for the period reported in the consolidated financial statements and for the costs of share-based payment programmes, public offering costs and acquisition-related costs reported in the consolidated statement of comprehensive income;*
- *EBITDA margin for a given period is defined as the ratio of EBITDA in a given period to revenue from contracts with customers for the same period;*
- *Adjusted EBITDA margin for a given period is defined as the ratio of adjusted EBITDA in a given period to revenue from customer contracts for the same period.*



## Financial results for 2023

### Management Board's view on profit guidance vs actual results

The Management Board of Grupa Pracuj S.A. has not provided any profit guidance for the Group for the year 2023.

### Grupa Pracuj S.A. Group

In the six months ended 30 June 2023, the Grupa Pracuj S.A. Group generated consolidated net profit of PLN 109.8 million, an increase of 5.4% on the same period last year.

### Net profit of the Group and the impact of specific items of the consolidated statement of comprehensive income

Chart 1.

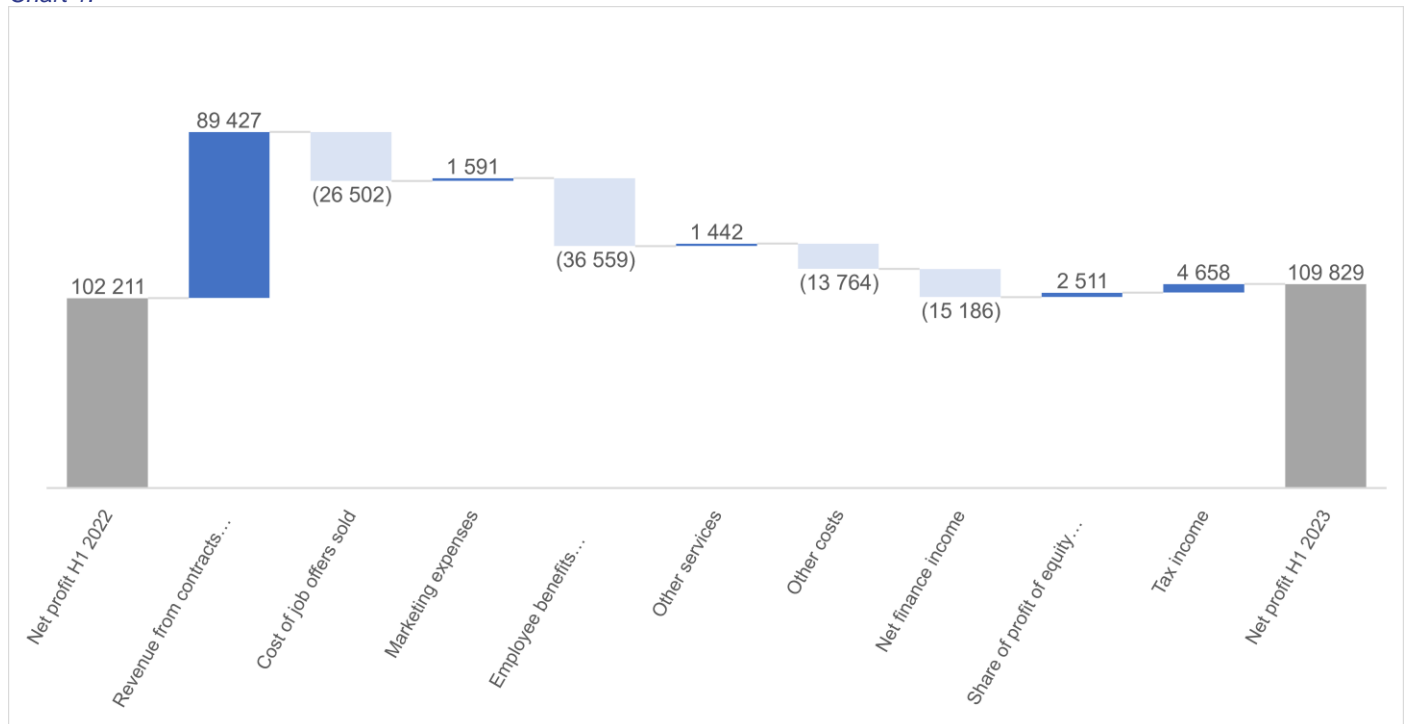


Table 3. Financial results of the Group

	6 months ended		Change (y/y)	3 months ended		Change (y/y)
	30 June			30 June		
	2023	2022		2023	2022	
<b>Revenue from contracts with customers, including:</b>	<b>369,718</b>	<b>280,291</b>	<b>31.9%</b>	<b>184,348</b>	<b>138,195</b>	<b>33.4%</b>
<b>Segment Poland</b>	<b>257,183</b>	<b>266,160</b>	<b>(3.4%)</b>	<b>127,607</b>	<b>134,597</b>	<b>(5.2%)</b>
<b>Segment Ukraine</b>	<b>19,899</b>	<b>14,131</b>	<b>40.8%</b>	<b>10,222</b>	<b>3,598</b>	<b>184.1%</b>
<b>Segment Germany</b>	<b>92,636</b>	<b>-</b>	<b>n/a</b>	<b>46,519</b>	<b>-</b>	<b>n/a</b>
Depreciation and amortisation	(17,258)	(6,232)	176.9%	(8,567)	(3,143)	172.6%
Cost of job offers sold	(26,502)	-	n/a	(12,756)	-	n/a
Marketing expenses	(22,351)	(23,942)	(6.6%)	(8,145)	(9,262)	(12.1%)
Software as service	(6,511)	(3,797)	71.5%	(3,405)	(2,337)	45.7%
Other services	(17,189)	(18,631)	(7.7%)	(9,191)	(13,366)	(31.2%)
Employee benefits expense	(123,471)	(86,912)	42.1%	(60,705)	(40,754)	49.0%
Other costs	(4,649)	(2,237)	107.8%	(2,551)	(1,202)	112.2%
Other income	1,337	717	86.5%	509	329	54.7%
Other expenses	(1,670)	(2,149)	(22.3%)	(1,199)	(389)	208.0%
Expected credit losses	243	(1,046)	(123.2%)	139	(715)	(119.4%)
<b>Operating profit, including:</b>	<b>151,697</b>	<b>136,062</b>	<b>11.5%</b>	<b>78,457</b>	<b>67,356</b>	<b>16.5%</b>
<b>Segment Poland</b>	<b>143,914</b>	<b>142,835</b>	<b>0.8%</b>	<b>73,293</b>	<b>73,500</b>	<b>(0.3%)</b>
<b>Segment Ukraine</b>	<b>5,405</b>	<b>(6,773)</b>	<b>(179.8%)</b>	<b>3,094</b>	<b>(6,144)</b>	<b>(150.4%)</b>
<b>Segment Germany</b>	<b>2,378</b>	<b>-</b>	<b>n/a</b>	<b>2,090</b>	<b>-</b>	<b>n/a</b>
Finance income	4,019	3,117	28.9%	2,016	2,090	(13.2%)
Finance costs	(22,347)	(6,259)	257.0%	(10,070)	(5,815)	73.8%
<b>Net finance income/(costs)</b>	<b>(18,328)</b>	<b>(3,142)</b>	<b>483.3%</b>	<b>(8,054)</b>	<b>(3,725)</b>	<b>116.2%</b>
Share of profit/(loss) of equity-accounted investees	2,370	(141)	(1,780.9%)	1,465	(1,275)	(214.8%)
<b>Profit before tax</b>	<b>135,739</b>	<b>132,779</b>	<b>2.2%</b>	<b>71,888</b>	<b>62,356</b>	<b>15.3%</b>
Income tax	(25,910)	(30,568)	(15.2%)	(12,577)	(15,180)	(17.1%)
<b>Net profit</b>	<b>109,829</b>	<b>102,211</b>	<b>7.5%</b>	<b>59,311</b>	<b>47,176</b>	<b>25.7%</b>

Table 4 Percentage share of income and expenses in revenue from contracts with customers of the Group

	6 months ended		Change (y/y)	3 months ended		Change (y/y)
	30 June			30 June		
	2023	2022		2023	2022	
<b>Revenue from contracts with customers</b>	<b>369,718</b>	<b>280,291</b>	<b>89,427</b>	<b>184,348</b>	<b>138,195</b>	<b>46,153</b>
Depreciation and amortisation	4.7%	2.2%	2.4%	4.6%	2.3%	2.4%
Cost of advertisements sold	7.2%	-	7.2%	6.9%	-	6.9%
Marketing expenses	6.0%	8.5%	(2.5%)	4.4%	6.7%	(2.3%)
Software as service	1.8%	1.4%	0.4%	1.8%	1.7%	0.2%
Other services	4.6%	6.6%	(2.0%)	5.0%	9.7%	(4.7%)
Employee benefits expense	33.4%	31.0%	2.4%	32.9%	29.5%	3.4%
Other costs	1.3%	0.8%	0.5%	1.4%	0.9%	0.5%
Other income	(0.4%)	(0.3%)	(0.1%)	(0.3%)	(0.2%)	(0.0%)
Other expenses	0.5%	0.8%	(0.3%)	0.6%	0.3%	0.4%
Expected credit losses	(0.1%)	0.4%	(0.4%)	(0.1%)	0.5%	(0.6%)
<b>Operating profit margin</b>	<b>41.0%</b>	<b>48.5%</b>	<b>(7.5%)</b>	<b>42.6%</b>	<b>48.7%</b>	<b>(6.2%)</b>

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

### **Revenue from contracts with customers:**

- The Group's revenue rose both in the three months and in the six months ended 30 June 2023, by 33.4% and 31.9% year on year, respectively. This was mainly due to the consolidation of revenue earned by the softgarden group (consolidated since 1 July 2022), the growing average price of recruitment projects on Pracuj.pl and subscriptions at eRecruiter and softgarden, which operate through the SaaS (Software-as-a-Service) model;
- The total number of recruitment projects on Pracuj.pl in the six months ended 30 June 2023 was 257.9 thousand, down 13.5% compared with the Company's best-ever period of six months to 30 June 2022, and their average price was PLN 878.4, up 8.0% year on year;
- Revenue in Segment Germany is generated through sales of services in a subscription model, as well as through sales of multiposting services, which involves the simultaneous posting of job offers on various recruitment sites; Revenue from multiposting is recognised either on a gross basis or a net basis, depending on the company's role as an agent or principal. Recognition on a net basis applies to purchases made based on customer's specific orders, while recognition on a gross basis pertains to purchases made for subsequent resale;
- The number of active customers using the eRecruiter supporting recruitment system, offered in a subscription model, is steadily rising. It reached 1,883 at the end of June 2023, representing a 9.7% increase on the year before;
- Although recruitment activities in the Ukrainian market have been restricted by the ongoing military conflict, revenue of Segment Ukraine has been on a steady upward trend since the beginning of 2023, thanks to a higher number of job adverts on Robota.ua. The number of recruitment projects in the six months ended 30 June 2023 totalled 403.4 thousand, including 231.8 thousand, up 43.6% and 59.0% year on year, respectively.

### **Operating expenses:**

- The 42.1% increase in employee benefits expense resulted largely from the recognition of costs related to employees in Germany;
- The 6.6% decrease in marketing expenses, to PLN 22.4 million, was a result of the Group's limited marketing efforts due to increased job seeker activity (in a more demanding market) and high brand recognition;
- Depreciation and amortisation rose year on year in the six months to 30 June 2023 due mainly to the inclusion of expenses attributable to softgarden, including amortisation charges recognised in the purchase price allocation process;
- The rise in Software-as-a-Service costs, to PLN 6.5 million, was driven by an increase in the number of software users and higher costs of access to software used by the Group;
- The increase in other costs, to PLN 4.6 million in the six months to 30 June 2023, was due mainly to higher costs of initiatives promoting employee engagement within the Group.



## Grupa Pracuj S.A.

Table 5 Financial results of the Company

	6 months ended			3 months ended		
	30 June		Change (y/y)	30 June		Change (y/y)
	2023	2022		2023	2022	
<b>Revenue from contracts with customers</b>	<b>238,828</b>	<b>251,233</b>	(4.9%)	<b>118,077</b>	<b>126,909</b>	(7.0%)
Depreciation and amortisation	(5,521)	(4,382)	26.0%	(2,816)	(2,192)	28.5%
Marketing expenses	(17,312)	(22,366)	(22.6%)	(5,844)	(8,523)	(31.4%)
Software as service	(3,297)	(2,478)	33.1%	(1,647)	(1,339)	23.0%
Other services	(10,966)	(18,189)	(39.7%)	(5,774)	(13,602)	(57.6%)
Employee benefits expense	(62,565)	(62,546)	0.0%	(31,036)	(28,962)	7.2%
Other costs	(2,346)	(1,476)	58.9%	(1,271)	(842)	51.0%
Other income	790	528	49.6%	284	252	12.7%
Other expenses	(399)	(1,107)	(64.0%)	(76)	(77)	(2.6%)
Expected credit losses	(123)	(1,016)	(87.9%)	(151)	(703)	(78.5%)
<b>Operating profit, including:</b>	<b>137,089</b>	<b>138,201</b>	(0.8%)	<b>69,747</b>	<b>70,921</b>	(1.7%)
Finance income	2,812	2,367	18.8%	1,510	1,698	(11.1%)
Finance costs	(22,307)	(12,042)	85.2%	(9,684)	(11,954)	(19.0%)
<b>Net finance income/(costs)</b>	<b>(19,495)</b>	<b>(9,675)</b>	101.5%	<b>(8,174)</b>	<b>(10,256)</b>	(20.3%)
Share of profit/(loss) of equity-accounted investees	2,370	(141)	(1,780.9%)	1,465	(1,274)	(215.0%)
<b>Profit before tax</b>	<b>119,964</b>	<b>128,385</b>	(6.6%)	<b>63,038</b>	<b>59,391</b>	6.1%
Income tax	(22,696)	(27,255)	(9.2%)	(10,436)	(13,087)	(20.3%)
<b>Net profit</b>	<b>97,268</b>	<b>101,130</b>	(3.8%)	<b>52,602</b>	<b>46,304</b>	13.6%

Table 6 Percentage share of operating expenses in revenue from contracts with customers of the Company

	6 months ended			3 months ended		
	30 June		Change (y/y)	30 June		Change (y/y)
	2023	2022		2023	2022	
<b>Revenue from contracts with customers</b>	<b>238,828</b>	<b>251,233</b>	<b>(12,405)</b>	<b>118,078</b>	<b>126,909</b>	<b>(8,831)</b>
Depreciation and amortisation	2.3%	1.7%	0.6%	2.4%	1.7%	0.7%
Marketing expenses	7.2%	8.9%	(1.7%)	5.0%	6.7%	(1.8%)
Software as service	1.4%	1.0%	0.4%	1.4%	1.1%	0.3%
Other services	4.6%	7.2%	(2.6%)	4.9%	10.7%	(5.8%)
Employee benefits expense	26.2%	24.9%	1.3%	26.3%	22.8%	3.5%
Other costs	1.0%	0.6%	0.4%	1.1%	0.7%	0.4%
Other income	(0.3%)	(0.2%)	(0.1%)	(0.2%)	(0.2%)	(0.0%)
Other expenses	0.2%	0.4%	(0.3%)	0.1%	0.1%	0.0%
Expected credit losses	0.1%	0.4%	(0.4%)	0.1%	0.6%	(0.4%)
<b>Operating profit margin</b>	<b>57.4%</b>	<b>55.0%</b>	<b>2.4%</b>	<b>59.1%</b>	<b>55.9%</b>	<b>3.2%</b>

**Revenue from contracts with customers:**

- Revenue posted by the Company for the six months ended 30 June 2023 fell by 4.9% relative to the same period of the year before on a lower year-on-year number of recruitment projects published. On the other hand, revenue from sale of branding products, e.g. employer profiles, rose (by 44.1% year on year).

**Operating expenses:**

- The Company's employee benefits expense remained largely unchanged year on year in the six months to 30 June 2023, due mainly to higher costs of the stock option plan, recognised in the three months to 31 March 2022, of PLN 8.1 million;
- High brand recognition and increased candidate activity allowed the Company to reduce marketing expenses, which were 22.6% lower year on year, with concurrent involvement in efforts to educate the market – both customers and users;
- The increase in depreciation and amortisation was due to development work completed last year on projects designed to enhance service functionalities, as well as higher expenditures incurred to purchase computer hardware and expand the IT infrastructure;
- The decrease in the cost of services was largely attributable to last year's recognition of costs related to the acquisition of softgarden and lower costs of third-party service providers supporting product development;
- The 33.1% increase in Software-as-a-Service costs, to PLN 3.3 million, was driven by an increase in the number of software users and higher costs of access to software used by the Company;
- The rise in other costs was mainly a result of increased brand promotion among Grupa Pracuj's existing and prospective customers, in particular the: protocol website.

## Financial position

### Grupa Pracuj S.A. Group

Table 7

Group's assets	30 June 2023 (unaudited)	31 December 2022 (restated)	Change (y/y)
<b>Non-current assets, including:</b>	<b>771,823</b>	<b>800,157</b>	<b>(3.5%)</b>
Intangible assets	92,101	96,377	(4.4%)
Property, plant and equipment	11,988	12,382	(3.2%)
Right-of-use assets	13,709	15,093	(9.2%)
Goodwill	456,624	481,209	(5.1%)
Equity-accounted investees	25,092	27,407	(8.4%)
Other financial assets	131,607	130,622	0.8%
Other non-financial assets	892	944	(5.5%)
Deferred tax assets	39,810	36,123	10.2%
<b>Current assets, including:</b>	<b>344,576</b>	<b>218,058</b>	<b>58.0%</b>
Inventory	14,678	3,912	275.2%
Trade receivables	66,697	73,121	(8.8%)
Other financial assets	1,042	348	199.4%
Other non-financial assets	42,757	31,139	37.3%
Cash and cash equivalents	219,402	109,538	100.3%
<b>Total assets</b>	<b>1,116,399</b>	<b>1,018,215</b>	<b>9.6%</b>

The carrying amount of non-current assets decreased marginally from the level posted as at 31 December 2022.

The year-on-year change in goodwill was due to movements in the EUR/PLN exchange rate, affecting the valuation of shares in Spoonbill Holding GmbH. Exchange differences arising from the revaluation were taken to equity.

As at 30 June 2023, the allocation of the purchase price of Spoonbill Holding GmbH 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. For details of the accounting for the acquisition and its effect on net profit and total assets, see Note 6.4 to the interim condensed consolidated financial statements for the six months ended 30 June 2023.

Current assets rose by 58.0% on the end of 2022, due mainly to an increase in inventory and cash. The rise in inventory was driven largely by the purchase of job adverts, to be gradually sold under the multiposting service in Germany.

Table 8

Equity and liabilities of the Group	30 June 2023 (unaudited)	31 December 2022 (restated)	Change (y/y)
<b>Equity, including:</b>	<b>292,926</b>	<b>310,956</b>	<b>(5.8%)</b>
Equity attributable to owners of the Parent	292,874	310,923	(5.8%)
Non-controlling interests	52	33	57.6%
<b>Total liabilities, including:</b>	<b>823,473</b>	<b>707,259</b>	<b>16.4%</b>
<b>Non-current liabilities, including:</b>	<b>305,788</b>	<b>341,119</b>	<b>(10.4%)</b>
Bank borrowings	270,936	303,168	- 0.11
Lease liabilities	6,124	8,762	(30.1%)
Other financial liabilities	10,946	9,138	19.8%
Employee benefit obligations	1,847	1,847	0.0%
Deferred tax liabilities	15,935	18,204	(12.5%)
<b>Current liabilities, including:</b>	<b>517,685</b>	<b>366,140</b>	<b>41.4%</b>
Bank borrowings	63,619	63,492	0.0%
Lease liabilities	10,807	10,942	(1.2%)
Other financial liabilities	8,100	4,171	94.2%
Employee benefit obligations	26,215	23,618	11.0%
Trade payables	41,411	32,809	26.2%
Other non-financial liabilities	15,785	16,765	(5.8%)
Dividend liabilities	102,398	-	n/a
Current tax liabilities	12,209	5,923	106.1%
Contract liabilities	237,141	208,420	13.8%
<b>Total equity and liabilities</b>	<b>1,116,399</b>	<b>1,018,215</b>	<b>9.6%</b>

As at 30 June 2023, the Group's equity stood at PLN 292.9 million. Total liabilities increased to PLN 823.5 million, up 16.4% year on year.

Non-current liabilities fell, mainly on account of lower liabilities arising from bank borrowings, as well as a lower number of new lease contracts.

Current liabilities went up to PLN 517.7 million at the end of June 2023. The change was mainly attributable to dividend liabilities of PLN 102.4 million, trade payables, mainly within Segment Germany, and contract liabilities reflecting higher sales of services to be performed over the next 12 months.

## Grupa Pracuj S.A.

Table 9.

Assets of the Company	30 June 2023 (unaudited)	31 December 2022 (restated)	Change (y/y)
<b>Non-current assets, including:</b>	<b>802,767</b>	<b>796,061</b>	<b>0.8%</b>
Intangible assets	13,512	10,098	33.8%
Property, plant and equipment	7,555	7,734	(2.3%)
Right-of-use assets	8,599	10,053	(14.5%)
Investments in subsidiaries	579,142	578,325	0.1%
Equity-accounted investees	25,092	27,407	(8.4%)
Other financial assets	131,604	129,916	1.3%
Other non-financial assets	690	733	(5.9%)
Deferred tax assets	36,573	31,795	15.0%
<b>Current assets, including:</b>	<b>193,990</b>	<b>112,314</b>	<b>72.7%</b>
Trade receivables	39,558	48,724	(18.8%)
Other financial assets	83	83	0.0%
Other non-financial assets	5,362	4,241	26.4%
Cash and cash equivalents	148,987	59,266	151.4%
<b>Total assets</b>	<b>996,757</b>	<b>908,375</b>	<b>9.7%</b>

The carrying amount of non-current assets remained largely unchanged relative to the end of 2022 and amounted to PLN 802.8 million at 30 June 2023.

Current assets increased by 72.7% compared with 31 December 2022, due mainly to an increase in cash.



Table 10.

Equity and liabilities of the Company	30 June 2023 (unaudited)	31 December 2022	Change (y/y)
<b>Equity</b>	<b>323,151</b>	<b>324,205</b>	<b>(0.3%)</b>
<b>Total liabilities, including:</b>	<b>673,606</b>	<b>584,170</b>	<b>15.3%</b>
<b>Non-current liabilities, including:</b>	<b>292,192</b>	<b>329,603</b>	<b>(11.4%)</b>
Bank borrowings	270,936	303,168	(10.6%)
Lease liabilities	3,625	6,535	(44.5%)
Employee benefit obligations	1,696	1,696	n/a
Deferred tax liabilities	15,935	18,204	(12.5%)
<b>Current liabilities, including:</b>	<b>381,414</b>	<b>254,567</b>	<b>49.8%</b>
Bank borrowings	63,619	63,492	0.2%
Lease liabilities	6,986	6,935	0.7%
Employee benefit obligations	13,207	12,995	1.6%
Trade payables	8,709	13,393	(35.0%)
Other non-financial liabilities	10,912	10,523	3.7%
Dividend liabilities	102,398	-	n/a
Other financial liabilities	8,100	4,171	94.2%
Current tax liabilities	10,789	5,681	89.9%
Contract liabilities	156,694	137,377	14.1%
<b>Total equity and liabilities</b>	<b>996,757</b>	<b>908,375</b>	<b>9.7%</b>

At the end of June 2023, equity remained broadly unchanged from the end of 2022, amounting to PLN 323.2 million.

Non-current liabilities fell, mainly on account of lower liabilities arising from bank borrowings, as well as a lower number of new lease contracts.

Current liabilities increased by 49.8%, to PLN 381.4 million at the end of June 2023. The change was due mainly to the recognition of a dividend liability of PLN 102.4 million (the dividend payment date was set for 14 July 2023).

## Cash flows

### Grupa Pracuj S.A. Group

The Group generated positive net cash flows chiefly on the back of positive net cash flows from operating activities.

Table 11 Cash flows of the Group

The Group	6 months ended 30 June		Change (y/y)
	2023	2022	
Net cash flows from operating activities	173,507	145,585	19.2%
Net cash flows from investing activities	(10,730)	(521,416)	(97.9%)
Net cash flows from financing activities	(52,863)	392,692	(113.5%)
<b>Total net cash flows</b>	<b>109,914</b>	<b>16,861</b>	<b>551.9%</b>

Net cash flows from operating activities increased by 19.2% year on year, mainly as a result of higher receipts of receivables from contracts with customers in line with the increased scale of the Group's operations.

The most significant impact on net cash flows from investing activities came from the spending on in-house software development and infrastructure upgrades.

In the six months ended 30 June 2023, cash flows from financing activities reflected mainly repayment of principal and interest under a credit facility of, respectively, PLN 32.0 million and PLN 15.2 million.

### Grupa Pracuj S.A.

Table 12 Cash inflows of the Company

Company	6 months ended 30 June		Change (y/y)
	2023	2022	
Net cash flows from operating activities	146,803	150,493	(2.5%)
Net cash flows from investing activities	(6,395)	(558,533)	(98.9%)
Net cash flows from financing activities	(50,637)	394,234	(112.8%)
<b>Total net cash flows</b>	<b>89,771</b>	<b>(13,806)</b>	<b>(750.2%)</b>

Net cash flows from operating activities decreased 2.5% year on year, mainly as a result of higher payment of trade payables and contract obligations.

The most significant impact on net cash flows from investing activities came from increased spending on in-house software development and infrastructure upgrades.

In the six months ended 30 June 2023, cash flows from financing activities reflected mainly repayment of principal and interest under a credit facility of, respectively, PLN 32.0 million and PLN 15.2 million.

## Factors affecting the Group's financial and operating performance

The Management Board acknowledges that the Group's and Company's future prospects are influenced by a number of factors that affect their development plans and financial performance improvement. Some of the most important factors include:

- Economic situation in Poland. Analysing various external factors, a certain degree of stabilisation in the recruitment sector can be expected in the coming months, which may give rise to more positive trends in the long term;
- Ongoing strong wage pressures, particularly from skilled workers, influence their decisions to change jobs, especially when companies are less willing to raise wages;
- Staff shortages and the continued challenge for businesses in finding highly qualified staff support moderately optimistic assumptions regarding the number of job postings to be published on the Group's portals in the second half of 2023;
- Deeper penetration of the SME and micro-business segments mainly through the Flexible Pricing offer in the e-commerce channel supporting the acquisition of new customers;
- Individual brands of the Group continue working to implement innovations and new solutions that will support employers in effective recruitment:
  - In online job boards emphasis will be placed on the development of tools designed primarily to streamline customer service and facilitate the process of collecting applications, and are strengthening AI-based products, including recommendation and referral systems for users;
  - In recruitment management systems attention will be focused on tools that will allow expansion the offerings by including solutions designed to support employers after a selected candidate has been employed.
- Maintaining cost discipline. Process automation and optimisation within the Group, as well as ongoing review of the marketing budgets, drive a continuous improvement in the Group's business efficiency;
- The Group's operations in Ukraine – despite uncertainty regarding the military developments and their geopolitical consequences, the Company is consolidating its position on the Ukrainian recruitment market. As at issue date of this Report, the Group's operations in the Ukrainian market are not at risk, and the Ukrainian subsidiary continues as a going concern.

## Trends in the labour market that, in the opinion of the Management Board, will shape the market in the near future include:

- Demographics and rapidly shrinking workforce – demographic changes limit the availability of employees, particularly in certain industries, despite the cooling effect of the prevailing market conditions;
- Labour flexibility and globalisation of the labour market – remote work and amendments to the Polish Labour Code have removed geographical barriers, increasing competition, and enabling individuals to simultaneously work for multiple companies;
- Higher recruitment costs – labour shortages lead to increased employment costs. The average time required to fill a vacancy is also longer. The costs of unfilled vacancies borne by employers have been on the rise in recent years.

Due to declining birth rates (well below the replacement rate of 2.1), the long-term demographic projections for many European countries look very similar. It is therefore hardly surprising that labour shortages will become more acute going forward. A conservative estimate is that in Germany alone there is currently a shortage of around 650 thousand workers<sup>8</sup>, a number that is set to increase as the country's population is rapidly ageing. Although Germany is struggling with GDP declines, the unemployment rate in the country continues to fall. The IMF's projections suggest that for the foreseeable future it will remain below historical levels. Businesses fearing recruitment difficulties will primarily engage in labour hoarding.

According to experts, the eurozone's ageing economies will face more technical recessions in the coming decades as shrinking populations stifle growth. Simultaneously, unemployment rates will remain at record lows as labour shortages become increasingly acute. The labour market will remain strong even amid weak GDP growth or declines, and *per capita* incomes will continue to rise.

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<sup>8</sup> <https://recruitonomics.com/full-employment-recessions-first-japan-now-germany/>

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



## RISK FACTORS AND RISK MANAGEMENT

### Risk management

One of the key priorities of the Management Board is to ensure the security of the Group's operations. The Company uses a risk management process to identify, mitigate, or eliminate risks in its growth and development. The Management Board, assisted by the Director of Information Security and Risk Management, is responsible for the efficiency of the risk management system, which encompasses policies, processes, and tools. The Supervisory Board, particularly the Audit Committee, provide continuous support to the Company in monitoring risks and ensuring the proper implementation of the risk management process.

Risk identification covers all areas of the Group's business. The Group identifies risks at the strategic, operational and financial levels. For a detailed description of financial risks, see Note 5.4 to the interim condensed consolidated financial statements for the six months ended 30 June 2023.

For the purpose of evaluating the effectiveness of the risk management systems at the Company and the Group, the Management Board prepares periodic analyses, which are subsequently assessed by the Supervisory Board based on the recommendations of the Audit Committee.

### Material risk factors

#### ***Measures undertaken by the Group to mitigate the effects of a decline in the economic environment may not be fully effective***

A deterioration in the economic situation in Poland or Europe could have an adverse effect on the Group's financial position and operations. The Group's business activities are primarily focused in Poland, but have expanded to include the German market in 2022. The results of our business activities are closely linked to the level of employment demand and the overall condition of the labour market. A favourable economic situation promotes increased employment and motivates customers to post more job vacancies. Simultaneously, users visit the Group's websites in search of more appealing job opportunities. A possible financial crisis or economic downturn, as well as fluctuations in the financial markets, could result in a higher unemployment rate and lower disposable incomes, leading to a decrease in consumption, which in turn may adversely affect individuals' propensity to seek new employment opportunities, thereby impacting the Group's user traffic. Additionally, a deteriorating financial condition of the Group's customers may lead to a decline in the number of job postings. If the financial condition of the Group's customers is poor, it will result in a lower number of job postings. Through continuous analysis of the market situation and trends, the Company is able to respond flexibly to changing conditions and customer preferences by implementing cost optimisation measures, as well as adjusting prices and products when appropriate.

#### ***The Group's market position may deteriorate as a result of the activity of its competition or technological changes in the industry***

The Group companies conduct ongoing market analysis to monitor trends and identify factors that impact the HR industry. Each company within the Group takes steps to mitigate the risks associated with activity of its competitors by implementing well-planned sales, marketing, product, and investment strategies.

The market for recruitment services in Poland is highly competitive, with numerous entities offering services both online and through traditional channels. The Group acknowledges the risk of new competitors in online recruitment.

The Group operates in an industry characterised by rapid technological advancements, which can increase competitive pressures through the introduction of new technologies. The Group's competitiveness and success depend on its ability to continuously enhance its technology platforms to provide new products and services that improve the quality and standard of its services. Therefore, the Group faces the risk of negative business and financial outcomes if it fails to make relevant and timely decisions or makes incorrect decisions based on inadequate assessment of strategic directions. This includes failure to identify or adequately assess the importance of new technologies and failure to incorporate them into operations, potentially reducing the attractiveness of the Group's services to existing and potential customers and resulting in a loss of market share to competitors.



***A cyber-attack or leakage of personal data may result in a deliberate disruption of the proper functioning of the Group's websites and systems, posing a risk to the confidentiality, integrity, and availability of sensitive data***

The nature of the Group's operations, which involve the processing of significant amounts of personal data and extensive use of technology and the Internet, expose the Group to the risk of information security breaches. The main causes of data security risks include:

- Use of insufficient security and safety monitoring mechanisms;
- Errors in device configurations and system access controls;
- Incorrect infrastructure change management process;
- Insufficient employee awareness;
- Ineffective incident response procedures or lack of such procedures;
- Irregularities or breaches on the part of key third-party suppliers;
- Lack of or irregularities in the process of security assessments, system audits, and process reviews.

The Group is subject to various regulations governing the use of personal data, and as such, must comply with data protection and privacy laws. Due to the wide range of regulations on the use of personal data, non-compliance with applicable regulations or other legal requirements could damage the Group's reputation among customers and result in increased costs, adversely affecting its operations, financial condition, or growth prospects. Any leakage of sensitive data stored by the Group could lead to regulatory penalties and adversely affect the Group's reputation and credibility.

***Unforeseen ICT events may have irreversible consequences for the proper functioning of the Group's services, websites, and systems***

The Group uses and relies on an advanced information technology infrastructure to operate its business and deliver its services to customers. Interruption, disruption, or sudden loss of a key information system may occur due to various reasons, including:

- Equipment failures;
- Ineffective business continuity processes or lack of such processes;
- Architecture that does not support efficient disaster recovery;
- Cyberattacks;
- Physical attack or other critical disruption caused by actions of third parties;
- Unavailability of third-party services.

The proper functioning of the Group's online recruitment services is dependent on third-party IT platforms, facilities, and equipment, including computer hardware and software and technology applications. Any interruption, disruption, or failure of these systems may pose a risk to the continuity of services. This could potentially lead to temporary disruptions in the provision of services or a limited ability of the Group to fully restore operations.

***The Group may experience reduced availability or loss of key personnel***

There is a risk that the Group may experience reduced availability or loss of key personnel as it operates in an industry where human resources and employee skills are crucial for success. This is particularly due to the limited number of suitable candidates available on the labour market, especially highly skilled IT, sales, and customer care specialists with the necessary educational background and expertise. Loss of a significant number of employees in departments such as product development, technology, sales, and customer service, combined with the difficulty of hiring suitable replacements, could impede the Group's operations, delay its ability to address emerging challenges, and have an adverse effect on the operations of the Group.

***In the event of regulatory changes the Company may fail to effectively adapt to new formal and legal requirements***

The Group is exposed to various risks, including the possibility of facing administrative penalties and sanctions such as the suspension or exclusion of its shares from trading on the WSE. The risk of non-compliance with laws and regulations may arise due to various factors, such as misinterpretation of legal requirements, making business decisions that result in non-compliance, disregarding or failure to fulfil legal obligations, insufficient time to implement changes resulting from new laws, or lack of an effective process for reporting to the stock market.

***The Group's acquisitions or internal investments may fail to yield expected profits***

The Group's strategy is grounded in pursuing stable growth while prioritising the development of innovations to consistently enhance its product portfolio. The Group also seeks to capitalise on new growth opportunities by expanding into new markets or business segments. Erroneous operational and legal assessment of the growth potential, insufficient capabilities, negative effects of changes in macroeconomic factors, or a flawed risk estimation process can all have an adverse effect on the Group's reputation and financial condition.

***The Group' may be unable to continue its operations in Ukraine***

The Group conducts operations in Ukraine, mainly through the Robota.ua website. The current military conflict in Ukraine, which began in February 2022, is resulting in the loss of a considerable part of the country's production capacity, which drives a significant decline in its GDP, thereby adversely affecting the job market. Some of the Company's trading partners operating in the Polish market conduct or have conducted business in areas affected by hostilities (such as Ukraine) or in countries subject to international sanctions (such as Russia and Belarus). This may have an adverse effect on their financial condition and recruitment plans. The outcome of the ongoing conflict in Ukraine remains uncertain, and there is a risk that Ukraine may lose all or part of its territory. Such developments could adversely affect the Group's operations in Ukraine, potentially resulting in a complete cessation of activities in extreme cases.

## OTHER INFORMATION

### Litigation

As at the date of this Report, no significant proceedings were pending before a court, arbitration body or public administration body related to liabilities or receivables of the Company or the Group companies.

### Related-party transactions

In accordance with the provisions of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (the 'Act on Public Offering'), the Company's Supervisory Board has drawn up and adopted the '*Procedure for entering into transactions with related parties within the Grupa Pracuj S.A. Group and for periodic assessment of transactions entered into with related parties on arm's length terms in the ordinary course of business*'.

In the reporting period, there were no material transactions with related parties, as defined in the aforementioned Procedure, which would require approval or be subject to a periodic review by the Supervisory Board. The Company and its subsidiaries did not conclude any related-party transactions on non-arm's length terms. Related-party transactions were made on terms equivalent to those applied in transactions with third parties. All transactions with related parties are described in the interim condensed consolidated financial statements for the six months ended 30 June 2023 in Note 7.2 'Related-party transactions'.

### Management of financial resources

The Group's capital management objective is to ensure a secure and efficient financing structure that considers operational risks, capital expenditures, and the interests of shareholders and other stakeholders. For a detailed description of the capital management policy, see Note 4.1 to the interim condensed consolidated financial statements for the six months ended 30 June 2023. In the reporting period, the Group was fully capable of meeting its liabilities when due.

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.

Table 13 Debt-to-equity ratio

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

### Borrowings

On 14 June 2022, the Management Board reported that the Company, as the borrower, entered 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. Under the agreement, the banks agreed to provide the Company with a term facility of up to PLN 400,000 thousand to finance general corporate purposes, including planned future investments and further growth of the Company. The facility repayment date is 14 June 2027. The facility bears interest at a variable rate plus the Banks' margin.

For details of the credit facility, see Note 4.3 'Debt liabilities' in the interim condensed consolidated financial statements for the six months ended 30 June 2023.

### **Sureties and guarantees**

As at 30 June 2023, the Company and its subsidiaries did not issue or receive any significant sureties or guarantees that would materially affect the Group's assets and financial position, except for bank guarantees that secure lease payments under office lease contracts in which the Group acts as a lessee. They are described in Note 7.6 'Contingent liabilities' in the consolidated financial statements for the three months ended 30 June 2023.

## GOVERNING BODIES OF GRUPA PRACUJ S.A.

### Supervisory Board

#### Composition

As at 30 June 2023, the composition of the Company's Supervisory Board was as follows:

Table 14

First name and surname of Supervisory Board member	Position	On the Supervisory Board of the current term of office since:
Maciej Noga	Chairman of the Supervisory Board	2 August 2021
John Doran	Member of the Supervisory Board	2 August 2021
Wojciech Stankiewicz	Independent Member of the Supervisory Board Member of the Audit Committee	2 August 2021
Przemysław Budkowski	Independent Member of the Supervisory Board Member of the Audit Committee	2 August 2021
Agnieszka Słomka-Gołębiowska	Independent Member of the Supervisory Board Chairman of the Audit Committee	11 August 2021
Mirosław Stachowicz	Member of the Supervisory Board	29 October 2021
Martina van Hettinga	Member of the Supervisory Board	1 February 2023

None of the Supervisory Board members is engaged in any business competing with that of the Group.



### Composition

As at 30 June 2023, the composition of the Company's 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***

## GRUPA PRACUJ S.A. ON WARSAW STOCK EXCHANGE

### Share price performance

Grupa Pracuj S.A. shares have been listed on the Warsaw Stock Exchange since 9 December 2021. The Company's shares are listed on the WSE main market in the continuous trading system under the ticker symbol 'GPP'. The Company's shares were added to the mWIG40 mid-cap index in June 2022.

Name	Grupa Pracuj S.A.
Abbreviation	GRUPRACUJ
Ticker symbol	GPP
ISIN code	PLGRPRC00015
First listing date	9 December 2021
Number of shares in issue	68,265,026
Free float	26.39%
Segment	Large company (capitalisation over EUR 250 million)
Sector	Internet
Indices	WIG, mWIG-40, WIG140, WIG-ESG, WIG-Poland, WIG-MEDIA, WIG, InvestorMS

## Issue dates of periodic reports

The Company makes every effort to ensure the shortest possible timeframe for preparing and releasing a periodic report after each reporting date, considering its complex equity structure.

4 April 2023	Consolidated and separate annual report for 2022
25 May 2023	Consolidated report for the first quarter of 2023
31 August 2023	Consolidated report for the first half of 2023
23 November 2023	Consolidated report for the third quarter of 2023

## Dividends

In recommending profit distributions, the Management Board takes into account the dividend policy described in the Company's prospectus, an analysis of the Company's current financial and liquidity position, its existing and future liabilities, as well as assessment of the Company's growth prospects. Final decision on profit allocation, including payment of dividend and its amount, rests with the Annual General Meeting.

### *Distribution of profit earned in 2022*

On 15 June 2023, the Company's Annual General Meeting passed a resolution to pay dividend of PLN 102,397,539.00, i.e., PLN 1.50 per share. The number of shares from which the dividend will be paid is 68,265,026. The Annual General Meeting set 30 June 2023 as the dividend record date and 14 July 2023 as the dividend payment date.

## Shares and shareholding structure

The chart showing the Company's current shareholder structure has been published on its corporate website at <https://grupapracuj.pl/dla-inwestorow/akcje>.

As at 30 June 2023, the Company's share capital amounted to PLN 341,325,130 (three hundred and forty-one million three hundred and twenty-five thousand one hundred and thirty złoty) and was divided into 68,265,026 (sixty-eight million two hundred and sixty-five thousand twenty-six) shares, with a par value of PLN 5.00 (five złoty) per share, including:

- 48,686,990 (forty-eight million six hundred and eighty-six thousand nine hundred and ninety) Series A ordinary bearer shares;
- 18,155,860 (eighteen million one hundred and fifty-five thousand eight hundred and sixty) Series B ordinary bearer shares;
- 1,261,400 (one million two hundred and sixty-one thousand four hundred) Series C ordinary bearer shares; and
- 160,776 (one hundred and sixty thousand seven hundred and seventy-six) Series D ordinary bearer shares.

As at 30 June 2023, the total number of voting rights in the Company was 68,265,026. One share carries one vote at the General Meeting. There are no restrictions on the exercise of voting rights in the Company other than those resulting from generally applicable laws. All Company shares are ordinary bearer shares with no preference attached to them, in particular any preference giving special control powers. The Articles of Association provide for no restrictions on the transferability of Company shares.

### Shareholders holding 5% or more of total voting rights

To the best of the Management Board's knowledge, the following persons and entities were the major shareholders in the Company, holding 5% or more of total voting rights in the Company as at 30 June 2023:

Shareholder	Number of shares / voting rights	30 June 2023 Par value of shares (PLN)	Ownership/voting interest (%)
Przemysław Gacek*	35,857,913	179,289,565	52.53%
TCV Luxco Perogie S.à r.l.	8,638,861	43,194,305	12.65%
Fundacja Rodzinna MAN w organizacji**	5,755,449	28,777,245	8.43%
Others	18,012,803	90,064,015	26.39%
<b>Total</b>	<b>68,265,026</b>	<b>341,325,130</b>	<b>100%</b>

\* Directly and indirectly through Frascati Investments sp. z o.o., controlled by Przemysław Gacek, and inclusive of the shares held by individuals presumed to be party to an agreement referred to in Art. 87.1.5 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies.

\*\* Entity controlled by Maciej Noga.

### Shares held by management and supervisory personnel

As at 30 June 2023, holdings of Company shares by its management and supervisory personnel were as follows:

Management members	Board	Number of shares / voting rights	30 June 2023 Par value of shares (PLN)	Ownership/voting interest (%)
Przemysław Gacek*		35,857,913	179,289,565	52.53%
Gracjan Fiedorowicz		518,963	2,594,815	0.76%
Rafał Nachyna		486,935	2,434,675	0.71%
<b>Total</b>		<b>36,863,811</b>	<b>184,319,055</b>	<b>54.00%</b>

\* Directly and indirectly through Frascati Investments sp. z o.o., and inclusive of the shares held by individuals presumed to be party to an agreement referred to in Art. 87.1.5 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies.

Supervisory members	Board	Number of shares / voting rights	30 June 2023 Par value of shares (PLN)	Ownership/voting interest (%)
Maciej Noga**		5,755,449	28,777,245	8.43%
Mirosław Stachowicz		112,066	560,330	0.16%
<b>Total</b>		<b>5,867,515</b>	<b>29,337,575</b>	<b>8.59%</b>

\*\* indirectly through Fundacja Rodzinna MAN w organizacji.

***Information on agreements relating to changes in the shareholder structure***

As at the issue date of this Report, the Company operated the following employee stock option plans:

**Incentive Scheme 1**

On 29 October 2021, the Extraordinary General Meeting of the Company passed a resolution to establish incentive scheme No 1 (**Incentive Scheme 1**) for members of the Management, the Supervisory Boards and key personnel (persons employed under an employment contract or a mandate contract, regardless of the applicable law governing the contract). Two main objectives behind Incentive Scheme 1 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. The Incentive Scheme 1 will be implemented in 2022-2024.

For detailed information on the scheme, refer to Note 6.10 'Share-based payments and employee incentive schemes' in the interim condensed consolidated financial statements for the six months ended 30 June 2023.





