Grupa Pracuj S.A. Group

Consolidated financial statements
for the year ended 31 December 2023

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

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All amounts in PLN thousand, unless otherwise stated

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	Note	2023	2022 (restated)
Revenue from contracts with customers	2.2	**724,398**	**608,549**
Depreciation and amortisation		(34,437)	(22,200)
Employee benefits expense	7.5	(252,050)	(212,077)
Cost of advertisements sold		(40,667)	(10,830)
Marketing expenses		(54,087)	(59,449)
Software-as-a-service costs		(13,326)	(8,890)
Other services		(35,505)	(39,171)
Other costs		(11,032)	(8,100)
Other income	2.3	3,160	2,425
Other expenses	2.3	(3,992)	(3,177)
Expected credit losses		(668)	(914)
Operating profit		**281,794**	**246,166**
Finance income	2.4	7,134	6,407
Finance costs	2.4	(65,210)	(30,868)
Net finance income/(costs)		**(58,076)**	**(24,461)**
Share of profit of equity-accounted investees	6.5	8,003	(848)
Profit before tax		**231,721**	**220,857**
Income tax	3.1	(43,995)	(56,304)
Net profit from continuing operations		**187,726**	**164,553**
Net profit		**187,726**	**164,553**

OTHER COMPREHENSIVE INCOME	Note	2023	2022 (restated)
Items that will not be reclassified to profit or loss		**309**	**(136)**
Actuarial gains/(losses) from remeasurement of provisions for employee benefits		382	(168)
Income tax on other comprehensive income		(73)	32
Items that may be reclassified to profit or loss		**(39,706)**	**601**
Exchange differences on translation of foreign operations		(39,706)	601
Total other comprehensive income		**(39,397)**	**465**
TOTAL COMPREHENSIVE INCOME		**148,329**	**165,018**

	Note	2023	2022 (restated)
Net profit attributable to:		**187,726**	**164,553**
Owners of the Parent		185,029	166,580
Non-controlling interests		2,697	(2,027)
Total comprehensive income attributable to:		**148,329**	**165,018**
Owners of the Parent		145,632	167,045
Non-controlling interests		2,697	(2,027)
Basic earnings per share (PLN) – continuing operations	7.1	**2.71**	**2.44**
Diluted earnings per share (PLN) – continuing operations	7.1	**2.67**	**2.40**

All amounts in PLN thousand, unless otherwise stated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2023	31 December 2022 (restated)
Intangible assets	6.1	88,677	96,377
Property, plant and equipment	6.2	12,359	12,382
Right-of-use assets	6.3	31,780	15,093
Goodwill	6.4	446,128	481,209
Equity-accounted investees	6.5	30,725	27,407
Other financial assets	5.2	103,810	130,622
Other non-financial assets	6.7	840	944
Deferred tax assets	3.1	40,245	36,123
Non-current assets		**754,564**	**800,157**
Inventory	6.6	1,891	3,912
Trade receivables	5.2	68,312	73,121
Other financial assets	5.2	191	348
Other non-financial assets	6.7	39,995	31,139
Cash and cash equivalents	4.4	163,756	109,538
Current assets		**274,145**	**218,058**
Total assets		**1,028,709**	**1,018,215**

EQUITY AND LIABILITIES	Note	31 December 2023	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	71,341	57,416
Other reserves		(18,261)	(13,633)
Exchange differences on translation of foreign operations		(39,198)	508
Merger reserve		(586,707)	(586,707)
Retained earnings		292,948	272,686
Equity attributable to owners of the Parent		**363,145**	**310,923**
Non-controlling interests		**38**	**33**
Total equity		**363,183**	**310,956**
Bank borrowings	4.3	239,295	303,168
Lease liabilities	4.3	23,595	8,762
Other financial liabilities	5.3	16,768	9,138
Employee benefit obligations	6.9	1,838	1,847
Deferred tax liabilities	3.1	4,034	18,204
Non-current liabilities		**285,530**	**341,119**
Bank borrowings	4.3	23,543	63,492
Lease liabilities	4.3	10,472	10,942
Employee benefit obligations	6.9	29,785	23,618
Trade payables	5.3	35,650	32,809
Other financial liabilities	5.3	8,076	4,171
Other non-financial liabilities	6.8	15,385	16,765
Current tax liabilities	3.1	15,432	5,923
Contract liabilities	2.2	241,653	208,420
Current liabilities		**379,996**	**366,140**
Total liabilities		**665,526**	**707,259**
Total equity and liabilities		**1,028,709**	**1,018,215**

All amounts in PLN thousand, unless otherwise stated

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023	2022 (restated)
Cash flows from operating activities			
Profit before tax		**231,721**	**220,857**
Adjustments for:			
Share of (profit) / loss of equity-accounted investees		(8,003)	848
Depreciation and amortisation		34,437	22,200
Foreign exchange (gains) / losses		5	2,559
(Gain) / loss on interest		27,815	18,109
(Gain) / loss on investing activities		(172)	3,814
Remeasurement of dividends receivable	4.4	984	-
Remeasurement of investments measured at fair value through profit or loss		29,494	-
Impairment loss on equity-accounted investees	6.5	-	4,230
Measurement of equity-settled share-based payment arrangement	6.10	13,925	28,160
Settlement and measurement of financial instruments	4.3	5,702	3,409
Income tax paid		(52,598)	(61,436)
Changes in working capital:			
Employee benefit obligations	4.5	6,467	(18,514)
Inventory	4.5	2,021	7,576
Trade receivables	4.5	4,826	2,033
Other non-financial assets	4.5	(8,665)	(670)
Trade payables	4.5	3,093	(12,974)
Other non-financial liabilities	4.5	(1,380)	(10,709)
Contract liabilities	4.5	33,233	29,290
Other adjustments		-	237
Net cash flows from operating activities		**322,905**	**239,019**
Cash flows from investing activities			
Expenditure on acquisition of subsidiaries less cash and cash equivalents in acquired subsidiaries		-	(514,047)
Purchase of financial assets		(232)	(58,441)
Proceeds from sale of financial assets		80	70,000
Proceeds from sale of property, plant and equipment and intangible assets		446	645
Purchase of property, plant and equipment and intangible assets		(22,435)	(15,807)
Net cash flows from investing activities		**(22,141)**	**(517,650)**
Cash flows from financing activities			
Dividends paid	4.2	(102,398)	(136,530)
Net proceeds from issue of shares	4.2	-	804
Proceeds from bank borrowings	4.3	-	400,000
Payment of bank borrowings	4.3	(104,000)	(32,000)
Payment of lease liabilities	4.3	(11,223)	(9,714)
Interest paid	4.3	(27,637)	(17,449)
Commissions on bank borrowings	4.3	-	(2,000)
Settlement of derivative financial instruments	4.3	(1,256)	221
Net cash flows from financing activities		**(246,514)**	**203,332**
Total net cash flows		**54,250**	**(75,299)**
Cash and cash equivalents at beginning of period		**109,538**	**184,836**
Exchange differences on cash and cash equivalents		(32)	1
Cash and cash equivalents at end of period		**163,756**	**109,538**
Cash and cash equivalents in the statement of financial position	4.4	**163,756**	**109,538**

All amounts in PLN thousand, unless otherwise stated

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Share repurchase reserve	Share-based payment arrangements	Other reserves	Exchange differences on translation of foreign operations	Merger reserve	Retained earnings / (losses) carried forward	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
Note	4.2			6.10				4.2			
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	-	-	-	-	-	-	-	185,029	185,029	2,697	187,726
Other comprehensive income for period	-	-	-		309	(39,706)	-	-	(39,397)	-	(39,397)
Total comprehensive income for period	**-**	**-**	**-**	**-**	**309**	**(39,706)**	**-**	**185,029**	**145,632**	**2,697**	**148,329**
Share-based payments	-	-	-	13,925	-	-	-	-	13,925	-	13,925
Allocation of profit/(loss)	-	62,369	-	-	-	-	-	(62,369)	-	-	-
Valuation of put option	-	-	-	-	(4,937)	-	-	-	(4,937)	(2,692)	(7,629)
Dividends	-	-	-	-	-	-	-	(102,398)	(102,398)	-	(102,398)
Transactions with owners of the Parent	**-**	**62,369**	**-**	**13,925**	**(4,937)**	**-**	**-**	**(164,767)**	**(93,410)**	**(2,692)**	**(96,102)**
31 December 2023	**341,325**	**300,617**	**1,080**	**71,341**	**(18,261)**	**(39,198)**	**(586,707)**	**292,948**	**363,145**	**38**	**363,183**

	Share capital	Reserve capital	Share repurchase reserve	Share-based payment arrangements	Other reserves	Exchange differences on translation of foreign operations	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	-	-	-	-	-	-	-	166,580	166,580	(2,027)	164,553
Other comprehensive income for period	-	-	-	-	(136)	601	-	-	465	-	465
Total comprehensive income for period	**-**	**-**	**-**	**-**	**(136)**	**601**	**-**	**166,580**	**167,045**	**(2,027)**	**165,018**
Share capital increase	804	-	-	-	-	-	-	-	804	-	804
Allocation of profit/(loss)	-	129,731	-	-	-	-	-	(129,731)	-	-	-
Share-based payments	-	-	-	28,160	-	-	-	-	28,160	-	28,160
Valuation of put option	-	-	-	-	2,295	-	-	-	2,295	2,048	4,343
Dividends	-	-	-	-	-	-	-	(136,530)	(136,530)	-	(136,530)
Transactions with owners of the Parent	**804**	**129,731**	**-**	**28,160**	**2,295**	**-**	**-**	**(266,261)**	**(105,270)**	**2,048**	**(103,222)**
31 December 2022 (restated)	**341,325**	**238,248**	**1,080**	**57,416**	**(13,633)**	**508**	**(586,707)**	**272,686**	**310,923**	**33**	**310,956**

All amounts in PLN thousand, unless otherwise stated

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'). 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 leading HR technology platform that operates online job posting sites and offers various services to assist organisations in employee recruitment, retention, and development. The Group helps its users to find the right employment that enables them to use their full potential, and develops world-class technologies that shape 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 2023 and as of 31 December 2023, the composition of the Parent'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.

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

In 2023 and as of 31 December 2023, the composition of the Parent'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 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.

The Parent prepared separate financial statements for the year ended 31 December 2023. The statements were authorised for issue on 3 April 2024.

Accounting policies

Subsidiaries

A subsidiary is an entity that is controlled by another entity. The investor controls the investee if and only if the investor:

- exercises power over the investee,
- is exposed to variable financial results or has the right to variable financial results from its involvement with the investee,
- has the ability to use the power over the investee to affect the amount of the investor's returns.

Subsidiaries are fully consolidated from the date on which control over them is transferred to the Group until the date on which the control ceases. Upon loss of control over a subsidiary, the Parent derecognises from its consolidated statement of financial position the assets and liabilities of that entity, any related non-controlling interests and the components of other comprehensive income allocated to them, recognises the fair value of the payment received and any resulting gain or loss associated with the loss of control is recognised in profit or loss for the current period.

Taking control over a subsidiary is accounted for using the acquisition method. As at the acquisition date, the identifiable assets acquired as well as liabilities and contingent liabilities assumed are initially measured at fair value. The excess of the acquisition cost determined as the sum of the fair value of the consideration transferred and the value of non-controlling interests measured at the value of their proportionate share of the net assets of the acquiree over the fair value of the net assets acquired is recognised as goodwill. Gain on bargain purchase is recognised in the profit or loss for the period when the acquisition occurred.

The Group measures non-controlling interests at their proportionate share of the acquiree's identifiable net assets at the acquisition date. In subsequent periods, the non-controlling interests are adjusted for changes in the subsidiary's equity based on their proportional share of the net assets. Comprehensive income is allocated to non-controlling interests even if it results in a negative value of these interests.

Changes in ownership interests in a subsidiary that do not result in a loss of control are accounted for as transactions with the owners and recognised directly in equity.

Transactions, balances and any unrealised gains arising from transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Associates

Associates are those entities in which the Group has significant influence, but not control or common control, which usually accompanies holding from 20% to 50% of the total voting rights in the governing bodies of these entities (share in the entity's share capital is not decisive). Interests in associates are accounted for using the equity method and are initially recognised at cost.

The excess of the consideration paid over the fair value of identifiable net assets of the associate acquired as at the acquisition date is recognised as goodwill. Goodwill is included in the carrying amount of the investment, and its impairment is tested on the carrying amount of the investment as a whole. Any excess of the Group's share in the fair value of identifiable assets, liabilities and contingent liabilities over the consideration paid is recognised immediately in profit or loss for the current period.

The Group's share in the financial result of associates from the date of acquisition is recognised in profit or loss for the current period, and its share in other comprehensive income generated from the date of acquisition – in other comprehensive income. The carrying amount of the investment is adjusted by the Group's share in the total change in the associate's equity from the date of acquisition. If the Group's share in losses of an associate equals or exceeds its interest in the associate, including any long-term receivables constituting part of the Group's net investment in this entity, the Group ceases to recognise further losses.

Unrealised gains on transactions between the Group and its associates are eliminated proportionally to the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies applied by the Group.

As of 31 December 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.

Changes in the Group's structure

The table below provides a list of the subsidiaries and associates of the Group as at 31 December 2023 and 31 December 2022.

All amounts in PLN thousand, unless otherwise stated

Company	Registered office	Principal business	Ownership interest 31 December 2023	Ownership interest 31 December 2022
Direct and indirect subsidiaries				
eRecruitment Solutions sp. z o.o.	Poland	IT services	100%	100%
eRecruitment Solutions Ukraine TOV	Ukraine	activities related to databases	100%	100%
BinarJobs sp. z o.o.	Poland	web portals	100%	100%
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%
Robota International TOV	Ukraine	web portals	67%	67%
Snowless Global Ltd	Cyprus	licensing activities	67%	67%
HumanWay sp. z o.o. w likwidacji	Poland	IT services	-[1)]	100%
Associates				
Epicode sp. z o.o.	Poland	IT services	35%	35%
Fitqbe sp. o.o.	Poland	IT services	34%[2)]	35%
Work Ukraine TOV	Ukraine	web portals	33%	33%
WorkIP Ltd	Cyprus	licensing activities	33%	33%
Coders Lab sp. z o.o.	Poland	training services	22%	22%
Resolutio sp. z o.o.	Poland	HR management consulting services	-[3)]	34%
Video Recruiting Solutions s.r.o., v likvidaci	Czech Republic	IT services	-[4)]	30%

1) The liquidation of Humanway sp. z o.o. w likwidacji (in liquidation) was completed on 31 August 2023. The company was removed from the business register on 28 September 2023.
2) Under an agreement of 21 June 2023, the preliminary share purchase 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.
3) On 3 October 2023, Grupa Pracuj S.A. sold 996 shares with a par value of PLN 50.00 per share.
4) The liquidation of Video Recruiting Solutions s.r.o., v likvidaci was completed on 12 April 2023.

1.4 Basis of accounting

The Group's consolidated statement of financial position as of 31 December 2023, including comparative data as at 31 December 2022, as well as the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the years ending on 31 December 2023 and 2022, accompanied by the relevant notes, have been prepared in compliance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and the related interpretations issued as regulations by the European Commission ('IFRIC'). IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (the 'IASB').

These consolidated financial statements have been prepared on the historical cost basis, with the exception of investments in equity instruments, which are measured at fair value through profit or loss, derivatives, and a liability arising from the put option, as detailed in Note 5.3.

The Management Board of the Parent represents that, to the best of its knowledge, these consolidated financial statements have been prepared in compliance with the relevant accounting standards and accurately represent the Group's assets, liabilities, and financial position in a true, fair, and clear manner.

For a detailed description of the accounting policies applied in the preparation of these consolidated financial statements, please refer to the Notes section. These accounting policies have been consistently applied across all periods presented.

These consolidated financial statements are prepared on the going concern basis, assuming that the Group will continue its operations in their current form and scope for the foreseeable future. As at the date of authorisation of these consolidated financial statements for issue, the Management Board of the Parent has not identified any facts or circumstances that would pose a threat to the Group's ability to continue as a going concern in the foreseeable future. The impact of the armed conflict in Ukraine on the Group's business is analysed and detailed in Note 7.7

The entity authorised to audit the financial statements, namely Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k., of Warsaw, and registered in the list of entities authorised to audit financial statements maintained by the Polish Agency for Audit Oversight under entry no. 130, was selected to audit the presented consolidated financial statement in accordance with legal regulations. This entity and the auditors conducting the audit satisfy the criteria to deliver an unbiased and independent audit report, in line with the relevant national legislation.

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 accounting estimates made will seldom align with actual outcomes due to inherent uncertainties and assumptions. Judgements and assumptions carrying a significant risk of necessitating a material adjustment to the carrying amounts of assets and liabilities reported in the next financial period are detailed in the relevant notes to the consolidated financial statements. The uncertainty surrounding these assumptions and estimates could lead to adjustments in the carrying amounts of assets and liabilities in subsequent periods.

All amounts in PLN thousand, unless otherwise stated

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 payable/receivable	3.1
Lease liabilities	4.3
Financial assets measured at amortised cost	5.1
Trade receivables	5.2
Unlisted shares	5.2
Equity-accounted investees	6.5
Employee benefit obligations	6.9
Share-based payments	6.10

1.6 Effect of new standards and interpretations

The table below lists new standards, amendments to standards, and interpretations that have been adopted by the European Union and are applicable for annual periods beginning after 1 January 2023:

Standard	Description of amendments	Effective date
IFRS 17 *Insurance Contracts*	*Insurance contracts*	1 January 2023
Amendments to IFRS 17 Insurance Contracts	*Initial Application of IFRS 17* and *IFRS 9 – Comparative Information*	1 January 2023
IAS 1 *Presentation of Financial Statements*	*Materiality of accounting policies*	1 January 2023
IAS 12 *Income Taxes*	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to IAS 12 *Income Taxes*	*Global Minimum Tax (Pillar Two)*	1 January 2023
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	*Definition of Accounting Estimates*	1 January 2023
IAS 1 *Presentation of Financial Statements*	*Classification of Liabilities as Current or Non-current*	1 January 2024
IFRS 16 Leases	*Lease liability in Sale and Leaseback Transactions*	1 January 2024

The Group has chosen to adopt the new standards and amendments to existing standards from their respective effective dates, thereby opting not to apply these amendments early. The standards and interpretations amended and applied for the first time in 2023 did not materially impact the Group's consolidated financial statements.

Standards, amendments to the existing standards and interpretations pending approval by the European Union are as follows:

Standard	Description of amendments	Effective date
IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*	*Disclosure: Supplier Finance Arrangements*	1 January 2024
IAS 21 *The Effects of Changes in Foreign Exchange Rates*	*Lack of Exchangeability*	1 January 2025

The standards and amendments to standards specified above, pending endorsement by the European Union, are not expected to have a material impact on the Group's consolidated financial statements.

1.7 Functional currency and foreign currency transactions

Accounting policies

Functional currency and presentation currency

The financial statements of individual Group entities are prepared in the currency of the primary economic environment in which each entity operates, namely, its functional currency.

The Polish złoty (PLN) serves as the functional currency for the Parent and several Group companies, excluding the foreign operations detailed below. It is also the presentation currency of these consolidated financial statements.

All figures in these consolidated financial statements are rounded to the nearest thousand PLN, except where stated otherwise.

Transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the mid exchange rate provided by the National Bank of Poland (NBP) for the day before the date of the transaction.

At the close of the reporting period, monetary items in foreign currencies are translated using the mid exchange rate for the relevant currency as provided by the NBP on the measurement date.

Non-monetary items that are denominated in foreign currencies and measured at cost are recognised using the exchange rate prevailing on the date of the transaction, also known as the historical rate.

Non-monetary items in foreign currencies measured at fair value are translated using the exchange rate—the mid exchange rate quoted by the NBP for the relevant currency—on the date the fair value was determined.

Exchange gains or losses resulting from the settlement of foreign currency transactions or the revaluation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the current period.

Financial statements of subsidiaries and associates prepared in functional currencies other than PLN

In the preparation of the consolidated financial statements in the Group's presentation currency, the Polish zloty, the financial statement items of foreign operations whose functional currency is not PLN are translated as follows:

- all assets and liabilities items – at the closing rate, which is the mid exchange rate effective as of the end of the reporting period, as provided by the NBP for the respective currency,
- items of equity – at historical exchange rates,
- all items of the statement of comprehensive income and the statement of cash flows – at the arithmetic mean of the mid exchange rates quoted for a given currency by the NBP for the last day of each month in the reporting period; when the exchange rate experiences significant fluctuations during the period, the relevant items in the statement of comprehensive income are translated using the rates prevailing on the date of the transaction.

All amounts in PLN thousand, unless otherwise stated

The difference arising from translating the equity of a foreign operation at historical exchange rates that differ from the closing rate for the reporting period used for translating other components of assets, equity, and liabilities is recognised within the Group's equity under 'Translation reserve'. This is to the extent that it is attributable to the owners of the Parent. Exchange differences on translation of foreign operations for a given period are recognised in other comprehensive income of the period.

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

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	
	31 December 2023	31 December 2022
EUR	4.3480	4.6899
USD	3.9350	4.4018
UAH	0.1037	0.1258

	Average rate in the period	
	2023	2022
EUR	4.5284	4.6883
USD	4.1823	4.4679
UAH	0.1153	0.1354

1.8 Corrections of errors and changes in accounting policies

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

1.9 Restatement of comparative data

The Group restated the comparative figures in connection with the completion of the acquisition price allocation process. For details, see Note 6.4.

All amounts in PLN thousand, unless otherwise stated

2. NOTES TO THE 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 – the segment comprises entities that earn revenues in the Polish market, including: Grupa Pracuj S.A., eRecruitment Solutions sp. z o.o. and BinarJobs sp. z o.o. The particular entities included in this segment offer comprehensive recruitment, branding and advertising projects;
- Segment Ukraine – the segment comprises entities that earn revenues in the Ukrainian market, including: 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 includes companies that earn revenues mainly in the German market, including: Spoonbill Holding GmbH, Spoonbill GmbH, softgarden e-recruiting GmbH and absence.io GmbH. Firms active in the German market provide a broad spectrum of recruitment-related services, complemented by support in time and absence management, and recruitment advertising on digital platforms, predominantly within the DACH region.

The Group has elected to present selected profit or loss data for individual reporting periods by operating segments. The Group has chosen not to disclose the allocation of assets and liabilities by operating segments, availing itself of the exemption permitted under IFRS 8, as the Management Board of Grupa Pracuj S.A., acting as 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.

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

2023	Segment Poland	Segment Ukraine	Segment Germany	Intersegment eliminations	Total
Revenue from external customers	508,090	41,689	174,619	-	724,398
Other income	1,642	63	1,455	-	3,160
Intersegment revenue	70	55	-	(125)	-
Total segment revenue	**509,802**	**41,807**	**176,074**	**(125)**	**727,558**
Depreciation and amortisation	(11,902)	(1,774)	(20,761)	-	(34,437)
Operating expenses other than depreciation and amortisation	(229,385)	(32,846)	(149,221)	125	(411,327)
Operating profit	**268,515**	**7,187**	**6,092**	**-**	**281,794**

All amounts in PLN thousand, unless otherwise stated

2022 (restated)	Segment Poland	Segment Ukraine	Segment Germany	Intersegment eliminations	Total
Revenue from external customers	508,633	25,919	73,997	-	608,549
Other income	1,323	86	1,015	-	2,425
Intersegment revenue	60	125	-	(184)	-
Total segment revenue	**510,016**	**26,130**	**75,012**	**(184)**	**610,974**
Depreciation and amortisation	(9,490)	(2,327)	(10,383)	-	(22,200)
Operating expenses other than depreciation and amortisation	(249,872)	(30,796)	(62,124)	184	(342,608)
Operating profit	**250,654**	**(6,993)**	**2,505**	**-**	**246,166**

2.2 Revenue from contracts with customers

Accounting policies

Revenue from contracts with customers is recognised at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services.

The main sources of the Group's revenue are:

- sales of recruitment projects (job postings published on the Pracuj.pl and Robota.ua websites, along with supplementary products that enhance publication visibility, leading to an increased number of views and applications for job postings),
- multiposting — that is, the resale of job advertisements purchased from online recruitment platforms — revenue from contracts with customers regarding multiposting is recognised on a net or gross basis, contingent upon the Company's role as an agent or a principal. Revenue recognition on a net basis is applicable to purchases made based on specific orders from customers, whereas recognition on a gross basis is applicable to purchases intended for subsequent resale,
- sale of branding products (e.g. employer profiles on the Pracuj.pl and Robota.ua websites, publications in the Employer's Guide),
- access to recruitment systems, in particular eRecruiter and softgarden.

Transaction price

When determining the transaction price, the Group considers the occurrence of variable consideration (discounts, bonuses and penalties), however, generally, such components do not exist in contracts.

Transfer of control over time

In the case of certain products and services, the Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time.

Revenue is recognised over time in particular with respect to:

- job announcements published on the Pracuj.pl and Robota.ua websites,
- publication of employer profiles on the Pracuj.pl and Robota.ua websites,
- access to the eRecruiter and softgarden systems.

Revenue from job announcements and publication of employer profiles is recognised over the period of their publication based on contracts with customers which are concluded, as a rule, for a period of about 1 year or less.

Access to the eRecruiter and softgarden systems is offered on a SaaS (Software as a Service) basis, where the customer simultaneously receives and benefits from the Group's services.

Transfer of control at a point in time

If a performance obligation is not satisfied over time, then it is satisfied at a point in time and at the same moment revenue from contacts with customers is recognised. In order to determine the moment of satisfaction of the performance obligation and revenue recognition, the requirements regarding transferring control over the promised assets to the customer are considered. The control is transferred to a customer, if:

- the entity has a present right to payment for the asset,
- the customer has legal title to the asset,
- the entity has transferred physical possession of the asset,
- the customer has the significant risks and rewards of ownership of the asset,
- the customer has accepted the asset.

Revenue from contracts with customers for additional products supporting the sale of job announcements, branding products and multiposting is recognised at a point in time by the Group, except for revenue from the publication of employer profiles, which is recognised over the period of publication.

Methods for measuring progress towards complete satisfaction of a performance obligation

Methods for measuring progress include output methods. Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

From a practical point of view, the Group measures progress towards complete satisfaction of a performance obligation to date based on the time elapsed.

Contract assets

Contract assets are recognised when the Group has satisfied a performance obligation to a customer by delivering goods or service, but payment for these services and goods has not yet been made and no invoice has been issued. Where the right to receive consideration is unconditional, i.e., where the Group has satisfied a performance obligation to a customer and issued an invoice for the goods/services, the right to receive consideration is recognised as trade receivables.

Contract liabilities

In the statement of financial position, the Group recognises a contract liability which is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If a customer has paid or is obligated to pay the Group for goods or services before the transfer of the goods or services, the Group records the payment as a contract liability until the goods or services are delivered. This applies to cases where the customer has paid consideration, or the Group has an unconditional right to an amount of consideration (i.e., a receivable) before the goods or services are provided to the customer.

Contract costs

The Group recognises incremental costs of obtaining a contract with a customer as an asset if the costs are expected to be recovered. Incremental costs of obtaining a contract are those costs incurred by an entity to obtain a contract with a customer which the entity would not have incurred if the contract had not been concluded. Incremental costs of obtaining a contract include sales commission. An asset is amortised/depreciated on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The Company adjusts the amortisation period to reflect a significant change in the expected timing of the transfer to the customer of goods or services to which the asset relates.

In practical terms, the Group recognises incremental costs of obtaining a contract as an expense when incurred only if the amortisation period of the asset that would have been recognised is one year or less.

The costs the Group incurs for obtaining contracts include, in particular, sales bonuses and are reported in employee benefit expenses in the statement of comprehensive income. The capitalised costs of obtaining contracts are presented in other non-financial assets.

The Group recognises assets arising from the cost of obtaining a SaaS contract, which are amortised over time according to the average expected customer retention period, i.e., 60 months.

The Group does not identify costs of fulfilling contracts, i.e., costs that meet the following criteria:

- they directly relate to the contract or anticipated contract that the entity can clearly identify;
- they result in generation or enhancement of the Group's resources that will be used to satisfy (or continue to satisfy) performance obligations in the future.

Significant judgements and assumptions

The Group uses estimates (subjective judgements) in determining the timing of satisfaction of performance obligations and therefore the proper recognition of revenue, i.e., at a point in time or over time.

The Group uses output methods for performance obligations that are satisfied over time, such as the publication of recruitment projects. Output methods are based on the passage of time during which the obligation is performed.

Contracts concluded by the Group generally do not contain variable remuneration elements, and therefore the Group does not identify the need for additional estimates in this respect.

Key types of products and services

The following list presents the key types of services offered by the Group:

- Recruitment projects – these are mainly job announcements published on the Pracuj.pl and Robota.ua websites, as well as supporting products aimed at increasing the number of page views and job applications.

  Supporting products include, in particular, ad refreshing, logo highlighting, Super Offer branding.

All amounts in PLN thousand, unless otherwise stated

Revenue from sales of job announcements and products permanently related to the announcements (e.g. logo highlighting or Super Offer branding) are recognised at the time of their publication.

Revenue from sales of other products is recognised at the time when the service is provided, e.g. at the moment of a job offer is refreshed on the website.

- Multiposting – job advertisements published on more than 300 job portals in the DACH region by softgarden e-recruiting GmbH.
- Branding products – a range of services such as featuring employer profiles on Pracuj.pl and Robota.ua (with revenue recognised over time), publications in the Employer's Guide, which is a virtual guide for employers to reach young users of the websites (with revenue recognised when sponsored articles, interviews or advertisements are published), access to Jobicon Online, an online job fair, and in-person Jobicon job fair (with revenue recognised when a performance obligation is satisfied).
- Access to recruitment systems – the service consists in providing customers in Poland with access to eRecruiter, a recruitment management system that supports recruiters in collecting applications and communicating with candidates, and customers outside Poland – to softgarden's innovative recruitment system solution. This service is offered on a SaaS (Software as a Service) basis, i.e., in a subscription model. There are two components of consideration for the access: an activation fee and a subscription fee. The Group considers activation fees as an immaterial revenue stream and recognises them only when the related performance obligation is satisfied. Subscription fees are recognised over the period when the customer has access to the recruitment system.

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

Revenue from contracts with customers by the timing of revenue recognition	2023	2022
Over time	455,930	382,582
At a point in time	268,468	225,967
Total	**724,398**	**608,549**

Revenue from contracts with customers by region

Revenue from contracts with customers by geography	2023	2022
Poland	495,436	494,277
Ukraine	42,022	25,980
DACH region	178,536	82,221
Other countries	8,404	6,071
Total	**724,398**	**608,549**

Contract liabilities

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

Contract liabilities	31 December 2023	31 December 2022
Current	241,653	208,420
Total	**241,653**	**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.

All amounts in PLN thousand, unless otherwise stated

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 (Note 6.7).

2.3 Other income and expenses

Accounting policies

The Group's financial result for the reporting period is impacted by other income and expenses that are indirectly related to the Group's principal business activities. The most significant items of other income and other expenses are:

- gains or losses on disposal of non-financial non-current assets,
- rental income – income from rental of office space is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease contract. any discounts granted are an integral part of total rental income,
- penalties and damages paid or received,
- donations made to unrelated parties.

Other income

	2023	2022
Gain on disposal of non-current non-financial assets	137	240
Income from lease modifications	48	8
Income from sublease of office space	900	345
Other income	2,075	1,832
Total	**3,160**	**2,425**

Other expenses

	2023	2022
Donations	1,070	2,587
Costs of lease modifications	-	176
Other expenses	2,922	414
Total	**3,992**	**3,177**

2.4 Finance income and finance costs

Accounting policies

Finance income and finance costs are related to financing activities within the Group, including the sale and purchase of securities and shares, contracting borrowings, and use of lease contracts. The most significant items of finance income and finance costs are:

- interest expense on debt, calculated using the effective interest rate,
- allowances for impairment of financial assets,
- interest income on cash invested by the Group (bank deposits and bank accounts) and on the Group’s receivables – recognised in the statement of profit or loss on an accrual basis using the effective interest rate method,

All amounts in PLN thousand, unless otherwise stated

- dividend income – recognised in the statement of profit or loss when the Group obtains the right to receive the dividend,
- gains or losses from foreign exchange differences,
- gains or losses on the sale of financial assets,
- gains or losses on derivatives.

Finance income

	2023	2022
Interest income	6,827	6,407
Remeasurement of financial instruments to fair value	227	-
Gain on disposal of investments	80	-
Total	**7,134**	**6,407**

Finance costs

	2023	2022
Interest expense on bank borrowings	27,139	17,452
Interest expense on lease contracts	677	704
Impairment of equity-accounted investees	-	4,230
Remeasurement of investments measured at fair value through profit or loss	29,494	1,749
Remeasurement of dividends receivable	984	-
Remeasurement of financial instruments to fair value	-	2,375
Measurement of derivative financial instruments	5,702	3,409
Exchange differences and other gains/(losses)	1,214	949
Total	**65,210**	**30,868**

As at 31 December 2023, the Group measured at fair value the investment in Pracuj Ventures spółka z ograniczoną odpowiedzialnością ASI sp.k. (‘Pracuj Ventures’) and Beamery Inc., recognising PLN 39 thousand and PLN 29,455 thousand under finance costs (Note 5.2).

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 2025. On this basis, the Management Board resolved to discount the dividends receivables for the year ended 31 December 2023, for a total amount of PLN 984 thousand; this amount was recorded in finance costs (Note 5.2 and Note 7.9).

Finance costs associated with the measurement of derivative financial instruments (instruments not designated as hedge accounting) pertained to hedging the variable interest rate on a credit facility (Note 4.3).

3. NOTES ON TAXATION

3.1 Income tax

Accounting policies

Income tax presented in the statement of comprehensive income comprises current tax and deferred tax.

Current income tax

Tax assets and tax liabilities, both for the current and prior periods, are recognised at the expected amount of payment due to or refund from tax authorities, as applicable, based on the tax rates and fiscal regulations that are legally or factually binding as at the reporting date.

Current tax expense is the amount of income tax payable in respect of the taxable profit for a reporting period. Tax profit (loss) is the profit (loss) for a given reporting period that is used for tax purposes, and it is different from accounting profit (loss) before tax because it excludes certain items of income or expense. Specifically, tax profit (loss) excludes items of income or expense that are taxable or deductible in future years, as well as items that will never be taxable or deductible.

Uncertainty of tax settlements

The Group operates in Poland, Ukraine, Germany and Cyprus. Regulations on value added tax, corporate income tax, and social security contributions are subject to frequent changes, with a resulting lack of appropriate points of reference, conflicting interpretations, and scarcity of established precedents to follow. Additionally, the lack of clarity in the applicable tax laws results in varying opinions and interpretations among different public authorities, as well as between public authorities and businesses.

Tax settlements and other activities, such as customs or foreign exchange control, may be subject to inspections by authorities with the power to impose significant fines and penalties. Any additional tax liabilities resulting from such inspections must be paid with high interest. Therefore, the tax risk in Poland is generally considered to be higher than in countries with more mature tax systems.

The amounts presented and disclosed in these financial statements may change in the future due to a final decision made by a tax inspection authority.

Deferred tax

The Group recognises deferred tax liabilities and deferred tax assets in respect of all temporary differences between the carrying amounts of assets and liabilities and the amounts used for tax purposes.

Deferred tax liabilities are the amounts of income tax payable in future periods in respect of taxable temporary differences. Deferred tax assets are amounts expected to be deducted from income tax in future periods due to deductible temporary differences or carry forward of unused tax losses and unused tax credits.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available in future against which temporary differences can be deducted or tax losses utilised.

Income tax on items recognised in other comprehensive income or directly in equity is also recognised in other comprehensive income or equity, respectively.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The Group offsets deferred tax assets and deferred tax liabilities only if there is a legally enforceable right to set off current tax assets against current tax liabilities and if the deferred income tax is related to income taxes imposed by the same taxation authority on the same taxable entity.

All amounts in PLN thousand, unless otherwise stated

Significant estimates and judgements

Recognition of deferred tax assets

The Group recognises a deferred tax asset when it is probable that sufficient taxable profits will be available in the future to allow for the utilisation of temporary differences and unused tax losses. The Management Board of the Parent relies on forecasts, budgets, and strategies for the operations of individual Group companies in making the assumption to recognise a deferred tax asset.

The Group reviews the carrying amount of a deferred tax asset at each reporting date and reduces it to the extent that it is no longer probable that sufficient taxable profits will be available in the future to allow for the realisation of all or part of the deferred tax asset. At each reporting date, the Group reassesses any previously unrecognised deferred tax asset and recognises it to the extent that it is likely that future taxable profits will be available to utilise the asset.

Judgements related to recognised amounts of tax settlements

The Group recognises amounts arising from tax settlements based on current tax laws and their interpretations. Due to the aforementioned tax risks, the amounts disclosed in the financial statements are subject to uncertainty and may be revised in the future based on the final decisions made by the tax inspection authorities. The estimation uncertainty pertains to the tax impact of a particular economic event and is attributed to various factors, including:

- inherent complexity of tax laws and regulations,
- varying practices of tax administration bodies,
- the lack of uniformity in the judicial decisions of administrative courts.

	2023	2022 (restated)
Current tax	63,794	63,249
Reduction of income tax for 2022	(1,507)	-
Deferred tax	(4,122)	(6,004)
Change in net deferred tax liabilities arising from capital gains	(14,170)	(941)
Total tax expense in the statement of comprehensive income	**43,995**	**56,304**

The effective tax rate for the year ended 31 December 2023 was 18.99%, compared with 25.49% in 2022.

Reconciliation of effective tax rate

	2023	2022 (restated)
Profit before tax	231,721	220,857
Income tax at 19%	**44,027**	**41,963**
Impact of tax rates applicable in foreign operations	517	1,444
Expenses incurred in 2022, classified as tax-deductible	1,530	-
Prior period tax losses for which no deferred tax asset has been recognised in current year	(4,127)	-
Permanently non-deductible expenses	1,135	3,360
Permanently non-deductible expenses for share-based payment arrangement	2,646	5,350
Current year tax losses for which no deferred tax asset is recognised	329	1,241
Revaluation of financial assets	(43)	451
Remeasurement of dividends receivable	(685)	-
Share of profit/(loss) of equity-accounted investees	(1,521)	161
Revaluation of equity-accounted investees	187	804
Acquisition-related costs	-	1,530
Total tax expense in the statement of comprehensive income	**43,995**	**56,304**

All amounts in PLN thousand, unless otherwise stated

Tax rates

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

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.

	31 December 2023	31 December 2022 (restated)
Deferred tax assets arising from other sources		
Contract liabilities	34,043	29,561
Other liabilities	309	802
Other non-financial assets	1,317	1,288
Trade receivables	(258)	484
Right-of-use assets and lease liabilities	443	881
Employee benefit obligations	3,042	2,868
Trade payables	527	-
Tax losses carried forward	22,990	28,216
Measurement of derivative financial instruments	1,534	690
Other deductible temporary differences	1,301	354
Total deferred tax assets arising from other sources	**65,248**	**65,144**

	31 December 2023	31 December 2022 (restated)
Deferred tax liabilities arising from other sources		
Temporary differences between carrying amounts of property, plant, and equipment and intangible assets recognised in the accounts and their tax base	20,480	25,647
Capitalised costs of obtaining contracts with customers	4,503	3,328
Taxable temporary differences	21	47
Total deferred tax liabilities arising from other sources	**25,003**	**29,021**
Deferred tax liabilities from capital gains		
Deferred tax liabilities arising from revaluation of investments measured at fair value	13,894	18,813
Tax losses from capital gains carried forward	(9,860)	(609)
Total net deferred tax liabilities arising from capital gains	**4,034**	**18,204**

Net deferred tax assets arising from other sources	**40,245**	**36,123**
Net deferred tax liabilities arising from capital gains	**4,034**	**18,204**

Unrecognised deferred tax asset

The Group chose not to recognise deferred tax assets amounting to PLN 912 thousand related to tax losses of certain subsidiaries. This decision was based on the Group's projections for the future operations of these subsidiaries, which do not justify the recognition of deferred tax assets, as it is unlikely that these subsidiaries will generate sufficient taxable income in the future to utilise these losses.

	31 December 2023		31 December 2022	
	Gross amount	Tax effect	Gross amount	Tax effect
Tax losses	4,799	912	6,530	1,241
Total	**4,799**	**912**	**6,530**	**1,241**

All amounts in PLN thousand, unless otherwise stated

Unused tax losses for which no deferred tax assets have been recognised, and expiration dates of those losses

	31 December 2023		31 December 2022	
	Gross amount	Year of expiry	Gross amount	Year of expiry
BinarJobs sp. z o.o.	2,234	2028	2,208	2028
HumanWay sp. z o.o. w likwidacji	-	-	44	2028
Robota International TOV	2,565	-	4,278	-
Total	**4,799**	**-**	**6,530**	**-**

Unused tax losses for which deferred tax assets have been recognised, and expiration dates of those losses

	31 December 2023		31 December 2022	
	Gross amount	Year of expiry	Gross amount	Year of expiry
Grupa Pracuj S.A. (from sources of capital gains)	51,893	2028	3,205	2028
softgarden e-recruiting GmbH	76,635	-	93,248	-
absence.io GmbH	-	-	806	-
Total	**128,528**		**97,260**	**-**
Recognised deferred tax asset	**32,850**		**28,825**	**-**

The subsidiary companies of the Group that have recognised deferred income tax assets for tax losses anticipate, based on their tax budgets, that they will generate sufficient taxable income in future periods to utilise these losses and realise the deferred tax asset.

The Group has assessed the recoverability of the deferred tax asset arising from capital losses and intends to realise it either against gains from sale of equity interests or against dividend income.

4. NOTES TO THE 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;
- credit rating and capital ratios;
- and value creation for shareholders.

As at 31 December 2023 and 31 December 2022, 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 as well as equity attributable to non-controlling interests.

All amounts in PLN thousand, unless otherwise stated

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

	Note	31 December 2023	31 December 2022 (restated)
Bank borrowings	4.3	262,838	366,660
Lease liabilities	4.3	34,067	19,704
Other financial liabilities	5.3	24,844	13,309
Less: cash and cash equivalents	4.4	(163,756)	(109,538)
Net debt		**157,993**	**290,135**
Equity		363,183	310,956
Leverage (net debt to equity)		**0.44**	**0.93**

4.2 Equity

Accounting policies

Share capital

The share capital of the Group represents the share capital of the Parent and is recognised at the amount stated and recorded in the National Court Register.

Reserve capital

The Group's reserve capital comprises the share premium arising from the issuance of shares by the Parent for the merger in 2016, involving Grupa Pracuj S.A. as the acquiring entity (previously Grupa Pracuj Holding sp. z o.o.) and the target entity then known as Grupa Pracuj S.A. The reserve capital also includes accumulated profits from previous years that have not been distributed as dividends and have been allocated to the reserve capital.

The share capital and the reserve capital presented in the consolidated financial statements represent components of the Parent’s equity.

Share repurchase reserve

The share purchase reserve was established through resolutions passed by the General Meeting following the Parent's change of legal form on 2 August 2021. The reserve is funded through distributions of profit and is earmarked for the cancellation of the Parent's treasury shares.

The treasury shares are measured at their purchase price at the end of the reporting period.

Share-based payment arrangements

Equity-settled share-based payment arrangements are recognised in the Parent's equity.

Note 6.10 provides details of the equity-settled share-based payment arrangements of the Parent.

Other reserves

Other reserves arise mainly from the distribution of retained earnings, if so resolved by the General Meeting. Other reserves also include effects of the remeasurement of provisions for employee benefit obligations due to changes in actuarial assumptions, as well as capital arising from the put option obligation.

Translation reserve

Translation reserve comprises foreign exchange differences from the translation of financial statements of foreign operations whose functional currencies are other than the Polish zloty.

Merger reserve

This line item reflects the impact of accounting for the 2016 merger transaction at carrying amounts. Further details on the accounting treatment of the merger are provided in the first consolidated financial statements prepared in accordance with IFRS, as presented in the Historical Financial Information for the years 2018-2020.

Retained earnings/(losses)

The balance of retained earnings/(losses) carried forward is calculated as the sum of the net profit/(loss) for the current period and the accumulated net profit (loss) from previous years that was neither distributed as dividends nor transferred to the reserve capital, other reserves or other components of equity. Retained earnings/(losses) carried forward also include corrections for errors found in the current year that were made in previous periods and the impact of any changes in accounting policies made in the current year.

Dividends are recognised as a liability in the period in which they are declared.

Dividends from profits earned prior to the acquisition of control do not reduce the purchase price of the shares, but may be an indication of impairment.

The consolidated net profit/(loss) attributable to owners of the Parent is presented in equity in the line item 'Retained earnings'. It represents the sum of the net profit/(loss) of the Parent, as well as the share of net profit/(loss) of equity-accounted subsidiaries and the share of net profit/(loss) of fully consolidated entities.

Non-controlling interests

Non-controlling interests refer to the equity in a subsidiary that belongs to parties other than the Parent and cannot be attributed directly or indirectly to the Parent.
Non-controlling interests are measured at the proportionate share in the net assets of the subsidiary or at fair value, separately for each business combination, at the time of initial recognition.

The carrying amount of non-controlling interests should be calculated consistently by adding changes in the carrying amount during the current period to the current amount of non-controlling interests at the end of the previous period. These changes may result from:

- changes in the percentage of shares held by non-controlling shareholders – this may include purchases, sales, or changes in share capital;
- changes in the value of equity that are unrelated to changes in the percentage of shares held – this may include capital increases or decreases that do not change the percentage of shares held, capital contributions made by non-controlling shareholders, the current year's result, transactions recognised directly in other comprehensive income, and dividend payments.

Profits, losses, and each component of other comprehensive income are attributed to both the owners of the Parent and the non-controlling interests, regardless of whether the non-controlling interests have a negative value as a result of this attribution.

All amounts in PLN thousand, unless otherwise stated

Share capital

As of 31 December 2023, the share capital consisted of 68,265,026 shares with a par value of PLN 5.00 per share. All shares outstanding as at 31 December 2023 have a par value of PLN 341,325,130 and have been fully paid for. The ownership interests of the shareholders listed below in the share capital of the Parent are proportional to their voting interests at the General Meeting.

As at 31 December 2023 and 31 December 2022, the Company's shareholder structure was as follows:

Shareholder	31 December 2023		
	Number of shares held	Par value of shares (PLN)	Ownership interest %
Przemysław Gacek*	35,857,913	179,289,565	52.53
TCV Luxco Perogie S.à r.l.	4,638,861	23,194,305	6.80
Fundacja Rodzinna MANageWell**	5,755,449	28,777,245	8.43
Other members of the Management Board	1,013,550	5,067,750	1.48
Others	20,999,253	104,996,265	30.76
Total	**68,265,026**	**341,325,130**	**100.00**

Shareholder	31 December 2022		
	Number of shares held	Par value of shares (PLN)	Ownership interest %
Przemysław Gacek*	36,130,187	180,650,935	52.93
TCV Luxco Perogie S.à r.l.	8,638,861	43,194,305	12.65
Maciej Noga	5,799,227	28,996,135	8.50
Other members of the Management Board	1,013,550	5,067,750	1.48
Others	16,683,201	83,416,005	24.44
Total	**68,265,026**	**341,325,130**	**100.00**

** Directly and indirectly through Frascati Investments sp. z o.o., controlled by Przemysław Gacek, and considering 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 Organised Trading and Public Companies.*

*** Controlled by Maciej Noga.*

Changes in equity in 2023

On 15 June 2023, the Annual General Meeting resolved on the following allocation of the net profit of PLN 164,766,117.07 earned by the Company in the financial year ended 31 December 2022:

- PLN 62,368,578.07 was allocated to the Company's reserve capital;
- PLN 102,397,539.00 was allocated to dividend.

The dividend of PLN 102,397,539.00 was paid in July 2023. The dividend per share was PLN 1.50.

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 Art. 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 31 December 2023 amounted to PLN 5,155,235.

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 independent contractors 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 independent contractors 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.

On 22 June 2022, the Annual General Meeting resolved on the following allocation of the net profit of PLN 266,261,411.34 earned by the Company in the financial year ended 31 December 2021:

- PLN 129,731,359.34 was allocated to the Company's reserve capital;
- 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

Accounting policies

Bank borrowings

At the time of initial recognition, bank borrowings are recognised at cost, which corresponds to the fair value of the cash received, less transaction costs directly related to obtaining the financing.

After initial recognition, bank borrowings are measured at amortised cost using the effective interest rate method. When determining the amortised cost of bank borrowings, the costs directly attributable to obtaining the financing, as well as any discounts or premiums obtained on the settlement of the liability, are taken into account.

Lease liabilities

Recognition and measurement

At the commencement date of the lease, the Group, as lessee, measures the lease liability at the present value of future lease payments, which include:

- fixed lease payments (including essentially fixed lease payments) less any financial incentives due;
- variable lease payments dependent on an index or a rate, initially valued using that index or that rate according to their value at the commencement date;
- amounts expected to be paid by the Group under the guaranteed residual value;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease termination fees if the lessee is entitled to exercise the option to terminate the lease and it is highly probable that the option will be exercised.

The present value of future lease payments is calculated using the interest rate implicit in the lease, if it can be readily determined. Otherwise, the Group uses its incremental borrowing rate relevant for the given lease agreement. For all lease contracts recognised in the periods covered by these consolidated financial statements, the Group has applied its incremental borrowing rate.

All amounts in PLN thousand, unless otherwise stated

At the end of each reporting period, the Group measures its lease liability by:

- increasing the carrying amount to reflect the accrued interest on the lease liability determined using the effective interest method;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any lease reassessment or modification.

Reassessment of the lease liability

The carrying amount of the lease liability may be revised if there are changes in the lease term or in the assessment of an option to purchase the underlying asset (using a revised discount rate), or if there are changes in the value of lease payments due to events other than interest rate changes, such as rent indexation (using the existing discount rate). When the carrying amount of the lease liability is revised, a corresponding adjustment is made to the carrying amount of the related right-of-use asset.

Applied exemptions

The Group applies exemptions and does not apply the requirements of IFRS 16 to measure the lease liability and right-of-use asset for the following contracts:

- short-term leases, i.e., leases for which the contract term does not exceed 12 months and which do not include a purchase option;
- leases in which the underlying asset is of low value. The Group considers assets as low-value when their value is not more than PLN 20,000 (the value of new assets).

Accounting policies and disclosures for right-of-use assets are presented in Note 6.3.

Debt liabilities

	31 December 2023	31 December 2022
Bank borrowings	**262,838**	**366,660**
- long-term	239,295	303,168
- short-term	23,543	63,492
Lease liabilities	**34,067**	**19,704**
- long-term	23,595	8,762
- short-term	10,472	10,942
Total	**296,905**	**386,364**

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	14.06.2027

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.

On 16 November 2023, the Group made an early repayment of PLN 40,000 thousand. All other payments under the facility were made in accordance with the schedule.

Debt covenants

The credit facility agreements executed with the Banks stipulate customary legal and financial commitments (covenants) on the Parent, as is customary for transactions of this nature. 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 of 31 December 2023, and as of 31 December 2022, the Group complied with all required ratios.

Execution of interest rate risk hedging transactions

Grupa Pracuj S.A. entered into master agreements with banks on 11 July 2022 to regulate the execution and settlement of forward financial transactions, as stipulated in Art. 85.2 of the Bankruptcy Law. The objective of these agreements is to mitigate the risk of adverse effects of fluctuating interest rates on the finance costs associated with debt. Pursuant to the agreements, the Company hedged the variable interest rate on the 3M WIBOR credit facility by entering into an interest rate swap (IRS), which secures a fixed interest rate of 6.94% over a period of three years, that is, until 30 September 2025. The carrying amount of the liability under derivative financial instruments used to hedge the interest rate risk and not covered by hedge accounting was PLN 8,076 thousand as at 31 December 2023, and as at 31 December 2022 it was PLN 3,630 thousand.

	2023	2022
Measurement of derivative financial instruments		
IRS – Interest Rate Swap	(4,446)	(3,630)
Settlement of derivative financial instruments		
IRS – Interest Rate Swap	(1,256)	221
Total	**(5,702)**	**(3,409)**

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 of the reporting date of 31 December 2023, the Company established the following security interests on its assets:

- 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 Art. 777 of the Code of Civil Procedure.

All amounts in PLN thousand, unless otherwise stated

The Group remained in compliance with all repayment and other terms of its credit facility agreements during the period covered by these consolidated financial statements, and there were no events of default in repayment of principal or interest by the Group.

Lease expenses recognised in the reporting period

	2023	2022
Depreciation of right-of-use assets	9,801	7,897
Interest on lease liabilities	677	703
Costs related to short-term leases	27	11
Costs related to leases of low-value assets (excluding short-term leases of such assets)	78	83

The following table shows the reconciliation of debt liabilities to cash flows from financing activities, including total cash outflows from leases (Note 2.3).

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	(104,000)	-	(104,000)
Payment of interest on bank borrowings	(26,961)	-	(26,961)
Payment of lease liabilities	-	(11,223)	(11,223)
Payment of lease interest	-	(676)	(676)
Net cash flows from financing activities	**(130,961)**	**(11,899)**	**(142,860)**
Other changes			
New lease contracts	-	2,391	2,391
Lease modifications	-	24,860	24,860
Accrued interest	27,139	677	27,816
Effect of changes in foreign exchange rates	-	(1,666)	(1,666)
Total other changes	**27,139**	**26,262**	**53,401**
31 December 2023	**262,838**	**34,067**	**296,905**

	Bank borrowings	Lease liabilities	Total
1 January 2022	**-**	**26,326**	**26,326**
Changes in cash flows from financing activities			
New credit facility agreements	400,000	-	400,000
Payment of bank borrowings	(32,000)	-	(32,000)
Payment of commissions on bank borrowings	(2,000)	-	(2,000)
Payment of interest on bank borrowings	(16,791)	-	(16,791)
Payment of lease liabilities	-	(9,687)	(9,687)
Payment of lease interest	-	(704)	(704)
Net cash flows from financing activities	**349,209**	**(10,391)**	**338,818**
Other changes			
Acquisition-related leases	-	4,598	4,598
New lease contracts	-	946	946
Lease modifications	-	(2,366)	(2,366)
Accrued interest	17,452	704	18,156

All amounts in PLN thousand, unless otherwise stated

Effect of changes in foreign exchange rates	-	(113)	(113)
Total other changes	**17,452**	**3,769**	**21,221**
31 December 2022	**366,660**	**19,704**	**386,364**

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

Accounting policies

Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position include cash held in bank accounts and bank deposits that have a maturity date of up to three months.

Cash in bank accounts and bank deposits that are due or payable within three months of being received, issued, acquired or established are measured at their nominal value at each reporting date. The nominal value is adjusted for interest accrued up to the end of the reporting period and for any allowance for expected credit losses.

The balance of cash and cash equivalents presented in the statement of cash flow consists of the cash and cash equivalents specified above.

	31 December 2023	31 December 2022
Cash in current accounts	45,300	33,127
Bank deposits	118,188	75,918
Cash in transit	268	493
Total	**163,756**	**109,538**
including restricted cash	*292*	*416*

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 31 December 2023 was PLN 24,080 thousand (PLN 11,965 thousand as at 31 December 2022). The Ukrainian company Robota International TOV (‘Robota’) has the capacity to meet its financial obligations and use cash balances in those bank accounts as its liabilities primarily pertain to domestic transactions.

4.5 Notes to the consolidated statement of cash flows

	2023	2022
Change in trade receivables in the consolidated statement of financial position	**4,809**	**(17,382)**
Exchange differences on translating foreign operations	17	11
Acquisition-related changes	-	19,404
Change in trade receivables in the consolidated statement of cash flows	**4,826**	**2,033**
Change in inventories in the consolidated statement of financial position	**2,021**	**(3,912)**
Acquisition-related changes	-	11,488
Change in contract inventories in the consolidated statement of cash flows	**2,021**	**7,576**
Change in employee benefit obligations in the consolidated statement of financial position	**6,158**	**9,154**

All amounts in PLN thousand, unless otherwise stated

Actuarial gains/losses from remeasurement of provisions for employee benefits	309	(136)
Acquisition-related changes	-	(27,532)
Change in employee benefit obligations in the consolidated statement of cash flows	**6,467**	**(18,514)**

Change in other non-financial assets in the consolidated statement of financial position	**(8,752)**	**(25,057)**
Change in accruals and deferrals recognised in cash flows from investing activities	87	-
Acquisition-related changes	-	24,387
Change in other non-financial assets in the consolidated statement of cash flows	**(8,665)**	**(670)**

Change in trade payables in the consolidated statement of financial position	**2,841**	**17,039**
Change in liabilities due to purchase of property, plant and equipment	199	(189)
Change in liabilities due to purchase of intangible assets	54	(466)
Acquisition-related changes	-	(29,358)
Change in trade payables in the consolidated statement of cash flows	**3,093**	**(12,974)**

Change in contract liabilities in the consolidated statement of financial position	**33,233**	**77,198**
Acquisition-related changes	-	(47,908)
Change in contract liabilities in the consolidated statement of cash flows	**33,233**	**29,290**

Change in non-financial liabilities in the consolidated statement of financial position	**(1,380)**	**766**
Acquisition-related changes	-	(11,475)
Change in non-financial liabilities in the consolidated statement of cash flows	**(1,380)**	**(10,709)**

5. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

5.1 Financial instruments and fair value

Accounting policies

Initial recognition

The Group recognises a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

The Group initially recognises financial instruments at their fair value, taking into account any transaction costs incurred. However, trade receivables with a maturity of less than 12 months from recognition (i.e., those without a significant financing component) are recognised at the transaction price.

Classification and measurement after initial recognition

Financial instruments are initially classified by the Group into three categories: financial assets measured at amortised cost, financial assets measured at fair value through profit and loss, and other financial liabilities.

- Financial assets measured at amortised cost

  The Group classifies financial assets based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets classified as measured at amortised cost include those financial assets that were not designated by the

Group at initial recognition for measurement at fair value through profit or loss and meet both of the following two conditions:

- the financial asset is held according to a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (they meet the so-called SPPI test).

The Group performs business model and contractual cash flow tests ('SPPI test') for all material items of financial assets, based on facts and circumstances existing at their initial recognition and in subsequent periods.

Based on the results of the business model and SPPI tests, the Group has determined that trade receivables, cash security deposits, bonds, dividends receivable, and cash and cash equivalents are financial assets measured at amortised cost.

The Group reclassifies financial assets to another category only if the management model for such assets changes. In such a situation, the assets affected by the change in the business model are reclassified.

Financial assets measured at amortised cost are measured by the Group at each reporting date using the effective interest rate method, and any expected credit losses are accounted for through impairment charges.

- Financial assets measured at fair value through profit or loss

Financial assets that are not classified as measured at amortised cost and are not classified as measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

Financial assets at fair value through profit or loss include the Group's shares in entities that are not listed on active markets and that are not subsidiaries nor associates of the Group.

- Other financial liabilities

Other financial liabilities, except for derivative instruments and liabilities arising from put options, are classified as financial instruments initially recognised at amortised cost using the effective interest rate method. Measurement changes are recognised in profit or loss in the current period. This category includes financial liabilities that are not classified as measured at fair value through profit or loss, i.e., are not held for trading and do not meet a definition of financial guarantee contracts.

The derivative instruments that the Group uses to hedge against the interest-rate risk are primarily interest rate swap contracts. Derivative financial instruments of this type are measured at fair value through profit or loss. Derivatives are recognised as assets if their value is positive and as liabilities if their value is negative.

The Group classified its financial liabilities, i.e., bank borrowings, trade payables and other financial liabilities as other financial liabilities.

Financial liabilities are not reclassified after initial recognition.

Derecognition

The Group derecognises a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset expired or the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

The Group derecognises a financial liability (or a part of a financial liability) when the obligation specified in the contract is discharged or cancelled or expired.

Fair value

The Group classifies its financial assets and liabilities according to the level of the fair value hierarchy, which is determined based on the inputs used in the valuation. The three levels of the fair value hierarchy are:

- Level 1 – fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value is determined based on observable market inputs other than quoted prices in active markets. These inputs may include direct market quotes for similar instruments or the use of models based on actual market transactions;
- Level 3 – fair value is based on unobservable inputs that are supported by little or no market activity.

Hedge accounting of financial instruments

The Group does not apply hedge accounting.

Impairment of trade receivables and other financial assets

At the end of each reporting period, the Group measures and recognises an allowance for expected credit losses in relation to financial assets measured at amortised cost. Changes in allowances for expected credit losses during the period are recognised in the statement of comprehensive income under the line item ‘expected credit losses’ in operating activities.

Expected credit losses are credit losses weighted by the probability of default. The measurement of the allowance requires the Group to make significant estimates.

The Group is exposed to credit risk and currency risk arising from financial assets. The management of these risks is described in the Notes 5.4.2 and 5.4.4.

Significant estimates and judgements

Allowance for expected credit losses

Determination of expected credit losses requires assumptions and estimates to be performed by the Group, in particular to determine the weighted average loss rate for overdue periods.

The Group uses a simplified approach to estimate expected credit losses for trade receivables, which involves recognising allowances for the entire life of the instrument, from initial recognition to maturity, without taking into account changes in credit risk. To determine the expected credit losses for trade receivables, the Group employs a provision matrix created based on historical information related to the repayment of receivables from various overdue intervals, divided into groups of customers with different characteristics. This matrix is used to establish repayment rates, which serve as the basis for determining the provision for individual aging brackets of receivables. The Group has determined that there are no significant factors that could materially change the historical loss ratios in the future. Therefore, the historical loss ratios have not been adjusted for forward-looking information when determining the expected credit losses on trade receivables. The matrix is updated at least at the end of each reporting period. In assessing credit risk exposure for receivables, the Group factors in insurance coverage, if any, and the various methods of settlement, such as prepayments and mutual offsetting.

All amounts in PLN thousand, unless otherwise stated

An individual risk assessment resulting in an allowance for the full amount of receivables is carried out for trade receivables that are past due by more than a year, counterparties that are placed in liquidation, and disputed receivables.

For other financial assets the Group assesses at each reporting date whether there has been a significant increase in credit risk for a given instrument since its initial recognition. If a significant increase in credit risk is identified, the allowance for expected credit loss is estimated over the instrument's remaining life horizon. Otherwise, the Group estimates the allowance at the amount of 12-month expected credit losses. For financial assets other than trade receivables, the allowance for expected credit loss is estimated individually. During the periods presented in these consolidated financial statements, the Group did not recognise expected credit losses in respect of financial assets measured at amortised cost other than trade receivables.

The following table presents the carrying amounts of each financial instrument and its allocation to the levels of the fair value hierarchy.

	Note	31 December 2023	31 December 2022	Fair value hierarchy
Financial assets measured at fair value through profit or loss				
Unlisted shares	5.2	97,013	126,507	Level 3
Total		**97,013**	**126,507**	
Financial assets measured at amortised cost				
Trade receivables	5.2	68,312	73,121	
Cash and cash equivalents	4.4	163,756	109,538	
Cash security deposits	5.2	4,549	4,463	
Dividends receivable	5.2	2,439	-	
Total		**239,056**	**187,122**	
Other financial liabilities				
Bank borrowings	4.3	262,838	366,660	
Lease liabilities	4.3	34,067	19,704	
Trade payables	5.3	35,650	32,809	
Liabilities arising from put option	5.3	16,768	9,365	Level 3
Derivatives recognised in financial liabilities	4.3	8,076	3,630	Level 3
Other financial liabilities		-	314	Level 3
Total		**357,399**	**432,482**	

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

The Group assessed that, due to the variable interest rates, the fair value of the interest-bearing credit facilities not measured at fair value approximates their carrying amount.

In the years ended 31 December 2023 and 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.

All amounts in PLN thousand, unless otherwise stated

5.2 Trade receivables and other financial assets

Accounting policies

Trade receivables

The Group's trade receivables do not contain a significant financing component and are initially recognised at the transaction price, in accordance with IFRS 15, i.e., the amount to which the Group expects to be entitled in exchange for the transfer of goods or services to the customer.

After initial recognition, receivables are measured at amortised cost using the effective interest rate method, taking into account any impairment loss and expected credit losses, in accordance with the policies outlined in Note 5.1.

Other financial assets

Other financial assets of the Group comprise equity interests in unlisted entities, cash deposits provided as collateral for bank guarantees and obligations under office space lease agreements, as well as share purchase options held.

Other financial assets are recognised and measured in accordance with the accounting policies described in Note 5.1 for financial instruments.

Significant estimates and judgements

For information on significant estimates necessary to measure allowances for expected credit losses for financial assets see Note 5.1.

Valuation of shares not listed on active markets

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 belief that no reasonably available information suggests that market participants would adopt different assumptions in their valuations.

Trade receivables

	31 December 2023	31 December 2022
Trade receivables		
- to related entities	18	19
- to other entities	68,294	73,102
Total	**68,312**	**73,121**

Other financial assets

	31 December 2023	31 December 2022
Non-current	**103,810**	**130,622**
Unlisted shares	97,013	126,507
Cash security deposits	4,358	4,115
Dividends receivable	2,439	-
Current	**191**	**348**
Cash security deposits	191	348
Total	**104,001**	**130,970**

All amounts in PLN thousand, unless otherwise stated

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 year ended 31 December 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 2025. On this basis, the Management Board resolved to discount the dividends receivable for the year ended 31 December 2023, for a total amount of PLN 984 thousand; this amount was recorded in finance costs (Note 7.9).

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

	2023	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 recognised in net finance income / (costs)	(29,494)	(1,749)
Unlisted shares measured at fair value through profit and loss at end of period	**97,013**	**126,507**
including shares in:		
Beamery Inc.	78,275	107,730
Pracuj Ventures sp. z o.o. ASI sp.k.	18,738	18,777

Valuation of shares not listed on active markets

The Group measures its interests in entities not listed on active markets based on level 3 of the fair value hierarchy. The Group uses its own estimates for this valuation, based on the belief that no reasonably available information suggests that market participants would adopt different assumptions in their valuations.

Pracuj Ventures

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.

Beamery Inc.

The fair value of shares in Beamery Inc. was estimated using the multiplier method. The valuation was prepared by an independent advisor and required the management to adopt certain assumptions regarding the data used in the valuation. As of 31 December 2023, the fair value of shares in Beamery Inc. amounted to PLN 78,275 thousand.

The multiplier valuation method is based on the comparability of companies with similar growth prospects, operating within the same sector, and having comparable financial positions. The value of comparable companies is assessed based on their market capitalization or the price achieved through sale/purchase transactions, alongside selected financial and operational data. The multipliers derived in this manner are applied to selected financial and operational metrics of the company being valued. he results obtained from applying individual financial multipliers (or operational indicators specific to a given industry) to the corresponding metrics of the company being valued enable the determination of its value range, whether equity value or enterprise value, depending on the construction of the multiplier.

The Management Board continuously analyses factors that may affect the fair value of shares in entities not listed on active markets. In the opinion of the Group's Management Board, as at 31 December 2023 the fair value of unlisted shares was lower by PLN 29,494 thousand compared with the fair value as at 31 December 2022.

All amounts in PLN thousand, unless otherwise stated

Assessment of the Group's interest in Pracuj Ventures

As of 31 December 2023, the Company continued to classify its 71.96% interest in Pracuj Ventures as an investment. This is consistent with the classification as of 31 December 2022, when the Company held a 71.96% interest. The Company determined that its interest in Pracuj Ventures is subject to the variable financial performance of the entity, but the Company's Management Board does not have the ability to influence the direction and decision-making of the entity's investment activities. As a result, the Management Board has no control over Pracuj Ventures, and therefore, it does not have any influence over the investment returns achieved by Pracuj Ventures.

The key factor, based on the analysis conducted, that influenced the Company's judgement regarding the absence of significant influence over Pracuj Ventures is the decision-making process and the composition of Pracuj Ventures' key management personnel. The Company does not have a representative on the key management personnel of Pracuj Ventures, nor does it have any influence on its composition. Investment decisions are made by an investment committee, consisting of a number of shareholders identified in the Pracuj Ventures Articles of Association. The investment committee does not include Grupa Pracuj S.A. Ownership rights, i.e., voting rights arising from shares held, are not taken into account in the decision-making processes. For resolutions that concern matters beyond ordinary management, including key operational activities, Pracuj Ventures' Articles of Association dictate that unanimity is necessary among Przemysław Gacek, Maciej Noga, Ataraxy Ventures Man sp. z o.o., and Paweł Leks. This implies that the significant control over the investment activities, which includes the major operational activities of Pracuj Ventures, resides with Przemysław Gacek in his capacity as an individual investor, rather than in his role as the President of the Management Board of Grupa Pracuj S.A. Furthermore, the ongoing oversight of Pracuj Ventures' activities is exercised by the management board of its general partner, Pracuj Ventures sp. z o.o., with which the Company has no capital ties.

5.3 Trade payables and other financial liabilities

Accounting policies

Trade payables and other financial liabilities

The Group classifies trade liabilities and other financial liabilities, except derivative instruments and liabilities arising from put options, as financial instruments measured at amortised cost, and the recognition and measurement principles for this category are described in Note 5.1.

Trade payables

	31 December 2023	31 December 2022
Trade payables		
- to related entities	451	536
- to other entities	35,199	32,273
Total	**35,650**	**32,809**

All amounts in PLN thousand, unless otherwise stated

Other financial liabilities

	31 December 2023	31 December 2022
Non-current liabilities	**16,768**	**9,138**
Non-current liability arising from put option	16,768	9,138
Current liabilities	**8,076**	**4,171**
Current liability arising from acquisition of shares in associate	-	314
Liability arising from put option on shares in associate	-	227
Derivative liabilities	8,076	3,630
Total	**24,844**	**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, amounting to PLN 16,768 thousand, was recognised against equity (other reserves) in line with the accounting policies outlined below.

If the Group holds liabilities arising from put options allowing non-controlling shareholders to sell their interests to the Group, the Group recognises the non-controlling interests as if it had acquired them at the end of each reporting period. The Group recognises a financial liability for the put option during the period when it remains unexercised. The liability is calculated as the present value of future cash outflows related to the exercise of the option, estimated at the reporting date. The estimated cash outflows are calculated as if the option had been exercised and the non-controlling interests were acquired by the Group on that date. Any differences between the fair value of the acquired non-controlling interests as of the reporting date and the amount of the recognised financial liability related to the put option are charged to other reserve capital. At the end of each reporting period, the Group allocates profits or losses earned during the period (as well as other changes in equity) to non-controlling shareholders based on their actual shareholding for the year.

Liability arising from acquisition of shares in associate

On 28 May 2021, an investment agreement was executed concerning investment in Fitqbe, pursuant to which the Company acquired 44 shares in Fitqbe, with a par value of PLN 50.00 per share, on 2 August 2021. In accordance with the provisions of this agreement, the Company was granted a call option to purchase additional shares. On 7 October 2021, the Company entered into a preliminary share purchase agreement with 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 in correspondence with the 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 up in full on 11 January 2022. On 13 December 2022, the Company signed the final share purchase agreement for 29 shares, which were sold for a total price of PLN 2,276 thousand. This sale was effected in the performance of the preliminary share purchase 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 purchase 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 31 December 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 8,076 thousand as at 31 December 2023 and PLN 3,630 thousand as at 31 December 2022 (see Note 4.3).

All amounts in PLN thousand, unless otherwise stated

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 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 delays in repayment, 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, dividends receivable, and other financial assets, under which the Group recognises, in particular, cash security deposits.

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

	Note	31 December 2023	31 December 2022
Trade receivables	5.2	68,312	73,121
Other financial assets	5.2	4,549	4,463
Dividends receivable	5.2	2,439	-
Cash and cash equivalents	4.4	163,756	109,538
Total		**239,056**	**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 transacts 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
31 December 2023	4.15%	71,267	2,955	68,312
31 December 2022	3.59%	75,769	2,648	73,121

All amounts in PLN thousand, unless otherwise stated

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

	2023	2022
Opening balance	**2,648**	**1,781**
Net change in allowance for expected credit loss	668	914
Net change arising from acquisition	-	413
Amounts written off	(303)	(449)
Exchange differences on translation of foreign operations	(58)	(11)
Closing balance	**2,955**	**2,648**

The following tables present gross carrying amounts of receivables and the allowance for expected credit losses for each period past due of trade receivables measured at amortised cost.

	31 December 2023		
	Weighted-average loss rate	Gross carrying amount	Allowance for expected credit loss
Not past due	0.08%	55,602	47
Past due from 1 to 30 days	1.67%	11,758	196
Past due from 31 to 60 days	6.40%	1,144	73
Past due from 61 to 90 days	55.20%	233	129
Past due from 91 to 180 days	96.60%	352	340
Past due from 181 to 360 days	98%	474	466
Past due over 361 days	100%	1,704	1,704
Total	**4.15%**	**71,267**	**2,955**

	31 December 2022		
	Weighted-average loss rate	Gross carrying amount	Allowance for expected credit loss
Not past due	0.09%	61,313	55
Past due from 1 to 30 days	3.43%	10,808	371
Past due from 31 to 60 days	9.90%	1,344	133
Past due from 61 to 90 days	58.17%	184	107
Past due from 91 to 180 days	74.45%	536	399
Past due from 181 to 360 days	100%	242	241
Past due over 361 days	100%	1,342	1,342
Total	**3.49%**	**75,769**	**2,648**

Given the nature of its business, the Group may face credit risk associated with sales made on a deferred payment basis. Customer credit risk is managed by each business unit in accordance with the Group's established policies, procedures, and controls relating to customer credit risk management. The Group actively monitors outstanding receivables from customers on a regular basis.

The Group's exposure to credit risk is primarily determined by the specific characteristics of each individual customer. In assessing the credit risk of its customer base, the Group's Management Board takes into account not only the individual characteristics of each customer but also the potential effects of industry and country-specific factors. This includes considering the default risk pertinent to the sectors and countries in which its customers operate. A simplified approach has been adopted to determine expected credit losses for trade receivables, which involves estimating lifetime expected losses (lifetime ECL).

In monitoring customer credit risk, the Group identifies homogeneous portfolios, consisting of exposures with similar credit risk profiles. These portfolios were created based on segmentation of the receivables by their size and the number of days past due. The division of trade receivables into portfolios is periodically reviewed for homogeneity.

All amounts in PLN thousand, unless otherwise stated

The Group considers the risk of concentration of trade receivables to be low, given the dispersion of its customer base and the diverse industries in which they operate.

The rate of expected credit loss is calculated for each business based on their outstanding arrears and actual credit losses. Customers are segmented according to their risk profiles, taking into account factors such as number of employees and credit history.

Additional allowances for specific counterparties may be established on a case-by-case basis by the Group if there is a justifiable reason. The total amounts of individual allowances for expected credit loss at the end of each financial year, included in the amounts shown in the tables above, were as follows:

31 December 2023 – PLN 1,493 thousand,

31 December 2022 – PLN 1,499 thousand.

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 manages its liquidity risk by closely monitoring the maturity profiles of its assets and liabilities, ensuring adequate cash flow for short-term operational payments, and forecasting long-term cash needs for investment projects and distributions to shareholders. Cash requirements are compared with projected inflows from operating activities and are evaluated readily available cash resources. 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,
- 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.

31 December 2023	Carrying amount	Expected cash flows from financial liabilities						
		up to 1 month	1-3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Bank borrowings	262,838	-	4,660	38,042	154,033	115,849	-	307,924
Lease liabilities	34,067	961	1,880	7,988	18,582	7,715	74	37,200
Trade payables	35,650	29,740	5,597	312	-	-	-	35,650
Other financial liabilities	24,844	-	-	8,076	19,830	-	-	27,906
Total		**30,700**	**12,137**	**54,418**	**192,445**	**123,564**	**74**	**413,340**

31 December 2022	Carrying amount	Expected cash flows from financial liabilities						
		up to 1 month	1-3 months	3-12 months	1-3 years	3-5 years	over 5 years	Total
Bank borrowings	366,660	-	23,688	69,060	169,734	192,968	-	455,450
Lease liabilities	19,704	986	1,940	7,941	9,579	361	-	20,807
Trade payables	32,809	21,132	8,465	3,213	-	-	-	32,809
Other financial liabilities	13,309	-	-	4,171	12,604	-	-	16,775
Total		**22,117**	**34,094**	**84,385**	**191,916**	**193,329**	**-**	**525,841**

All amounts in PLN thousand, unless otherwise stated

The table below presents the working capital, which is the difference between the current assets and current liabilities, at the end of the reporting periods covered in these consolidated financial statements. The movements in working capital during the periods presented were principally due to fluctuations in cash balances. Contract liabilities are a significant component of current liabilities, representing the Group's obligation to provide services to customers in exchange for which the Group has already received consideration (or the consideration is due) from the customer.

	31 December 2023	31 December 2022
Current assets	274,145	218,058
Current liabilities	(379,996)	(366,140)
Working capital	**(105,851)**	**(148,082)**

5.4.4 Currency risk

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

The Group presents its financial results in Polish zlotys, while foreign subsidiaries have a different functional currency in which they conduct their operational activities. The Group recognises currency risk arising from transactions conducted by its subsidiaries in currencies different from each subsidiary's functional currency. As part of monitoring currency risk within the Group, all transactions denominated in currencies other than the functional currency of a given company are periodically analysed and changes resulting from foreign exchange fluctuations are verified.

The following tables show the Group's exposure to currency risk:

	31 December 2023		
Amounts in currency	**EUR**	**USD**	**UAH**
Trade receivables	3,585	7	42,979
Cash and cash equivalents	11,137	14	232,210
Cash security deposits	202	-	-
Dividends receivable	-	-	23,520
Lease liabilities	(6,689)	(1,578)	(3)
Trade payables	(5,226)	(11)	(3,730)
Net exposure in currency	**3,009**	**(1,569)**	**294,977**
Net exposure converted into PLN	**13,083**	**(6,174)**	**30,589**

	31 December 2022		
Amounts in currency	**EUR**	**USD**	**UAH**
Trade receivables	3,708	23	29,622
Cash and cash equivalents	3,702	38	95,174
Cash security deposits	207	-	-
Lease liabilities	(3,561)	(1,395)	(8,433)
Trade payables	(3,832)	(45)	(3,222)
Net exposure in currency	**225**	**(1,379)**	**113,142**
Net exposure converted into PLN	**1,054**	**(6,070)**	**14,233**

The tables below illustrate the potential impact on the measurement of financial instruments denominated in foreign currencies and profit or loss, in the event of a reasonable possible strengthening or weakening of those currencies by the amounts shown. This sensitivity analysis is based on the assumption that all other factors, particularly interest rates, will remain unchanged, and it does not account for any effects that changes may have on projected sales and purchases.

All amounts in PLN thousand, unless otherwise stated

	31 December 2023			
	Currency appreciation	Effect on net profit or loss	Currency depreciation	Effect on net profit or loss
EUR	10%	1,060	-10%	(1,060)
USD	10%	(500)	-10%	500
UAH	10%	2,478	-10%	(2,478)

	31 December 2022			
	Currency appreciation	Effect on net profit or loss	Currency depreciation	Effect on net profit or loss
EUR	10%	85	-10%	(85)
USD	10%	(492)	-10%	492
UAH	10%	1,153	-10%	(1,153)

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.

	31 December 2023	31 December 2022
Interest-bearing financial instruments		
- fixed-rate instruments	**(42,143)**	**(23,875)**
Lease liabilities	(34,067)	(19,704)
Derivatives recognised in financial liabilities	(8,076)	(3,630)
Other financial liabilities	-	(541)
- variable-rate instruments	**(94,875)**	**(252,995)**
Bank borrowings	(262,838)	(366,660)
Cash security deposits	4,207	4,127
Cash and cash equivalents	163,756	109,538
Net exposure to interest rate risk (in relation to variable-rate instruments)	**(94,875)**	**(252,995)**

An increase in interest rates may lead to higher service costs of external financing, resulting in a decrease in profit or loss 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 net profit or loss	
		1pp increase in interest rate	1pp decrease in interest rate
31 December 2023	(94,875)	(768)	768
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 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

Accounting policies

Recognition and measurement

Intangible assets are recognised when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably determined at which the intangible asset is initially recognised.

An intangible asset arising from development work or a stage of development work is recognised when the criteria under IAS 38 *Intangible Assets* ('IAS 38') are jointly met, i.e., the Group is able to demonstrate the technical feasibility and intent to complete the intangible asset, the intent and ability to use or sell the intangible asset, the manner in which future economic benefits will be derived from the use of the intangible asset, the availability of funds to complete the development work, and a reliable determination of the expenditures incurred. The Group includes internally developed software in this category.

Subsequent to initial recognition, intangible assets are carried at cost (for internally developed software), net of accumulated amortisation and impairment losses.

Amortisation

The useful life of the Group's intangible assets is finite, and therefore, the Group amortises all of its intangible assets except for internally developed software that is still in development and not yet in use. Amortisation begins when the intangible asset is ready for use, i.e., it is in a condition and location that allows it to be used in the manner intended by the Management Board of the Parent.

The Group does not amortise intangible assets that are not in use, such as incurred expenditures for internally developed software that is not yet completed. However, it tests these assets for impairment at the end of each reporting period.

Intangible assets are amortised using the straight-line method over their estimated useful lives. The applied amortisation periods for intangible assets are:

- property rights 2 - 5 years,
- other intangible assets 2 - 12 years,
- internally developed software 3 - 5 years.

The Group derecognises an intangible asset from the statement of financial position when it is disposed of or when it does not expect any future economic benefits from its use or disposal.

Significant estimates and judgements

Useful lives of intangible assets

All amounts in PLN thousand, unless otherwise stated

Useful lives of intangible assets are reviewed at each reporting date. Estimating the useful life of intangible assets involves a degree of uncertainty as it depends on various factors such as changes in market conditions, technological advancements, and competition. Such changes may require the reassessment of the period of economic benefit of an intangible asset.

Impairment of intangible assets

At the end of each reporting period, the Group assesses whether there are any indications of possible impairment of an intangible asset. If such indications exist, the Group estimates the recoverable amount of the asset.

Irrespective of the presence of any objective indications of impairment, the Group tests for impairment internally developed software that is not yet completed and is not in use, at the end of each reporting period.

Expenditures incurred for internally developed software represent the costs of development incurred before the software is used to generate revenue from contracts with customers.

Recoverable amount is the higher of fair value less the cost of bringing the asset to market or value in use. A recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the amount of the excess of the asset's carrying amount over its recoverable amount in the statement of comprehensive income within other operating costs.

At the end of each financial year, intangible assets that have been impaired in the past are evaluated for any indications that the impairment loss previously recognised may need to be reversed.

The Group distinguishes the following categories of intangible assets: acquired property rights, internally developed software, and other intangible assets. All categories mostly relate to software used in the Group's core operations. Expenditures incurred for internally developed software represent the costs of development incurred before the software is used to generate revenue from contracts with customers. As at 31 December 2023, expenditures on internally developed software that has not yet been completed amounted to PLN 2,957 thousand, whereas on 31 December 2022, thee amount was PLN 1,887 thousand, and the Group assessed the risk of their impairment as insignificant.

	Property rights	Internally developed software	Other intangible assets	Total
Gross carrying amount as at 1 January 2022	**3,819**	**4,037**	**7,374**	**15,230**
Acquisition-related increase	-	36,397	76,618	113,015
Increase	927	9,497	55	10,479
Liquidation	(446)	-	(2,679)	(3,125)
Other changes	-	(97)	-	(97)
Exchange differences	(396)	72	(364)	(687)
Gross carrying amount as at 31 December 2022 (restated)	**3,904**	**49,906**	**81,005**	**134,814**
Gross carrying amount as at 1 January 2023	**3,904**	**49,906**	**81,005**	**134,814**
Increase	36	16,638	157	16,832
Liquidation	-	(2,357)	-	(2,357)
Other changes	-	-	89	89
Exchange differences	(382)	(2,772)	(5,516)	(8,670)
Gross carrying amount as at 31 December 2023	**3,558**	**61,415**	**75,735**	**140,708**

All amounts in PLN thousand, unless otherwise stated

	Property rights	Internally developed software	Other intangible assets	Total
Accumulated amortisation and impairment losses as at 1 January 2022	**(2,324)**	**(396)**	**(6,334)**	**(9,054)**
Acquisition-related increase	-	(20,420)	(2,529)	(22,949)
Amortisation	(767)	(2,438)	(6,815)	(10,020)
Liquidation	500	-	2,679	3,178
Exchange differences	396	(41)	52	407
Accumulated amortisation and impairment losses as at 31 December 2022 (restated)	**(2,195)**	**(23,295)**	**(12,948)**	**(38,438)**
Accumulated amortisation and impairment losses as at 1 January 2023	**(2,195)**	**(23,295)**	**(12,948)**	**(38,438)**
Amortisation	(504)	(5,906)	(12,776)	(19,186)
Liquidation	-	2,357	-	2,357
Exchange differences	383	1,758	1,094	3,235
Accumulated amortisation and impairment losses as at 31 December 2023	**(2,316)**	**(25,086)**	**(24,630)**	**(52,031)**

	Property rights	Internally developed software	Other intangible assets	Total
Net carrying amount as at 31 December 2022	**1,709**	**26,611**	**68,057**	**96,377**
Net carrying amount as at 31 December 2023	**1,243**	**36,329**	**51,105**	**88,677**

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

6.2 Property, plant and equipment

Accounting policies

Recognition and measurement

Items of property, plant and equipment are recognised at cost, less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Any other expenses incurred on repairs and maintenance are expensed to profit or loss for the reporting period in which they were incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the useful life of items of the property, plant and equipment and recognised in profit or loss for the current period. Depreciation begins when the item of asset is available for use, i.e., it is in the location and condition necessary to be capable of operating as intended by the Management Board of the Parent.

The depreciable amount of an asset is determined as its initial cost less the residual value if it is material. The Group believes that cars hold significant residual value and has accordingly assigned a residual value to this category of property, plant, and equipment. The residual value is calculated as the estimated amount the Company expects to recover from the sale of the asset at the end of its useful life, less the expected costs to sell.

The adopted depreciation periods for property, plant and equipment are:

- buildings and premises (investments in leased office space) 2–6 years
- technical equipment and machinery 2–5 years
- vehicles 2–5 years
- other property, plant and equipment 2–8 years

Property, plant, and equipment acquired through capital expenditures for leased office spaces are depreciated over the shorter of the estimated useful life of the corresponding right-of-use asset or the term of the contract. The depreciation periods of these assets are aligned with those of the right-of-use assets.

Property, plant and equipment under construction are not depreciated until their construction is completed, i.e., when they are available for use. They are then transferred to the appropriate class of property, plant and equipment and depreciation commences.

Gain or loss on disposal of property, plant and equipment is recognised in other expenses or other income for the period.

Significant estimates and judgements

Depreciation

The Group reviews the residual value, estimated useful lives of property, plant, and equipment, and depreciation methods annually at the end of the reporting period. Any resulting changes are accounted for as a change in an estimate. Such estimates are subject to uncertainty due to future business conditions, technological changes, and market competition, which may impact the assessment of the useful life of the property, plant, and equipment.

Impairment of property, plant and equipment

The principles and assumptions used in impairment testing of property, plant and equipment are the same as those used in impairment testing of intangible assets (for intangible assets with a finite useful life) and are described in Note 6.1.

The most significant item of the Group's property, plant and equipment is technology infrastructure (computers, servers, telephones) and improvements in leased office space. The Group also has its own fleet of vehicles used for business purposes.

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

The gross carrying amount of fully depreciated property, plant and equipment as at 31 December 2023 was PLN 5,157 thousand.

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

All amounts in PLN thousand, unless otherwise stated

	Buildings and premises	Plant and equipment	Vehicles	Other	Total
Gross carrying amount as at 1 January 2022	**6,866**	**12,929**	**4,843**	**2,374**	**27,012**
Acquisition-related increase	-	1,927	206	4,174	6,307
Increase	17	3,978	570	603	5,168
Increases – purchase of previously leased assets	-	27	-	(27)	-
Sale / liquidation	-	(2,325)	(919)	(428)	(3,672)
Exchange differences	(418)	(337)	(86)	(80)	(920)
Gross carrying amount as at 31 December 2022	**6,465**	**16,199**	**4,614**	**6,616**	**33,894**
Gross carrying amount as at 1 January 2023	**6,465**	**16,199**	**4,614**	**6,616**	**33,894**
Increase	-	5,469	597	204	6,270
Sale / liquidation	-	(530)	(1,104)	(197)	(1,831)
Reclassifications	1,682	1,780	-	(3,462)	-
Exchange differences	(385)	(476)	(93)	(418)	(1,373)
Gross carrying amount as at 31 December 2023	**7,762**	**22,440**	**4,014**	**2,744**	**36,959**

	Buildings and premises	Plant and equipment	Vehicles	Other	Total
Accumulated depreciation and impairment losses as at 1 January 2022	**(3,498)**	**(8,907)**	**(2,822)**	**(1,875)**	**(17,102)**
Acquisition-related increase	-	(1,154)	(172)	(2,663)	(3,989)
Depreciation	(972)	(2,303)	(359)	(649)	(4,283)
Sale / liquidation	-	2,294	584	366	3,244
Exchange differences	174	221	122	101	618
Accumulated depreciation and impairment losses as at 31 December 2022	**(4,296)**	**(9,849)**	**(2,647)**	**(4,720)**	**(21,512)**
Accumulated depreciation and impairment losses as at 1 January 2023	**(4,296)**	**(9,849)**	**(2,647)**	**(4,720)**	**(21,512)**
Depreciation	(1,247)	(3,564)	(294)	(345)	(5,450)
Sale / liquidation	-	523	678	115	1,316
Reclassifications	(1,176)	(1,126)	-	2,301	-
Exchange differences	257	401	69	321	1,045
Accumulated amortisation and impairment losses as at 31 December 2023	**(6,463)**	**(13,615)**	**(2,195)**	**(2,328)**	**(24,600)**

	Buildings and premises	Plant and equipment	Vehicles	Other	Total
Net carrying amount as at 31 December 2022	**2,169**	**6,349**	**1,967**	**1,897**	**12,382**
Net carrying amount as at 31 December 2023	**1,299**	**8,825**	**1,819**	**416**	**12,359**

6.3 Right-of-use assets

Accounting policies

Recognition and measurement

Right-of-use assets are recognised at cost at the inception of the lease, i.e., the date on which the asset is made available for use by the lessee. The purchase price of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability,
- lease payments made at or before the commencement date (e.g. initial payment in car lease agreements), less any lease incentives received,

- initial direct costs incurred by a lessee.

Following initial recognition, the Group measures right-of-use assets using the cost model, i.e., at cost less total depreciation and impairment losses and adjustment for any revaluation of the lease liability (due to a reassessment or modification of the lease or revaluation of in-substance fixed payments).

Depreciation

The depreciation methods for right-of-use assets are consistent with the depreciation methods used by the Group with respect to its own assets.

If the Group obtains ownership of an asset at the end of the lease term or if the cost of the right-of-use asset takes into account the Group's exercise of a call option, the depreciation of such right-of-use asset is recognised from the lease commencement date until the end of the useful life of the underlying asset. Otherwise, in the case where there is no reasonable certainty that the Group will obtain title at the end of the lease term, the right-of-use asset is depreciated from the date of the commencement date of the lease until the end of its useful life or the end of the lease period, whichever is earlier.

Accounting policies for recognition and measurement of lease liabilities are described in Note 4.3.

Significant estimates and judgements

Useful life

At the end of each reporting period, the Group verifies whether the estimate of the useful life of the right-of-use asset adopted at the inception of the lease is still reasonable, taking into account its intentions regarding the continued use of the asset in its business operations. For all lease contracts open as of 31 December 2023 and as of 31 December 2022, the Group assumed that the depreciation period of right-of-use assets is equal to the lease term.

Impairment of right-of-use assets

Similarly to property, plant and equipment and intangible assets (with a finite useful life), the Group tests its right-of-use assets for impairment whenever there is any indication that those assets may be impaired. The relevant accounting policies for the recognition of impairment losses are described in Note 6.1 Based on the assessments performed, the Group did not identify any objective indications of impairment of right-of-use assets as of the end of the reporting periods presented in these consolidated financial statements.

Lease term, discount rate and assessment of exercise of purchase option

The significant estimates and judgments made in connection with the recognition and valuation of right-of-use assets and relating to the lease term, discount rate, and evaluation of the exercise of the purchase option are described in Note 4.3.

All amounts in PLN thousand, unless otherwise stated

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

	Buildings and premises	Vehicles	Total
Carrying amount as at 1 January 2022	**20,402**	**452**	**20,854**
Assets acquired in acquisitions	4,140	422	4,562
Increases – new contracts	-	906	906
Increases – lease modifications	707	56	763
Decreases – lease modifications	(3,235)	-	(3,235)
Decreases – purchase of previously leased assets	(65)	(2)	(68)
Depreciation for period	(7,435)	(462)	(7,897)
Exchange differences on translation of foreign operations	(794)	1	(793)
Carrying amount as at 31 December 2022	**13,720**	**1,373**	**15,093**
Carrying amount at 1 January 2023	**13,720**	**1,373**	**15,093**
Increases – new contracts	637	1,753	2,391
Increases – lease modifications	25,008	53	25,062
Decreases – lease modifications	(532)	(27)	(560)
Depreciation for period	(8,926)	(875)	(9,801)
Exchange differences on translation of foreign operations	(341)	(62)	(405)
Carrying amount as at 31 December 2023	**29,564**	**2,216**	**31,780**

6.4 Goodwill

Accounting policies

Goodwill arising on acquisition is initially recognised at cost, equal to the excess of:

- the consideration paid;
- the amount of any non-controlling interest in the acquiree; and
- in the case of a step acquisition – the fair value at the acquisition date of the share in the equity of the acquiree previously held by the acquirer over the net carrying amount determined at the acquisition date of the identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses to date and reductions due to the disposal of a portion of the shares to which it was previously allocated. Impairment losses to the value of goodwill allocated to a cash-generating unit are not reversible. Goodwill is tested for impairment before the end of the reporting period in which the business combination occurred, and then in each subsequent annual reporting period.

If there are indications of impairment, an impairment test is performed before the end of each reporting period in which such indications were identified.

An impairment loss is determined by estimating the recoverable amount of a cash-generating unit to which the goodwill has been allocated.

Significant estimates and judgements

The Group performs a goodwill impairment test at the end of each fiscal year, or more frequently if circumstances indicate it may be necessary. As of the acquisition date, the acquired goodwill is allocated to each of the cash-generating units. "Each cash-generating unit, or group of such units, to which goodwill is allocated corresponds to the lowest level within the Group that is monitored for internal managerial purposes, which is the operating segment." An impairment loss is determined by estimating the recoverable amount of a cash-generating unit to which the goodwill has been allocated. Determining the recoverable amount requires the application of estimates concerning future cash flow projections within specific segments and the expected evolution of the segments over subsequent financial years. The assumptions made in determining the recoverable amount are described below.

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, was a significant development for Grupa Pracuj S.A. Group in its pursuit of international expansion. This acquisition is expected to strengthen Grupa Pracuj S.A. Group's position as a leading force in HR Tech across 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 S.A. 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.

Upon accounting for the acquisition, specific intangible assets were identified and recognised, such as brands, software and customer databases, including customer orders, along with the associated 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 thousand)	Accounting for the acquisition (PLN thousand)
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	4,564	975	4,564
Inventory	2,454	11,486	2,454	11,486
Trade receivables	4,146	19,406	4,146	19,406
Cash and cash equivalents	8,213	38,442	8,213	38,442
Other assets	5,210	24,386	5,210	24,386
Deferred tax assets	4,904	22,954	4,904	22,954
Total assets	**29,899**	**139,947**	**45,542**	**213,164**
Acquired liabilities				
Employee benefit obligations	5,882	27,531	5,882	27,531
Trade payables	6,272	29,357	6,272	29,357
Contract liabilities	10,235	47,906	10,235	47,906
Lease liabilities	982	4,596	982	4,596
Other liabilities and provisions	2,452	11,477	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	**113,527**	**531,376**	**102,605**	**480,254**

The accounting for the acquisition resulted in retrospective restatements of comparative data. In the statement of financial position as at 31 December 2022 the accounting for the acquisition affected the following assets: intangible assets (increased by PLN 66,974 thousand), goodwill (reduced by PLN 51,223 thousand), deferred tax assets (recognised at PLN 20,209 thousand), and the following items of equity: the translation reserve (increased by PLN 2 thousand) and retained earnings (reduced by PLN 4,460 thousand).

As at 31 December 2023, goodwill was PLN 446,128 thousand. Exchange differences of PLN -35,081 thousand were recorded as exchange differences on translation of foreign operations.

As at 31 December 2023, the Group tested for impairment cash-generating units to which significant amounts of goodwill were allocated. For the purpose of impairment testing, the Group has identified one cash-generating unit – Segment Germany.

The recoverable amount was determined using the value in use method, which was calculated using a discounted cash flow ('DCF') model based on a cash flow forecast derived from the five-year financial budgets approved by the senior management.

The main assumptions used to determine the value in use were:

- the cost of services sold,
- impact of changes in revenue on direct costs,
- the amount of investment expenditure,
- a 11.5% discount rate based on the weighted average cost of capital and reflecting the current market assessment of the time value of money and the business risk of the cash generating unit,
- a 2.5% growth rate used to extrapolate cash flows beyond the five-year period.

The test did not reveal any impairment.

The result of the test showed that 67.7% of the value is attributable to residual valuation.

The Group conducted an analysis of the DCF model's sensitivity to key parameters. The analysis revealed the following threshold levels of key parameters that would trigger impairment:

- increase in the WACC discount rate by 2.83pp, to 14.31%.
- decrease in the incremental growth rate by 3.41pp, to -0.91%.
- decrease in free cash flow in each year by 23.82%.

6.5 Equity-accounted investees

Accounting policies

The Group accounts for interests in associates, i.e., entities over which the Group exercises significant influence, as equity-accounted investees. The principles of accounting for these investments are described in Note 1.3.

Significant estimates and judgements

Existence of significant influence and control

The Parent evaluates its investments in other entities to determine their recognition in the consolidated financial statements. This evaluation is conducted by analysing the provisions of IFRS 10 and IAS 28 and categorising the investments into the following categories:

- investments in subsidiaries, where the Group exercises control;
- investments in associates, where the Group exercises significant influence;
- and investments that are financial instruments, which are measured in accordance with IFRS 9 (see Note 5.1), for insignificant shareholdings with no control or significant influence.

Unification of accounting policies for associates' financial information

The financial data of WorkIP Ltd is prepared in accordance with IFRS. Other associates present their financial data in accordance with local accounting standards.

The Group analysed the need to unify the accounting policies applied by the associates with the accounting principles applied by the Group, i.e., with IFRS. Considering the components of net assets present in the financial statements of associates (mainly cash, receivables, trade payables), the Group did not identify any significant differences between the local accounting policies applied by the associates and IFRS. In case significant differences affecting the net assets of these entities are identified, adjustments are made accordingly to ensure compliance with IFRS.

Impairment of equity-accounted investees

The Group tests equity-accounted investees for impairment if there is any indication that they may be impaired.

All amounts in PLN thousand, unless otherwise stated

The recoverable amount of an investment is determined at its value in use and is calculated using the discounted cash flow method.

If the value of the shares measured using the equity method exceeds the recoverable amount resulting from the impairment test, the Group recognises an impairment loss in the amount of the excess of the previous carrying amount of the investment over its recoverable amount and presents it in finance costs.

The results of the tests depend on the assumptions used regarding future cash flows, the discount rate applied in a detailed forecast period (at the weighted average cost of capital) and the discount rate applied in the residual period. Changes in the assumptions may affect the carrying amounts of the shares in the future.

A summary of associates, along with the Group's share in the equity of these companies, is presented in Note 1.3.

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

	31 December 2023	31 December 2022
Carrying amount of equity-accounted investments in associates		
WorkIP Ltd and Work Ukraine TOV	18,565	15,313
Fitqbe sp. z o.o.	12,023	11,960
Other associates	137	134
Total	**30,725**	**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.

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

	2023	2022
Equity-accounted investees at beginning of period	**27,407**	**32,484**
Share of profit/(loss) of equity-accounted investees	8,003	(848)
Dividends	(4,371)	-
Waiver of the right to shares	(314)	-
Impairment loss	-	(4,230)
Equity-accounted investees at end of period	**30,725**	**27,407**

In 2022, the Company recorded an impairment loss of PLN 330 thousand on investments accounted for using the equity method due to the failure to achieve the business objectives that were anticipated at the time of the Company's investment in these entities (Segment Poland). Furthermore, the Company recognised an impairment loss of PLN 3,900 thousand in the same period, as outlined in Note 7.9, due to circumstances particular to Segment Ukraine. The discount rates used by the Company, in relation to Segment Ukraine, applied to the current and previous estimates of the recoverable amount, were in the range of 30-40%. 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.

No reversals of impairment losses were recorded on equity-accounted investees during the periods covered by these consolidated financial statements. Despite the better-than-expected results in Segment Ukraine, the Management Board of the Group is adopting a prudent approach and does not find any indications that would prompt the reversal of impairment losses on equity-accounted investments.

Summarised financial information of the associates

	WorkIP Ltd and Work Ukraine TOV	Fitqbe sp. z o.o.
As at 31 December 2023 (unaudited)		
Non-current assets	3,023	90
Current assets	36,137	31,139
Current liabilities	(7,716)	(26,744)
Net assets (100%) (unaudited)	**31,444**	**4,485**
Group's share of associate's equity (%)	*33.0%*	*35.0%*
Group's share of net assets (PLN thousand)	3,262	1,217
Goodwill	15,303	10,806
Carrying amount of equity-accounted associates	**18,565**	**12,023**
Revenue	65,745	97,551
Net profit/(loss)	26,112	1,110
Total comprehensive income	26,112	1,110
Group's share of total comprehensive income of associate	**7,624**	**377**

	WorkIP Ltd and Work Ukraine TOV	Fitqbe sp. z o.o.
As at 31 December 2022 (unaudited)		
Non-current assets	2,374	156
Current assets	20,949	23,947
Current liabilities	(740)	(20,808)
Net assets (100%) (unaudited)	**22,583**	**3,296**
Group's share of associate's equity (%)	*33.0%*	*35.0%*
Group's share of net assets (PLN thousand)	3,910	1,154
Goodwill	15,303	10,806
Impairment loss	(3,900)	-
Carrying amount of equity-accounted associates	**15,313**	**11,960**
Revenue	30,073	60,850
Net profit/(loss)	(839)	(3,197)
Total comprehensive income	(839)	(3,197)
Group's share of total comprehensive income of associate	**(131)**	**(1,085)**

The financial data of the associates that are used to determine the Group's share of the change in net assets of these entities from the date of the commencement of significant influence are prepared for the same reporting periods as those of the Group.

Group's share of net profit and total comprehensive income for the period of associates that are individually immaterial

	2023	2022
Group's share of total comprehensive income of other individually immaterial associates	1	40

Unrecognised shares of losses of associates, due to the Group's lack of obligation to cover them in the future

	2023	2022
Losses of associates not recognised by the Group in the carrying amount of equity-accounted investees	(111)	-

All amounts in PLN thousand, unless otherwise stated

6.6 Inventory

Accounting policies

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Purchase price includes all purchase costs and other costs of bringing the inventory to its current condition. Inventory outflows are recognised using the FIFO (First in, First out) method.

At each reporting date, the Group analyses whether the carrying amount of inventory is greater than or equal to the net realisable value. Inventory write-downs are recorded in other expenses.

	31 December 2023	31 December 2022
Inventory		
Advertisements	1,891	3,912
Total	**1,891**	**3,912**

The Group recognises in its inventory the cost of advertisements acquired for resale from websites predominantly active in the DACH region. Advertisements are typically acquired at the start of the financial year and are then consistently resold over the subsequent months of the year.

In the year ended 31 December 2023, the Group recognised an inventory write-down of PLN 2,019 thousand. In the years ended 31 December 2022, the Group did not recognise any inventory write-downs.

6.7 Other non-financial assets

Accounting policies

Other non-financial assets include accruals and other non-financial assets, in particular incremental costs of obtaining a contract, prepayments for intangible assets and property, plant and equipment, taxes, public charges receivable (other than corporate income tax receivable) and assets of the Company Social Benefit Fund.

Accrued expenses are recognised as assets when the following conditions are met:

- costs arise from past events and they do not constitute capital expenditures,
- their amount can be reliably estimated,
- the relate to future reporting periods and it is probable that the future economic benefits associated with the expenses will flow to the Group.

Other non-financial assets are initially recognised at nominal value and measured at the end of the reporting period at amounts due, except for prepayments for property, plant and equipment and intangible assets, which are recognised at the nominal value of the amounts paid.

In other non-financial assets, the Group recognises incremental costs of obtaining a contract with a customer as an asset if the costs are expected to be recovered. An asset is amortised/depreciated on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The Group revises the amortisation/depreciation period to reflect a significant change in the expected time period of delivering the goods or services to which the asset relates to the customer.

All amounts in PLN thousand, unless otherwise stated

The assets and liabilities of the Company Social Benefit Fund are netted off in the consolidated statement of financial position. If there is a non-zero balance after netting, it is presented as either other non-financial assets or other non-financial liabilities in the statement of financial position.

	31 December 2023	31 December 2022
Non-current	**840**	**944**
Other	840	944
Current	**39,995**	**31,139**
Prepaid services		
Internet domain names	17	155
Prepaid marketing expenses	2,043	1,081
Prepaid hardware and software maintenance services	3,598	3,393
Prepaid other services	1,128	1,259
Advertisements purchased based on customer orders	13,446	11,650
Other	693	252
Other assets		
Incremental costs of obtaining a contract	14,972	11,067
Prepayments for intangible assets and property, plant and equipment	484	259
Taxes and public charges receivable	1,221	1,903
Uninvoiced bonuses on advertisements sold	2,283	-
Assets of Company Social Benefits Fund	3	-
Other	107	120
Total	**40,835**	**32,083**

6.8 Other non-financial liabilities

Accounting policies

Other non-financial liabilities are initially recognised at nominal value and measured at the end of the reporting period at amounts due.

The Group's other non-financial liabilities include, in particular, tax liabilities (other than corporate income tax (‘CIT’)) and social security liabilities.

	31 December 2023	31 December 2022
Tax liabilities (other than CIT) and social security liabilities	13,462	13,180
Other non-financial liabilities	1,923	3,585
Total	**15,385**	**16,765**

6.9 Employee benefit obligations

Accounting policies

Employee benefit obligations include provisions for employee benefits and other obligations to employees.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) resulting from past events, and it is certain or highly probable that the settlement of which is expected to result in an outflow of resources, which represent the economic benefit, and it is possible to reliably estimate the amount of this liability.

The Group recognises provisions for employee benefits, such as:

- retirement and disability pensions,
- death gratuities
- incentive schemes bonuses for key employees.

Provisions for retirement and disability pensions, and death gratuity

The provisions for retirement and disability pensions is recognised based on the estimated future cash flows to be paid to employees after they reach retirement age. The amount of the provision is determined based on various factors, including length of service, average gross salary rates, employee turnover rates, and other demographic data.

Provisions for retirement, pensions and death gratuities are estimated by an independent actuary using the projected unit credit method.

Actuarial gains and losses on defined post-employment benefits are presented in other comprehensive income for a given reporting period and subsequently recognised in ‘Other reserves’.

Gains and losses related to other benefits paid during the period of employment are recognised in employee benefits expense in the statement of comprehensive income of the current reporting period.

Other obligations to employees

Other obligations to employees are recognised initially at nominal value and are measured at the end of the reporting period at amounts due.

The Group's other obligations to employees include, in particular, accrued holiday entitlements and liabilities for sales-related bonuses and commission fees.

Significant estimates and judgements

The Group relies on judgments and estimates to determine the amount of the provision for employee benefits. The primary assumptions used to estimate the provision amount are the discount rate and the rate of wage growth. These assumptions are determined by an actuary based on the Group's historical data and market information.

All amounts in PLN thousand, unless otherwise stated

The Group also evaluates the likelihood of potential liabilities arising. When the assessment shows that it is probable for a liability to occur (but the timing or amount of the future liability is uncertain), the Group recognises a provision. When the occurrence of a liability is possible, but not probable – a contingent liability is recognised (Note 7.8).

	31 December 2023	31 December 2022
Non-current	**1,838**	**1,847**
Provisions	**1,838**	**1,847**
Death gratuities	970	946
Retirement benefits	750	785
Disability benefits	118	116
Current	**29,785**	**23,618**
Provisions	**72**	**57**
Death gratuities	38	28
Retirement benefits	17	14
Disability benefits	17	15
Other obligations to employees	**29,713**	**23,561**
Accrued holiday entitlements	6,796	6,098
Sales-related bonuses and commission fees payable to employees	20,315	17,009
Other	2,602	455
Total	**31,623**	**25,465**

	Death gratuities	Retirement benefits	Disability benefits	Bonuses	Total provisions
1 January 2022	**785**	**590**	**109**	**1,213**	**2,696**
Recognised	189	208	22	-	420
Amounts written off	-	-	-	(1,213)	(1,213)
31 December 2022	**975**	**798**	**131**	**-**	**1,904**
Non-current	*946*	*785*	*116*	-	*1,847*
Current	*28*	*14*	*15*	-	*57*
1 January 2023	**975**	**798**	**131**	**-**	**1,904**
Recognised	33	6	4	-	43
Reversed	-	(37)	-	-	(37)
31 December 2023	**1,008**	**767**	**135**	**-**	**1,910**
Non-current	*970*	*750*	*118*	-	*1,838*
Current	*38*	*17*	*17*	-	*72*

Actuarial assumptions used in calculating the provision for post-employment benefits (death, retirement and disability benefits)

	31 December 2023	31 December 2022
Discount rate	Discount rate curve published by EIOPA	Discount rate curve published by EIOPA
Wage growth rate		
- in the next 1-3 years	6.2%	9.7%
- in the next 4-10 years	3.5%	6.4%
- after further 10 years	3.5%	5.0%

Based on the information provided by the actuary, the Group estimates that adopting a discount rate higher by 1pp would decrease the provision amount by PLN 313 thousand, whereas adopting a discount rate 1pp lower would increase the provisions by approximately PLN 231 thousand.

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

Accounting policies

The value of an equity-settled share-based payment arrangement is measured at the fair value of the equity instruments at their grant date, which is the date on which the Parent and its employees concluded the share-based payment arrangement, i.e., the date on which both parties accepted the agreed terms and conditions of the arrangement. The expense is recognised as an employee benefit expense with a corresponding increase in equity (under share-based payment arrangements) and is spread evenly over the option's vesting period (the period of time an employee must be employed by the Group to vest and for which the Group's and employees' performance targets are set, conditioning the vesting).

The total amount to be recognised as expense is determined without the effects of any non-market vesting conditions.

Non-market conditions (such as reaching a specified EBITDA level) are incorporated into the assumptions regarding the expected number of shares to vest. There are no market vesting conditions in the scheme and non-market vesting conditions are not recognised in the valuation.

Significant estimates and judgements

Expected lifetime of options

Many holders of stock options opt to exercise them as soon as they are able, due to a range of considerations. Typically, options granted are non-transferable, meaning that the holder cannot liquidate their position in the options other than by exercising them. In addition, in the event of termination of employment, employees may be required to exercise options immediately (if they have previously vested), otherwise the options will be forfeited. Another factor may be risk aversion.

Expected share price volatility

Expected volatility is a measure that represents the degree of expected variation of an asset's price over a specified period. The volatility measure used in option pricing models is typically the annualised standard deviation of stock returns over a specific time period. The rate of return is expressed as an annual interest rate with continuous capitalisation (annual continuous interest rate).

Factors to consider when estimating expected volatility include:

- implied volatility from traded options on the entity's shares or other traded instruments that include optional features (such as convertible debt), if available;
- historical volatility of the share price over a period that is generally consistent with the expected term of the option, taking into account the remaining contractual life of the option and the potential impact of expected early exercise;
- the length of time an entity's shares have been publicly traded; newly listed entities may exhibit high historical volatility compared with similar entities that have been listed for a longer period;
- the tendency of volatility to revert to its mean, i.e., its long-term average;

- appropriate and regular intervals for price observations.

Expected dividend yield

The Parent pays dividends per share. During the period in which the participants of the scheme do not hold any shares, they will not receive the dividend amount directly or through any other form, as the exercise price or conversion into shares is fixed. Under IFRS 2 *Share-based Payment*, future dividend payments must be taken into account when estimating the value of such options.

Expected option exercise date

Incentive schemes are a form of option provided by the Parent to eligible individuals, designed to provide additional compensation for their services. Therefore, it should be assumed that these options will be exercised sooner than other types of options.

Expected share price volatility at the valuation date

The Company has been listed on the Warsaw Stock Exchange ('WSE') since 9 December 2021, which is one year and seven months to the valuation date. Since the options are expected to be exercised on 31 March 2025, this means that, in accordance with IFRS 2.B25(b), historical volatility based on the Company's share prices should be calculated for a period of approximately 1.75 years (1 year and 9 months). These are fairly comparable periods.

Therefore, for the purpose of determining volatility, the entire trading history of the Company shares on the WSE has been used.

Probability of meeting the condition of achieving a certain level of EBITDA and remaining in the employment relationship

At each reporting date, the Group estimates the number of options that are likely to vest in order to determine the amortisation schedule for the scheme.

The Parent applied the Black-Scholes-Merton model to estimate the fair value of the options.

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 limits of 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 up to 1,021,563 Bonus Shares 1, representing up to 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. 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 recorded in the Company's employee benefits expense in 2022 amounted to PLN 3,834 thousand, whereas PLN 13,925 thousand was recorded in employee benefits expense in the year ended 31 December 2023.

The scheme has an estimated maximum total cost of PLN 33,489 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 as at the grant date of Tranche 2 under Incentive Scheme 1, i.e., 10 July 2023	
Fair value of a single option at the grant date (PLN)	32.48 (tranche 1) 32.89 (tranches 2 and 3)
Number of priced options	1.021.563
Total fair value of the scheme (PLN thousand)	33.498
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	2.03%
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 No. 2 and No. 3 (separately 'Incentive Scheme 2' and 'Incentive Scheme 3', and collectively 'Incentive Schemes 2 and 3').

The two primary goals of Incentive Schemes 2 and 3 are to facilitate the achievement of the Company's long-term business objectives and to retain talents crucial for developing and implementing 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 Warsaw 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 program 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. The total value of the schemes, of PLN 10,658 thousand, was recognised in the Company's equity. The total cost of the schemes, recognised as an employee benefit expense in 2022, was PLN 9,404 thousand.

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.

Gratuitous transfer of part of 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

Accounting policies

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.

Diluted earnings per share is calculated by dividing the net profit for a given period by the weighted average number of shares outstanding during that period, adjusted for events other than the conversion of potential ordinary shares that have led to a change in the number of shares outstanding without a concurrent change in resources.

The calculation of basic earnings per share for the periods covered by these consolidated financial statements took into account the dilution caused by equity instruments. These instruments originated from acquiring rights through the share-based payment arrangement detailed in Note 6.10.

	2023	2022 (restated)
Net profit attributable to owners of the Parent	**185,029**	**166,580**
CONTINUING OPERATIONS	185,029	166,580
Net profit attributable to owners of the Parent	**185,029**	**166,580**
Number of ordinary shares – for the purpose of calculation of basic earnings per share	68,265,026	68,265,026
Effect of dilution (share-based payment arrangement)	939,179	1,046,123
Weighted average number of ordinary shares – for the purpose of calculation of diluted earnings per share	69,204,205	69,311,149
Basic earnings per share (PLN) – continuing operations	***2.71***	***2.44***
Diluted earnings per share (PLN) – continuing operations	***2.67***	***2.40***

7.2 Related-party transactions

During the periods covered by these consolidated financial statements, the Group entered into transactions with related parties. The balances and turnover of these transactions are presented in the tables below.

	Receivables		Payables	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Associates	18	11	451	536
Other related entities[1]	-	9	-	314
Total	**18**	**20**	**451**	**850**

	Revenue from contracts with customers		Other services	
	2023	2022	2023	2022
Associates	42	268	1,167	722
Other related entities[1]	68	48	143	1
Total	**110**	**269**	**1,310**	**723**

[1] The term ‘related entities’ encompasses not only entities directly related to the Company but also those in which a member of the Company's key personnel or a close family member has significant influence or holds a significant number of voting rights.

All amounts in PLN thousand, unless otherwise stated

During the periods covered by these 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, close family members, or other related parties did not participate in transactions with Group companies that significantly affected the net profit for the reporting period or the financial position of the Group.

7.3 Remuneration and other transactions with key management personnel

Remuneration of key management personnel

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

	2023	2022
Short-term employee benefits	3,357	3,224
Post-employee benefits	58	59
Share-based payments	2,278	746
Total	**6,193**	**4,029**

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.

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.

Payments to key management personnel arising from their shareholdings in the Company

	2023	2022
Cash flows:		
- dividends paid	(64,097)	(86,110)
Total	**(64,097)**	**(86,110)**

7.4 Auditor's fees

	2023	2022
Audit of separate financial statements of the Parent and consolidated financial statements of the Group	**806**	**752**
Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k.		
Mandatory audit of financial statements	698	663
Other services	108	89
Audit of financial statements of subsidiaries	**432**	**339**

7.5 Employee benefits expense

	2023	2022
Salaries and wages	166,399	134,796
Bonuses	34,592	21,663
Share-based payments	13,925	28,160
Social security contributions	29,717	21,923
Other employee benefits	7,417	5,535
Total	**252,050**	**212,077**

All amounts in PLN thousand, unless otherwise stated

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

Apart from the information provided in these consolidated financial statements, the Group is not aware of any additional information that, in its view, could be relevant to the assessment of its assets, financial condition and results.

7.7 Employment structure

Information on the average number of employees, classified by occupational group and employed under a contract of employment, is presented in the table below.

	2023	2022
Management Board	3	3
Management personnel	175	140
Other employees	841	828
Total	**1,019**	**971**

7.8 Contingent liabilities

Accounting policies

The Group considers contingent liability as:

- a potential obligation resulting from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the Group's control;

  or

- a present obligation that arises from past events but is not recognised in the statement of financial position because it is not probable that there will be an outflow of resources embodying economic benefits to satisfy the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Guarantee provider	Currency	31 December 2023	31 December 2022
PKO Bank Polski S.A.	EUR	551	498
Total	**EUR**	**551**	**498**

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

7.9 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 generate significant revenue from contracts with customers in Ukraine, Russia, and Belarus; however, it holds shares in entities operating 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 further escalation of the armed conflict, the constantly changing financial flow conditions, and the scope of applicable sanctions, the Management Board decided to recognise an impairment loss 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 financial year ended 31 December 2023. Given the ongoing armed conflict and considering the restrictions on dividend payments to recipients outside Ukraine, the Management Board expects the dividend to be received by 31 December 2025. On this basis, the Management Board resolved to discount the dividends receivable for the year ended 31 December 2023, for a total amount of PLN 984 thousand; this amount was recorded in 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. Despite the challenging and unstable situation that has prevailed since 24 February 2022, over the 12-month period ending 31 December 2023, the Ukrainian Companies achieved positive financial results.

The table below summarises Robota's assets, which are at risk of impairment, and the corresponding assets of the Group as reported in the consolidated statement of financial position as of 31 December 2023.

	Robota's assets as at 31 December 2023	Assets of the Group as at 31 December 2023
Intangible assets	2	88,677
Property, plant and equipment	946	12,359
Right-of-use assets	1,647	31,780
Deferred tax assets	3,914	40,245
Trade receivables	4,498	68,312
Other non-financial assets	1,117	40,835
Cash and cash equivalents	24,080	163,756

The Group's assets include equity-accounted investees (WorkIP Ltd and Work Ukraine TOV) which have operations in Ukraine, measured at PLN 18,565 thousand as at 31 December 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 consolidated statement of financial position as of 31 December 2023.

All amounts in PLN thousand, unless otherwise stated

	Group’s liabilities related to operations in Ukraine as at 31 December 2023	Group’s liabilities as at 31 December 2023
Non-current lease liabilities	1,631	23,595
Current lease liabilities	1,166	10,472
Employee benefit obligations	3,028	31,623
Trade payables	758	35,650
Other non-financial liabilities	1,559	15,385
Contract liabilities	25,370	241,653

In addition, the Group has a put option liability to non-controlling shareholders in Robota. The carrying amount of the liability as at 31 December 2023 was PLN 16,768 thousand.

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

As of 31 December 2023, an impairment test of the Ukrainian Companies was performed. The Group determined that there were no objective indications of impairment.

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.

7.10 Events after the reporting date

Increase in Grupa Pracuj S.A.'s cash contribution to Pracuj Ventures

On 17 January 2024, Pracuj Group S.A. increased its cash contribution in Pracuj Ventures sp. z o.o. ASI from PLN 22,783 thousand to PLN 30,366 thousand, i.e., by PLN 7,583 thousand.

Authorisation of consolidated financial statements for the year ended 31 December 2023

These consolidated financial statements for the year ended 31 December 2023 were authorised for issue by the Management Board of the Parent on 3 April 2024.

…………………………………………
Przemysław Gacek
President of the Management Board

…………………………………………
Gracjan Fiedorowicz
Member of the Management Board

…………………………………………
Rafał Nachyna
Member of the Management Board


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grupa pracuj