grupa pracuj

Grupa Pracuj S.A.

Financial statements
for the year ended 31 December 2023

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All amounts in PLN thousands, unless otherwise stated

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	Note	2023	2022
Revenue from contracts with customers	2.1	**469,706**	**477,251**
Depreciation and amortisation		(11,116)	(8,931)
Employee benefits expense	2.2	(128,565)	(132,723)
Marketing expenses		(40,359)	(50,522)
Software-as-a-service costs		(6,617)	(5,397)
Other services		(23,180)	(31,183)
Other costs		(5,397)	(4,998)
Other income	2.3	1,435	1,229
Other expenses	2.3	(477)	(1,339)
Expected credit losses	6.2	(252)	(743)
Operating profit		**255,178**	**242,644**
Finance income	2.4	11,350	10,515
Finance costs	2.4	(64,771)	(36,832)
Net finance income/(costs)		**(53,421)**	**(26,317)**
Share of profit/(loss) of equity-accounted investees	4.4	8,003	(848)
Profit before tax		**209,760**	**215,479**
Income tax	3.1	(36,890)	(50,713)
Net profit from continuing operations		**172,870**	**164,766**
Net profit		**172,870**	**164,766**

OTHER COMPREHENSIVE INCOME	Note	2023	2022
Items that will not be reclassified to profit or loss		**292**	**(134)**
Actuarial gains/(losses) from remeasurement of provisions for employee benefits	4.14	360	(165)
Income tax on other comprehensive income		(68)	31
Total other comprehensive income		**292**	**(134)**
TOTAL COMPREHENSIVE INCOME		**173,162**	**164,632**

	Note	2023	2022
Basic earnings per share (PLN) – continuing operations	4.11	**2.53**	**2.41**
Diluted earnings per share (PLN) – continuing operations	4.11	**2.50**	**2.38**

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

All amounts in PLN thousands, unless otherwise stated

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2023	31 December 2022
Intangible assets	4.1	17,636	10,098
Property, plant and equipment	4.2	7,965	7,734
Right-of-use assets	4.3	21,547	10,053
Investments in subsidiaries	4.4	580,698	578,325
Equity-accounted investees	4.4	30,725	27,407
Other financial assets	4.5	102,991	129,916
Other non-financial assets	4.6	646	733
Deferred tax assets	3.1	36,108	31,795
Non-current assets		**798,316**	**796,061**
Trade receivables	4.5	45,261	48,724
Other financial assets	4.5	117	83
Other non-financial assets	4.6	5,113	4,241
Cash and cash equivalents	4.7	66,101	59,266
Current assets		**116,592**	**112,314**
Total assets		**914,908**	**908,375**

EQUITY AND LIABILITIES	Note	31 December 2023	31 December 2022
Share capital	4.8	341,325	341,325
Reserve capital	4.9	300,617	238,248
Share repurchase reserve		1,080	1,080
Share-based payment arrangements	4.13	71,341	57,416
Other reserves	4.9	190	(102)
Merger reserve		(585,375)	(585,375)
Retained earnings		279,716	271,613
Total equity		**408,894**	**324,205**
Bank borrowings	4.12	239,295	303,168
Lease liabilities	4.12	15,978	6,535
Employee benefit obligations	4.14	1,662	1,696
Deferred tax liabilities	3.1	4,034	18,204
Non-current liabilities		**260,969**	**329,603**
Bank borrowings	4.12	23,543	63,492
Lease liabilities	4.12	6,635	6,935
Employee benefit obligations	4.14	13,735	12,995
Trade payables	4.15	12,715	13,393
Other financial liabilities	4.16	8,076	4,171
Other non-financial liabilities	4.15	11,382	10,523
Current tax liabilities	3.1	11,030	5,681
Contract liabilities	2.1	157,929	137,377
Current liabilities		**245,045**	**254,567**
Total liabilities		**506,014**	**584,170**
Total equity and liabilities		**914,908**	**908,375**

All amounts in PLN thousands, unless otherwise stated

STATEMENT OF CASH FLOWS

	Note	2023	2022
Cash flows from operating activities			
Profit before tax		**209,760**	**215,479**
Adjustments for:			
Share of (profit) / loss of equity-accounted investees		(8,003)	848
Depreciation and amortisation		11,116	8,931
Foreign exchange gains/(losses)		153	317
(Gains)/losses on interest		27,422	17,788
(Gain) / loss on investing activities		(7,612)	(3,419)
Impairment loss on dividends receivable	4.4	-	6,740
Remeasurement of dividends receivable		984	-
Remeasurement of investments measured at fair value through profit or loss	4.5	29,494	1,749
Impairment loss on equity-accounted investees	4.4	-	4,230
Measurement of equity-settled share-based payment arrangement	4.13	11,553	23,809
Settlement and measurement of financial instruments	4.12	5,702	3,409
Income tax paid	3.1	(49,912)	(59,230)
Changes in working capital:			
Employee benefit obligations	4.14	1,066	1,731
Trade receivables	4.5	3,463	(2,737)
Other non-financial assets	4.6	(784)	327
Trade payables	4.15	(678)	(1,292)
Other non-financial liabilities	4.16	1,112	(2,211)
Contract liabilities	2.1	20,552	40,560
Other adjustments		1	(10)
Net cash flows from operating activities		**255,389**	**257,019**
Cash flows from investing activities			
Acquisition of shares in subsidiaries	4.4	-	(552,488)
Purchase of financial assets	4.4	(196)	(58,406)
Proceeds from sale of financial assets	4.4	80	70,000
Dividends received		7,193	5,686
Proceeds from sale of property, plant and equipment and intangible assets		412	442
Purchase of property, plant and equipment and intangible assets		(13,971)	(11,633)
Net cash flows from investing activities		**(6,482)**	**(546,399)**
Cash flows from financing activities			
Dividends paid		(102,398)	(136,530)
Net proceeds from issue of shares		-	804
Proceeds from bank borrowings	4.12	-	400,000
Payment of bank borrowings	4.12	(104,000)	(32,000)
Payment of lease liabilities	4.12	(7,139)	(6,537)
Interest paid	4.12	(27,246)	(17,128)
Commissions on bank borrowings	4.12	-	(2,000)
Settlement of derivative financial instruments		(1,256)	221
Net cash flows from financing activities		**(242,039)**	**206,830**
Total net cash flows		**6,868**	**(82,550)**
Cash and cash equivalents at beginning of period		**59,266**	**141,815**
Exchange differences on cash and cash equivalents		(32)	1
Cash and cash equivalents at end of period		**66,101**	**59,266**
Cash and cash equivalents in the statement of financial position		**66,101**	**59,266**

All amounts in PLN thousands, unless otherwise stated

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Share repurchase reserve	Share-based payment arrangements	Other reserves	Merger reserve	Retained earnings / (losses) carried forward	**Total equity**
Notes	4.8	4.9	4.8	4.8	4.8	4.8	4.9	
1 January 2023	**341,325**	**238,248**	**1,080**	**57,416**	**(102)**	**(585,375)**	**271,613**	**324,205**
Net profit/(loss) for period	-	-	-	-	-	-	172,870	172,870
Other comprehensive income for period	-	-	-	-	292	-	-	292
Total comprehensive income for period	**-**	**-**	**-**	**-**	**292**	**-**	**172,870**	**173,162**
Share-based payments	-	-	-	13,925	-	-	-	13,925
Allocation of profit/(loss)	-	62,369	-	-	-	-	(62,369)	-
Dividends	-	-	-	-	-	-	(102,398)	(102,398)
Transactions with owners of the Parent	**-**	**62,369**	**-**	**13,925**	**-**	**-**	**(164,767)**	**(88,473)**
31 December 2023	**341,325**	**300,617**	**1,080**	**71,341**	**190**	**(585,375)**	**279,716**	**408,894**

.	Share capital	Reserve capital	Share repurchase reserve	Share-based payment arrangements	Other reserves	Merger reserve	Retained earnings / (losses) carried forward	**Total equity**
1 January 2022	**340,521**	**108,516**	**1,080**	**29,256**	**32**	**(585,375)**	**373,108**	**267,138**
Net profit/(loss) for period	-	-	-	-	-	-	164,766	164,766
Other comprehensive income for period	-	-	-	-	(134)	-	-	(134)
Total comprehensive income for period	**-**	**-**	**-**	**-**	**(134)**	**-**	**164,766**	**164,632**
Share capital increase	804	-	-	-	-	-	-	804
Share-based payments	-	-	-	28,160	-	-	-	28,160
Allocation of profit/(loss)	-	129,731	-	-	-	-	(129,731)	-
Dividends	-	-	-	-	-	-	(136,530)	(136,530)
Transactions with owners of the Parent	**804**	**129,731**	**-**	**28,160**	**-**	**-**	**(266,261)**	**(107,566)**
31 December 2022	**341,325**	**238,248**	**1,080**	**57,416**	**(102)**	**(585,375)**	**271,613**	**324,205**

All amounts in PLN thousands, unless otherwise stated

1. GENERAL INFORMATION

1.1 General information about the Company

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.’ or the ‘Company’) is the parent of the Grupa Pracuj S.A. Group (the ‘Group’).

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

The Company commenced operations on 6 November 2015. In 2016, the Company – at the time trading as Grupa Pracuj Holding sp. z o.o. – merged with the then Grupa Pracuj S.A., which had been providing online recruitment services in Poland since 2000. Since 2007 the Group, through its subsidiaries, has also operated in Ukraine, and in Germany since 2022.

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 platform 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.

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

In 2023 and as of 31 December 2023, the composition of the Company's Management Board was as follows:

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

Until the date of authorisation of these financial statements for issue, there were no changes in the composition of the Company's Management Board.

In 2023 and as of 31 December 2023, the composition of the Company's Supervisory Board was as follows:

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

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

1.3 Information about the Group

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

The Group also holds shares in associates, which are measured using the equity method.

The Company has prepared consolidated financial statements for the year ended 31 December 2023, accessible at https://grupapracuj.pl/dla-inwestorow/raporty-okresowe.

As at 31 December 2023 and 31 December 2022, the Company's share in total voting rights in the subsidiaries and associates was the same as the Company's respective ownership interests in those entities.

The Company held investments in the following subsidiaries and associates as at 31 December 2023 and 31 December 2022:

All amounts in PLN thousands, 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 separate statement of financial position as of 31 December 2023, including comparative data as at 31 December 2022, as well as the separate statement of comprehensive income, separate statement of changes in equity, and separate 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 separate financial statements have been prepared on the historical cost basis, except for investments in equity instruments measured at fair value through profit or loss and derivative instruments.

The Management Board of Grupa Pracuj S.A. declares that, to the best of its judgment, these financial statements have been prepared in accordance with the applicable accounting principles and reflect in a true, fair and clear manner the Company's assets, financial position and financial results.

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

These separate financial statements are prepared on the going concern basis, assuming that the Company will continue its operations in their current form and scope for the foreseeable future. As at the date of authorisation of these separate financial statements for issue, the Management Board of the Parent does not identify any facts or circumstances that would indicate a threat to the going concern of the Company in the foreseeable future. The impact of the armed conflict in Ukraine on the Company's business is analysed and described in detail in Note 7.6.

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 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 Company makes judgements and assumptions relating to the future. The uncertainty surrounding these assumptions and estimates could lead to adjustments in the carrying amounts of assets and liabilities in subsequent periods. Judgements and assumptions that entail a significant risk of a material adjustment to the reported carrying amounts of assets and liabilities within the next financial period are described in relevant notes to these separate financial statements.

All amounts in PLN thousands, unless otherwise stated

Line items in the financial statements to which significant estimates and judgments pertain	Note
Revenue from contracts with customers	2.1
Deferred tax assets	3.1
Taxes payable/receivable	3.1
Intangible assets	4.1
Property, plant and equipment	4.2
Right-of-use assets	4.3
Equity-accounted investees	4.4
Unlisted shares	4.4
Trade receivables	4.5
Financial assets measured at amortised cost	4.5
Lease liabilities	4.12
Employee benefit obligations	4.14
Share-based payments	4.13

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 Company decided to apply the new standards and amendments to the existing standards as of their respective effective dates, i.e., it did not elect to early apply the amendments. The amended standards and interpretations which were applied for the first time in 2023 do not have a material effect on these separate 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 above-specified standards and amendments to standards pending approval by the European Union will have no material effect on the separate financial statements of the Company.

All amounts in PLN thousands, unless otherwise stated

1.7 Functional currency and foreign currency transactions

Accounting policies

Functional currency and presentation currency

The Company's financial statements are prepared in the currency of the primary economic environment in which the Company operates, i.e., in its functional currency.

The functional currency of the Company and the currency of these financial statements is the Polish złoty (PLN). All figures in these 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.

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

2. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

2.1 Revenue from contracts with customers

Accounting policies

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

The main sources of the Company's revenue are:

- sale of recruitment projects (job postings published on the Pracuj.pl website, along with supplementary products that enhance publication visibility, leading to an increased number of views and applications for job postings),
- branding products (e.g. employer profiles on the Pracuj.pl and Robota.ua websites, publications in the Guide.)

Transaction price

In order to determine the transaction price, the Company takes into account the terms of the contract and its customary business practices. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). When determining the transaction price, the Company 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 Company 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 website,
- publication of employer profiles on the Pracuj.pl website.

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.

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 and branding products is recognised at a point in time by the Company, 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 Company measures progress towards complete satisfaction of a performance obligation to date based on the time elapsed.

Contract assets

Contract assets are recognised when the Company 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 Company 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 Company recognises a contract liability which is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

If a customer has paid or is obligated to pay the Company for goods or services before the transfer of the goods or services, the Company 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 Company 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 Company takes advantage of the practical exemption available in IFRS 15 Revenue from Contracts with Customers ('IFRS 15') to recognise contract costs, i.e., incremental costs of obtaining a contract.

In practice, the Company recognises incremental costs of obtaining a contract as an expense when they are incurred only if the amortisation period of the related asset is one year or less. This is because contracts with customers are typically concluded for a maximum period of one year, and it is a direct consequence of their nature. Costs of obtaining contracts that the Company incurs include, in particular, sales commissions and bonuses.

The Company 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 Company's resources that will be used to satisfy (or continue to satisfy) performance obligations in the future.

All amounts in PLN thousands, unless otherwise stated

Significant judgements and assumptions

The Company 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 Company 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.

Key types of products and services

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

- Recruitment projects – these are mainly job announcements published on the Pracuj.pl website, 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.

  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.

- Branding products – a range of services such as featuring employer profiles on Pracuj.pl (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).

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	301,149	295,391
At a point in time	168,557	181,860
Total	**469,706**	**477,251**

Revenue from contracts with customers by region

Revenue from contracts with customers segmented by country	2023	2022
Poland	457,192	463,082
Ukraine	333	61
DACH region	8,452	10,371
Other countries	3,729	3,737
Total	**469,706**	**477,251**

All amounts in PLN thousands, unless otherwise stated

Contract liabilities

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

Contract liabilities	31 December 2023	31 December 2022
Current	157,929	137,377
Total	**157,929**	**137,377**

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

The Company uses the practical expedient permitted by IFRS 15 whereby the Company is not required to disclose the transaction price allocated to the unsatisfied performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

2.2 Employee benefits expense

	2023	2022
Salaries and wages	87,566	83,615
Bonuses	10,971	8,675
Share-based payments	11,553	23,809
Social security contributions	14,048	12,410
Other employee benefits	4,427	4,214
Total	**128,565**	**132,723**

2.3 Other income and expenses

Accounting policies

Other income and expenses include income and expenses from non-core activities, including gains or losses on disposal of property, plant and equipment, penalties and fines, donations, impairment losses on non-financial assets.

Other income

	2023	2022
Gain on disposal of non-current non-financial assets	112	133
Income from lease modifications	1	8
Income from sublease of office space	441	268
Other income	881	820
Total	**1,435**	**1,229**

Other expenses

	2023	2022
Donations	219	1,271
Other expenses	258	68
Total	**477**	**1,339**

All amounts in PLN thousands, unless otherwise stated

2.4 Finance income and finance costs

Accounting policies

Finance income and finance costs include, in particular, interest, remeasurement of investments, including remeasurement of shares and loans, exchange differences and dividends. Interest income and expense are recognised as and when they accrue, using the effective interest rate method, in relation to the net carrying amount of the financial asset. Dividends are recognised when the shareholders' right to receive the payment is established. If there are indications of impairment of an investment, the Company tests the investment for impairment. Impairment allowances are recognised if a test indicates that the recoverable amount of an asset is lower than its carrying amount. Foreign exchange gains and losses are presented at net amounts.

Finance income

	2023	2022
Interest income	3,850	4,829
Dividends from subsidiaries	7,193	5,686
Gain on disposal of investments	80	-
Remeasurement of investments measured at fair value through profit or loss	227	-
Total	**11,350**	**10,515**

For details of changes arising from remeasurement of investments see Note 4.4.

Finance costs

	2023	2022
Interest expense	27,436	17,475
Interest expense on lease contracts	283	336
Remeasurement of investments measured at fair value through profit or loss	29,494	1,749
Remeasurement of dividends receivable	984	6,650
Revaluation of equity-accounted investees	-	4,230
Measurement of derivative financial instruments	5,702	3,409
Remeasurement of financial instruments to fair value	-	2,375
Exchange differences	374	310
Other	498	298
Total	**64,771**	**36,832**

As at 31 December 2023, the Company 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 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 (Note 4.4 and Note 7.6).

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.

Deferred tax

The Company 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 Company 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.

Significant estimates and judgements

Recognition of deferred tax assets

The Company 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.

All amounts in PLN thousands, unless otherwise stated

The Management Board relies on forecasts, budgets, and strategies for the operations of the Company in making the assumption to recognise a deferred tax asset.

The Company 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 Company 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 Company 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.

Income tax

	2023	2022
Current tax	56,949	60,968
Reduction of income tax for 2022	(1,507)	-
Deferred tax	(12,948)	(9,923)
Net deferred tax liability related to investments measured at fair value	(5,604)	(332)
Total tax expense in the statement of comprehensive income	**36,890**	**50,713**

The effective tax rate for the year ended 31 December 2023 was 17.59%, compared with 23.53% in 2022.

Reconciliation of effective tax rate

	2023	2022
Profit before tax from continuing operations	209,760	215,479
Income tax at 19%	**39,854**	**40,941**
Permanently non-taxable income	(57)	(349)
Effect of recognising taxable income from dividends received by the Company from subsidiaries	(1,367)	(1,080)
Permanently non-deductible expenses	718	3,272
Permanently non-deductible expenses for share-based payment arrangement	2,195	4,524
Remeasurement of financial instrument	(43)	451
Remeasurement of dividends receivable	(317)	1,263
Share of profit of equity-accounted investees	(1,521)	161
Adjustment to current income tax for prior years	1,555	-
Prior period tax losses for which no deferred tax asset has been recognised in current year	(4,127)	-
Acquisition-related costs	-	1,530
Total tax expense in the statement of comprehensive income	**36,890**	**50,713**

All amounts in PLN thousands, unless otherwise stated

Deferred income tax

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

	31 December 2023	31 December 2022
Deferred tax assets arising from other sources		
Contract liabilities	30,007	26,102
Right-of-use assets and lease liabilities (IFRS 16)	203	649
Remeasurement of derivatives	1,534	690
Trade receivables	301	277
Trade payables	468	584
Employee benefit obligations	2,597	2,459
Other non-financial assets	1,169	1,317
Difference between carrying amount and tax base of liabilities arising from bank borrowings	159	126
Other deductible temporary differences	494	342
Total deferred tax assets arising from other sources	**36,932**	**32,546**

	31 December 2023	31 December 2022
Deferred tax liabilities arising from other sources		
Taxable temporary differences between the carrying amounts of property, plant, and equipment and intangible assets disclosed in the accounting books and their tax bases	812	704
Other deductible temporary differences	12	47
Total deferred tax liabilities arising from other sources	**824**	**751**
Remeasurement of investments measured at fair value through profit or loss	13,894	18,813
Tax loss on capital gains	(9,860)	(609)
Net deferred tax liabilities arising from capital gains	**9,631**	**18,204**
Net deferred tax assets arising from other sources	**36,108**	**31,795**
Net deferred tax liabilities arising from capital gains	**4,034**	**18,204**

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
Tax losses from capital gains	51,893	2028	3,205	2028
Recognised deferred tax asset	**9,860**		**609**	

The Company 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 STATEMENT OF FINANCIAL POSITION

4.1 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 Company 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 Company 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 Company 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 Company's intangible assets is finite, and therefore, the Company amortises all of its intangible assets except for internally produced 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.

The Company does not amortise intangible assets that are not in use, such as incurred expenditures for internally produced 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 Company 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

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 Company assesses whether there are any indications of possible impairment of an intangible asset. If such indications exist, the Company estimates the recoverable amount of the asset.

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

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.

All amounts in PLN thousands, unless otherwise stated

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.

Expenditures incurred for internally produced software represent the costs of development incurred before the software is used. Upon completion of development work, the Company begins amortising internally produced software.

As at 31 December 2023 capital expenditures for internally developed software that has not yet been completed was PLN 2,613 thousand, and the Company assessed the risk of their impairment as insignificant.

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

	Property rights	Internally developed software	Other intangible assets	Total
Gross carrying amount as at 1 January 2022	**2,038**	**3,502**	**6,982**	**12,522**
Increase	113	5,109	1,942	7,164
Liquidation	(444)	-	(1,140)	(1,584)
Other changes	-	97	(97)	-
Gross carrying amount as at 31 December 2022	**1,707**	**8,708**	**7,687**	**18,102**
Gross carrying amount as at 1 January 2023	**1,707**	**8,708**	**7,687**	**18,102**
Increase	36	7,170	2,771	9,977
Other changes	-	1,887	(1,798)	89
Gross carrying amount as at 31 December 2023	**1,743**	**17,765**	**8,660**	**28,168**

	Property rights	Internally developed software	Other intangible assets	Total
Accumulated amortisation and impairment losses as at 1 January 2022	**(1,706)**	**(396)**	**(5,895)**	**(7,997)**
Amortisation	(310)	(868)	(390)	(1,568)
Liquidation	422	-	1,139	1,561
Accumulated amortisation and impairment losses as at 31 December 2022	**(1,594)**	**(1,264)**	**(5,146)**	**(8,004)**
Accumulated amortisation and impairment losses as at 1 January 2023	**(1,594)**	**(1,264)**	**(5,146)**	**(8,004)**
Amortisation	(59)	(2,054)	(415)	(2,528)
Accumulated amortisation and impairment losses as at 31 December 2023	**(1,653)**	**(3,318)**	**(5,561)**	**(10,532)**

	Property rights	Internally developed software	Other intangible assets	Total
Net carrying amount as at 31 December 2022	**113**	**7,444**	**2,541**	**10,098**
Net carrying amount as at 31 December 2023	**90**	**14,447**	**3,099**	**17,636**

4.2 Property, plant and equipment

Accounting policies

Recognition and measurement

Items of property, plant and equipment are recognised at cost, less depreciation charges 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 Company 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.

The depreciable amount of an asset is determined as its initial cost less the residual value if it is material. The Company 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 reporting period.

All amounts in PLN thousands, unless otherwise stated

Significant estimates and judgements

Depreciation

The Company 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 intangible assets

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 4.1.

The most significant item of the Company's property, plant and equipment is technology infrastructure (computers, servers, telephones) reported under 'Technical equipment and machinery' and expenditure on improvements in leased office space reported under 'Buildings and premises'. Under 'Vehicles', the Company reports its own fleet of vehicles used for business purposes.

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

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

The gross carrying amount of fully depreciated property, plant and equipment as at 31 December 2023 was PLN 3,895 thousand.

Reconciliation of the carrying amount of property, plant and equipment

	Buildings and premises	Plant and equipment	Vehicles	Other	Total
Gross carrying amount as at 1 January 2022	**4,153**	**8,722**	**2,382**	**1,620**	**16,877**
Increase	-	3,597	408	212	4,217
Other changes	-	27	-	(27)	-
Sale / liquidation	-	(2,038)	(666)	(156)	(2,860)
Gross carrying amount as at 31 December 2022	**4,153**	**10,308**	**2,124**	**1,649**	**18,234**
Gross carrying amount as at 1 January 2023	**4,153**	**10,308**	**2,124**	**1,649**	**18,234**
Increase	-	3,342	299	12	3,653
Other changes	-	148	-	(148)	-
Sale / liquidation	-	(440)	(657)	-	(1,098)
Gross carrying amount as at 31 December 2023	**4,153**	**13,358**	**1,765**	**1,513**	**20,789**

All amounts in PLN thousands, unless otherwise stated

	Buildings and premises	Plant and equipment	Vehicles	Other	Total
Accumulated depreciation as at 1 January 2022	**(2,557)**	**(5,842)**	**(995)**	**(1,120)**	**(10,514)**
Depreciation	(543)	(1,620)	(210)	(186)	(2,559)
Sale / liquidation	-	2,031	387	155	2,573
Accumulated depreciation as at 31 December 2022	**(3,100)**	**(5,431)**	**(818)**	**(1,151)**	**(10,500)**
Accumulated depreciation as at 1 January 2023	**(3,100)**	**(5,431)**	**(818)**	**(1,151)**	**(10,500)**
Depreciation	(542)	(2,208)	(203)	(169)	(3,122)
Sale / liquidation	-	440	359	-	799
Accumulated depreciation as at 31 December 2023	**(3,641)**	**(7,200)**	**(663)**	**(1,320)**	**(12,824)**

	Buildings and premises	Plant and equipment	Vehicles	Other	Total
Net carrying amount as at 31 December 2022	**1,053**	**4,877**	**1,306**	**498**	**7,734**
Net carrying amount as at 31 December 2023	**512**	**6,158**	**1,102**	**193**	**7,965**

4.3 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 Company 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 Company with respect to its own assets.

If the Company 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 Company'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 Company 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.

All amounts in PLN thousands, unless otherwise stated

Significant estimates and judgements

Useful life

At the end of each reporting period, the Company 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 Company 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 Company tests its right-of-use assets for impairment whenever there is any indication that those assets may be impaired.

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 4.12.

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

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

	Buildings and premises	Vehicles	Total
Carrying amount as at 1 January 2022	**12,971**	**493**	**13,464**
Increases – new contracts	-	729	729
Increases – lease modifications	606	58	664
Depreciation for period	(4,486)	(318)	(4,804)
Carrying amount as at 31 December 2022	**9,091**	**962**	**10,053**
Carrying amount at 1 January 2023	**9,091**	**962**	**10,053**
Increases – new contracts	-	526	526
Increases – lease modifications	16,409	26	16,435
Depreciation for period	(4,931)	(535)	(5,466)
Carrying amount as at 31 December 2023	**20,569**	**978**	**21,547**

4.4 Investments in subsidiaries and equity-accounted investees

Accounting policies

The Company holds shares in domestic and foreign subsidiaries. The Company accounts for interests in associates, i.e., entities over which the Company exercises significant influence, as equity-accounted investees.

Subsidiaries

A subsidiary is an entity that is controlled by another entity. The Company controls an investee if it:

- 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.

The Company verifies its control of other entities if there is an indication of change in one or more of the above conditions for exercising control.

If the Company holds less than a majority of voting rights in an investee, but the voting rights held are sufficient to direct the relevant activities of the investee unilaterally, this means that the Company has control of the investee. When assessing whether the Company's voting rights at an investee are sufficient to give the control, the Company considers all relevant circumstances, including:

- the size of its holding of voting rights relative to the size and dispersion of other voting rights holdings;
- the potential voting rights held by the Company, other shareholders or other parties,
- rights resulting from other contractual agreements,
- any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

Interests in subsidiaries are measured at cost less accumulated impairment losses. The Company considers its capital contributions in subsidiaries as part of its investment, as it assumes that such contributions cannot be returned.

In case of impairment, the impairment loss is charged to finance costs. If the reason for the impairment loss on an investment no longer exists, the Company will reverse the loss by transferring the amount of the reversal to the finance income account, which will restore the investment's original value. The reversal can be full or partial.

Associates

Associates are entities in which the Company holds significant influence but not control or common control. This usually involves holding 20% to 50% of the total number of voting rights in the governing bodies of these entities, regardless of the share of the entity's share capital.

Significant influence is the ability to participate in the financial and operational policy decisions of a business. However, it does not mean exercising control or joint control over that policy.

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 Company'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 Company'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 Company's share in the total change in the associate's equity from the date of acquisition. If the Company's share in losses of an associate equals or exceeds its interest in the associate, including any long-term receivables constituting part of the Company's net investment in this entity, the Company ceases to recognise further losses.

Significant estimates and judgements

Existence of significant influence and control

The Company evaluates its investments in other entities to determine their recognition in the financial statements by analysing the provisions of IFRS 10 *Consolidated Financial Statements* (‘IFRS 10’) and IAS 28 *Investments in Associates and Joint Ventures* (‘IAS 28’) and classifying them into the following categories, respectively:

- investments in subsidiaries, where the Company exercises control;
- investments in associates, where the Company exercises significant influence;
- investments that are financial instruments and which are measured in accordance with IFRS 9 *Financial Instruments* (‘IFRS 9’), insignificant shareholdings with no control or significant influence.

Impairment on investments

The Company tests equity-accounted investees for impairment if there is any indication that they may be impaired. In addition, the Company also tests investments for which goodwill was recognised at initial recognition.

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 Company 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 subsidiaries and associates, together with the Company's interest in the share capital of these entities, during the periods covered by these separate financial statements, is presented in Note 1.3.

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

All amounts in PLN thousands, unless otherwise stated

	31 December 2023	31 December 2022
Gross shares in subsidiaries	**583,058**	**580,685**
Foreign companies	567,942	566,993
Polish companies	15,116	13,692
Impairment loss on shares in subsidiaries	**2,360**	**2,360**
Polish companies	2,360	2,360
Total	**580,698**	**578,325**

	31 December 2023	31 December 2022
Impairment loss on shares in subsidiaries		
At beginning of period	2,360	2,360
At end of period	**2,360**	**2,360**

The investment agreement for Robota International TOV and Work Ukraine TOV includes written and vested put and call options on shares in both entities, which become exercisable upon the occurrence of events specified in the agreement. The options are derivative financial instruments and are recognised as financial assets or liabilities with measurement changes recognised in the statement of comprehensive income. As per the investment agreement and the Management Board's assessment of the entities' value, the estimated share purchase price is not significantly different from the fair value of the shares in these entities at the exercise of each option. Therefore, the Company valued these instruments at a fair value of zero as at each reporting date.

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**

Changes in the carrying amount of equity-accounted investees

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

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. 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. 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. Under an agreement of 21 June 2023, the agreement of 7 October 2021 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.

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.

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 7.6, 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 year ended 31 December 2023 (Note 4.5).

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

4.5 Trade receivables and other financial assets

Accounting policies

Trade receivables

The Company'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 Company 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 loss allowances, in accordance with the policies outlined in Note 6.1.

Other financial assets

Other financial assets include shares in companies that are not listed on active markets, cash deposits paid as security for bank guarantees, dividends receivable and share purchase options.

Other financial assets are recognised and measured in accordance with the accounting policies described in Note 6.1 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 6.1.

Valuation of shares not listed on active markets

All amounts in PLN thousands, unless otherwise stated

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

Trade receivables

	31 December 2023	31 December 2022
Trade receivables		
- from related entities	750	131
- from other entities	44,511	48,593
Total	**45,261**	**48,724**

Other financial assets

	31 December 2023	31 December 2022
Non-current	**102,991**	**129,916**
Unlisted shares	97,013	126,507
Cash security deposits	3,539	3,409
Dividends receivable	2,439	-
Current	**117**	**83**
Cash security deposits	117	83
Total	**103,108**	**129,999**

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 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 (Note 7.6).

Changes in the carrying amount of unlisted shares in each of the reporting periods presented in these separate 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	18,738	18,777

Valuation of shares not listed on active markets

The Company measures its interests in entities not listed on active markets based on level 3 of the fair value hierarchy. The Company uses its own estimates for this valuation, based on the assumption that there is a lack of reasonably available information indicating that market participants would make different assumptions in their valuations.

Pracuj Ventures

Pursuant to Resolution No. 2 passed by the General Meeting of Pracuj Ventures on 16 February 2022, the Company 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 unlisted equity investments 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 capitalisation 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 Company'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.

Assessment of the Company's involvement 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 Company is not represented on the investment committee. 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.

All amounts in PLN thousands, unless otherwise stated

4.6 Other non-financial assets

Accounting policies

Other non-financial assets include accruals and other non-financial assets, in particular prepayments for intangible assets and property, plant and equipment, taxes and 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 Company.

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.

The assets and liabilities of the Company Social Benefit Fund are netted off in the 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	**646**	**733**
Other	646	733
Current	**5,113**	**4,241**
Prepaid services		
Prepaid marketing expenses	1,345	608
Prepaid hardware and software maintenance services	2,638	2,547
Prepaid other services	516	694
Other	98	108
Other assets		
Prepayments for intangible assets and property, plant and equipment	484	259
Other	32	25
Total	**5,760**	**4,974**

4.7 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 are measured at each reporting date at nominal value increased by the amount of interest accrued to the end of the reporting period, adjusted for any expected credit loss allowances.

All amounts in PLN thousands, unless otherwise stated

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

	31 December 2023	31 December 2022
Cash		
- at banks	66,101	59,266
Total	**66,101**	**59,266**

	31 December 2023	31 December 2022
Cash in current accounts	8,226	6,733
Bank deposits	57,607	52,402
Cash in transit (transfers between accounts)	268	131
Total	**66,101**	**59,266**
including restricted cash	*260*	*386*

4.8 Equity

Accounting policies

Share capital

Share capital is recognised at the par value of the issued shares, pursuant to the Articles of Association of the Company and the relevant entry in the National Court Register.

Reserve capital

The Company'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.

Share repurchase reserve

The share repurchase reserve is a special-purpose fund established by resolutions of the General Meeting. The reserve is funded through distributions of profit and is earmarked for the cancellation of the Parent's treasury shares.

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 Company's equity.

Note 4.13 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 changes in the valuation of provisions for employee benefits resulting from changes in actuarial assumptions.

Merger reserve

All amounts in PLN thousands, unless otherwise stated

This line item reflects the impact of accounting for the 2016 merger transaction at carrying amounts.

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 changes in accounting policies made in the current year.

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.

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 Przemyslaw 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.*

4.9 Changes in equity

Changes in equity in 2023

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

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

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

Changes in equity in 2022

On 23 May 2022, the Management Board of the Company 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.

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

- 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.

4.10 Dividend paid

Accounting policies

Under the Polish Commercial Companies Code, the Company is required to create statutory reserve funds to cover losses. At least 8% of profit for the year disclosed in the Company's separate financial statements is to be transferred to the reserve funds until its amount reaches at least one-third of the share capital of the Company. The use of reserve funds and other reserves is at the discretion of the General Meeting. Nevertheless, a portion of the reserve fund equivalent to one-third of the share capital is solely reserved to cover losses stated in the financial statements and cannot be disbursed for other purposes.
Dividends are recognised when the shareholder's right to receive payment is established.

The dividend for the year ended 31 December 2022 was PLN 102,397,539.00 (see Note 4.9). The dividend of PLN 102,397,539.00 was paid in on 14 July 2023. The dividend per share was PLN 1.50.
In accordance with the Commercial Companies Code, the reserve fund equivalent to 1/3 of the share capital may not be distributed to shareholders. As at 31 December 2023 there were no restrictions on dividend payments.

All amounts in PLN thousands, unless otherwise stated

4.11 Earnings per share

Accounting policies

Basic earnings per share is determined by dividing the net profit for the financial year by the weighted average number of ordinary shares of Grupa Pracuj S.A. outstanding throughout 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 separate financial statements took into account the dilution caused by equity instruments. These instruments originated from acquiring rights through the share-based payment arrangement (Note 4.13).

	2023	2022
Net profit	**172,870**	**164,766**
CONTINUING OPERATIONS	172,870	164,766
Net profit adjusted for dilution effect	**172,870**	**164,766**
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	***2.53***	***2.41***
Diluted earnings per share (PLN) – continuing operations	***2.50***	***2.38***

4.12 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 Company, 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 Company under the guaranteed residual value;
- the exercise price of a purchase option if the Company 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 Company uses its incremental borrowing rate relevant for the given lease agreement. For all lease contracts recognised in the periods covered by these financial statements, the Company applied its incremental borrowing rate.

At the end of each reporting period, the Company 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 Company applies exemptions and does not apply the requirements of IFRS 16 *Leases* 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 of low-value assets. The Company 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 4.3.

Significant estimates and judgements

Lease term

The measurement of right-of-use assets and lease liabilities involves the use of estimates and judgments, particularly in determining the lease term for contracts with indefinite or definite terms that include options to renew on existing terms. The Company considers all relevant factors and circumstances that create an economic incentive to exercise the option to extend the lease or not to exercise the option to terminate the lease when determining the lease term. The periods that may result from such options are included in the lease term only if it is reasonably certain that the Company will exercise the renewal option or will not exercise the termination option. A reassessment of the lease term is performed only if there are significant events that are within the Company's control and that affect the previous assessment of the lease term (such as significant changes in business decisions).

All amounts in PLN thousands, unless otherwise stated

Underlying asset	Lease term
Premises	13-88 months
Vehicles	24-67 months

Assessment of an option to purchase the underlying asset

At the lease commencement date of the car leases, the Company assesses whether it is reasonably certain to exercise the purchase option relating the underlying asset. To determine the likelihood of exercising the purchase option, the Company considers the terms and conditions associated with the exercise of such an option, including the offered rate by the lessor compared to current market rates, as well as the significance of the underlying assets to the Company's operations. For car leases that were in effect at 31 December 2023, the Company assessed that there was insufficient certainty regarding the exercise of the purchase option, and thus the exercise price of the purchase option was not included in the measurement of the lease liability.

Discount rate

The Company applies the incremental borrowing rate as it does not have information regarding the interest rate implicit in the lease. The incremental borrowing rate represents the rate at which the lessee would borrow funds, on a collateralised basis, in a similar economic environment to obtain financing to purchase an asset of similar value as the right-of-use asset, for a similar lease term, and with similar terms and conditions. The Company applies the incremental borrowing rate to measure all its leases, computed based on the risk-free rate (government bond rates are considered to best reflect the characteristics of the lease payments in a given contract, taking into account the currency and maturity of the bonds) plus a margin that reflects the risk of the Company.

The following table presents the ranges of discount rates used to measure lease liabilities based on the currency of lease payments:

Currency	Discount rate
PLN	2.12%-7,9%
EUR	1.95%-4,95%

Identification of non-leasing components

In its office leases, the Company has identified non-lease components associated with the provision of services, such as service charges and charges for the use of common areas. The Company has elected not to separate the charges for the use of common areas from the lease payments, whereas charges for the service components are accounted for separately from the lease components. In car leases, non-lease components, such as service charges, are not included in the measurement of the lease liability.

Debt liabilities

All amounts in PLN thousands, unless otherwise stated

	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	**22,613**	**13,470**
- long-term	15,978	6,535
- short-term	6,635	6,935
Total	**285,451**	**380,130**

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 400,000,000.00 to finance general corporate purposes, including planned future investments and further development of the 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 Company 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 Agreement entered into with the Banks imposed standard legal and financial obligations (covenants) on the Company, as is typical in transactions of this kind. Some of the key covenants in the Credit Facility Agreement include the following financial ratios: 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). The ratios are calculated based on consolidated data.

As of 31 December 2023, and as of 31 December 2022, the Company complied with all required ratios.

Execution of interest rate risk hedging transactions

The Company entered into framework agreements with banks on 11 July 2022 to govern the execution and settlement of forward financial transactions, as provided for in Art. 85.2 of the Bankruptcy Law. These agreements aim to mitigate the risk of negative impact of variable interest rates on finance costs related to debt. 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.

Settlement and net measurement of derivative financial instruments related to credit exposures

	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

All amounts in PLN thousands, unless otherwise stated

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 Company 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.

In the year ended 31 December 2023 and until the issue date of these separate financial statements and in the year ended 31 December 2022, there were no events of default in repayment of principal or interest or any other breaches of the terms of the credit facility agreements.

Lease expenses recognised in the reporting period

	2023	2022
Depreciation of right-of-use assets	5,466	4,804
Interest expense on lease contracts	283	336

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

Reconciliation of movements in debt liabilities to financing cash flows in the separate statement of cash flows

	Borrowings	Lease liabilities	Total
1 January 2023	**366,660**	**13,470**	**380,130**
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	-	(7,139)	(7,139)
Payment of lease interest	-	(283)	(283)
Net cash flows from financing activities	**(130,961)**	**(7,422)**	**(138,383)**
Other changes			
New lease contracts	-	526	526
Lease modifications	-	16,435	16,435
Accrued interest	27,139	283	27,422
Effect of changes in foreign exchange rates	-	(679)	(679)
Total other changes	**27,139**	**16,565**	**43,704**
31 December 2023	**262,838**	**22,613**	**285,451**

All amounts in PLN thousands, unless otherwise stated

	Borrowings	Lease liabilities	Total
1 January 2022	**-**	**18,298**	**18,298**
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	-	(6,537)	(6,537)
Payment of lease interest	-	(336)	(336)
Net cash flows from financing activities	**349,209**	**(6,873)**	**342,336**
Other changes			
New lease contracts	-	729	729
Lease modifications	-	656	656
Accrued interest	17,452	336	17,788
Effect of changes in foreign exchange rates	-	321	325
Total other changes	**17,452**	**2,045**	**19,497**
31 December 2022	**366,660**	**13,470**	**380,130**

For information on the Company's exposure to interest rate risk, currency risk, and liquidity risk see Note 6.2. For information on fair value see Note 6.1.

4.13 Share-based payment arrangements and employee incentive schemes

Accounting policies

Share-based payment arrangements

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 Company 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 Company to vest and for which the Company'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 Company 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 Company 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.

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

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

The Company 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.

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 11,553 thousand was recorded in employee benefits expense in the year ended 31 December 2023.

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

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

Fair value measurement of the scheme 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. As at 31 December 2021, employee benefit expenses amounting to PLN 1,254 thousand were recognised for the period from the date of share allotment to 31 December 2021. The total value of the schemes, of PLN 10,658 thousand, was recognised in the Company's equity. The cost of the schemes, recognised as 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 thousand and was fully recognised as employee benefits expense in 2022.

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

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

4.14 Employee benefit obligations

Accounting policies

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

Provisions

Provisions are recognised when the Company 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 Company 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 Company's other obligations to employees include, in particular, accrued holiday entitlements and liabilities for sales-related bonuses and commission fees.

All amounts in PLN thousands, unless otherwise stated

Significant estimates and judgements

The Company 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 Company's historical data and market information.

The Company 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 Company recognises a provision. When the occurrence of a liability is possible, but not probable – a contingent liability is recognised (Note 7.5).

Employee benefit obligations

	31 December 2023	31 December 2022
Non-current	**1,662**	**1,696**
Provisions	**1,662**	**1,696**
Death gratuities	875	868
Retirement benefits	682	723
Disability benefits	105	105
Current	**13,735**	**12,995**
Provisions	**67**	**53**
Death gratuities	35	26
Retirement benefits	17	14
Disability benefits	15	13
Other obligations to employees	**13,668**	**12,942**
Accrued holiday entitlements	3,722	3,389
Sales-related bonuses and commission fees payable to employees	9,946	9,553
Total	**15,397**	**14,691**

	Death gratuities	Retirement benefits	Disability benefits	Bonuses	Total provisions
1 January 2022	**719**	**545**	**97**	**1,213**	**2,574**
Recognised	175	197	22	-	394
Reversed	-	(5)	(1)	-	(6)
Used	-	-	-	(1,213)	(1,213)
31 December 2022	**894**	**737**	**118**	**-**	**1,749**
Non-current	*868*	*723*	*105*	-	*1,696*
Current	*26*	*14*	*13*	-	*53*
1 January 2023	**894**	**737**	**118**	**-**	**1,749**
Recognised	15	-	2	-	17
Reversed	-	(37)	-	-	(37)
31 December 2023	**909**	**700**	**120**	**-**	**1,729**
Non-current	*875*	*682*	*105*	-	*1,662*
Current	*35*	*17*	*15*	-	*67*

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 Company estimates that adopting a discount rate higher by 1pp would decrease the provision amount by PLN 281 thousand, whereas adopting a discount rate 1pp lower would increase the provisions by approximately PLN 208 thousand.

4.15 Trade payables and other financial liabilities

Accounting policies

Trade payables and other financial liabilities

The Company classifies trade liabilities and other financial liabilities, except derivative instruments, as financial instruments measured at amortised cost, and the recognition and measurement principles for this category are described in Note 6.1.

Trade payables

	31 December 2023	31 December 2022
Trade payables		
- to related entities	469	578
- to other entities	12,246	12,815
Total	**12,715**	**13,393**

Other financial liabilities

	31 December 2023	31 December 2022
Derivatives recognised in financial liabilities	8,076	3,630
Liabilities arising from option	-	227
Liability arising from acquisition of shares in associate	-	314
Total	**8,076**	**4,171**

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 (Note 4.12).

Information on derivative instruments is presented in Note 6.2.5.

4.16 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 Company'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

All amounts in PLN thousands, unless otherwise stated

Tax liabilities (other than CIT) and social security liabilities	10,682	9,639
Other non-financial liabilities	701	884
Total	**11,383**	**10,523**

5 Capital management policy and net debt

The Company's capital management policy aims to support the continuous operations of the Company 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 Company 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 Company's capital management policy considers various factors, including:

- the Company'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 Company had financial liabilities arising from the credit facility agreement (Note 4.12).

The Company 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 Company.

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

	Note	31 December 2023	31 December 2022
Bank borrowings	4.12	262,838	366,660
Lease liabilities	4.12	22,613	13,470
Other financial liabilities	4.15	8,076	4,171
Less: cash and cash equivalents	4.7	(66,101)	(59,266)
Net debt		**227,426**	**325,035**
Equity		408,894	324,205
Leverage (net debt to equity)		**0.56**	**1.00**

6 Financial instruments and management financial risk

6.1 Financial instruments and fair value

Accounting policies

Initial recognition

The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company has determined that trade receivables, cash security deposits, bonds, dividends receivable, and cash and cash equivalents are financial assets measured at amortised cost.

  The Company 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 Company 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 Company's shares in entities that are not listed on active markets and that are not subsidiaries nor associates of the Company.

- Other financial liabilities

  Other financial liabilities, except for derivative instruments, 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 Company 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.

Gains and losses from changes in the fair value of derivatives that have not been designated for hedge accounting are charged directly to profit or loss for the financial year.

The Company classified all 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 Company 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 Company 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 Company 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 Company 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 Company does not apply hedge accounting.

Impairment of trade receivables and other financial assets

At the end of each reporting period, the Company measures and recognises an allowance for expected credit losses in relation to financial assets measured at amortised cost. Changes in expected credit loss allowances 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 Company to make significant estimates.

The Company is exposed to credit risk and currency risk arising from financial assets. The management of these risks is described in Note 6.2.

All amounts in PLN thousands, unless otherwise stated

Significant estimates and judgements

Allowance for expected credit losses

Determination of expected credit losses requires assumptions and estimates to be performed by the Company, in particular to determine the weighted average loss rate for time-past-due periods.

The Company 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 Company 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 Company 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 Company factors in insurance coverage, if any, and the various methods of settlement, such as prepayments and mutual offsetting.

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 Company 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 Company 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 separate financial statements, the Company 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	4.5	97,013	126,507	Level 3
Total		**97,013**	**126,507**	
Financial assets measured at amortised cost				
Trade receivables	4.5	45,261	48,724	
Cash and cash equivalents	4.7	66,101	59,266	
Cash security deposits	4.5	3,656	3,492	
Dividends receivable	4.5	2,439	-	
Total		**117,457**	**111,482**	
Other financial liabilities				
Bank borrowings	4.12	262,838	366,660	

All amounts in PLN thousands, unless otherwise stated

Lease liabilities	4.12	22,613	13,470	
Derivatives recognised in financial liabilities	4.15	8,076	3,630	Level 3
Trade payables	4.15	12,715	13,393	
Other financial liabilities		-	541	Level 3
Total		**306,242**	**397,694**	

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

The Company 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.

6.2 Financial risk management

6.2.1 Principles of financial risk management

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

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

This note provides information about the Company's exposure to each of the risks identified above and describes the Company's financial 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 Company's financial results.

6.2.2 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 Company recognises, in particular, cash security deposits.

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

	Note	31 December 2023	31 December 2022
Trade receivables	4.5	45,261	48,724
Other financial assets	4.5	3,656	3,492
Dividends receivable	4.5	2,439	-
Cash and cash equivalents	4.7	66,101	59,266
Total		**116,457**	**108,073**

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.

All amounts in PLN thousands, unless otherwise stated

	Weighted-average loss rate	Gross carrying amount	Allowance for expected credit loss
31 December 2023	3.92%	47,109	1,848
31 December 2022	3.54%	50,514	1,791

The following table shows the classification of gross trade receivables by length of time-past-due period.

Gross trade receivables	31 December 2023	31 December 2022
Not past due	38,348	42,051
Past due up to one year	7,452	7,357
Past due over one year	1,309	1,106
Total	**47,109**	**50,514**

Given the nature of its business, the Company 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 Company's established policies, procedures, and controls relating to customer credit risk management. The Company actively monitors outstanding receivables from customers on a regular basis.

The Company'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 Company'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 Company 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.

The Company 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 credit 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 Company if there is a justifiable reason.

Credit risk related to cash

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

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

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

All amounts in PLN thousands, unless otherwise stated

6.2.3 Liquidity risk

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

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

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

The following tables present the maturity of financial liabilities. The table below presents the maturity profile of the Company'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
Borrowings	262,838	-	4,660	38,042	154,033	115,849	-	312,584
Lease liabilities	22,613	595	1,189	5,006	11,639	6,254	74	24,757
Trade payables	12,715	12,318	87	310	-	-	-	12,715
Derivatives recognised in financial liabilities	8,076	-	-	8,076	-	-	-	8,076
Total		**12,913**	**5,936**	**51,434**	**165,671**	**122,103**	**74**	**358,132**

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	13,470	596	1,182	5,235	6,660	142	-	13,815
Trade payables	13,393	8,880	3,653	860	-	-	-	13,393
Derivatives recognised in financial liabilities	3,630	-	-	3,630	-	-	-	3,630
Other financial liabilities	541	-	-	541	-	-	-	541
Total		**9,476**	**4,835**	**103,014**	**176,394**	**193,109**	**-**	**486,829**

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 separate financial statements. The decrease in working capital in 2023 was primarily due to: a decrease in trade receivables and an increase in contract liabilities. Contract liabilities are a significant component of current liabilities, representing the Company's obligation to provide services to customers in exchange for which the Company has already received consideration (or the consideration is due) from the customer.

	31 December 2023	31 December 2022
Current assets	116,591	112,314
Current liabilities	(245,046)	(254,567)
Working capital	**(128,455)**	**(142,253)**

6.2.4 Currency risk

The Company is exposed to the currency risk arising from its transactions. Such risk arises when the Company enters into a sale or purchase transaction or a financing transaction consisting of lease contracts in currencies other than PLN.

The Company periodically reviews its hedging strategy for currency risk. The degree of exposure to foreign currency is assessed by analysing open positions in a particular currency, taking into account historical exchange rate trends over a defined period and the financial market's forecasts for future exchange rate movements.

The following tables show the Company's exposure to currency risk.

	31 December 2023		
amounts in currency (thousands of units)	EUR	USD	UAH
Trade receivables	241	7	-
Cash and cash equivalents	313	14	-
Dividends receivable	-	-	23,520
Lease liabilities	(4,777)	-	-
Trade payables	(212)	(11)	-
Net exposure in currency	**(4,434)**	**10**	**23,520**
Net exposure converted into PLN	**(19,280)**	**38**	**2,439**

	31 December 2022	
amounts in currency (thousands of units)	EUR	USD
Trade receivables	178	23
Cash and cash equivalents	276	38
Lease liabilities	(2,501)	-
Trade payables	(225)	(42)
Net exposure in currency	**(2,272)**	**19**
Net exposure converted into PLN	**(10,654)**	**82**

The tables below illustrate the potential impact on the measurement of financial instruments denominated in foreign currencies and on gross 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.

	31 December 2023			
	Currency appreciation	Effect on net profit or loss	Currency depreciation	Effect on net profit or loss
EUR	10%	(1,562)	-10%	1,562
USD	10%	3	-10%	(3)
UAH	10%	198	-10%	(198)

	31 December 2022			
	Currency appreciation	Effect on net profit or loss	Currency depreciation	Effect on net profit or loss
EUR	10%	(863)	-10%	863
USD	10%	7	-10%	(7)

6.2.5 Interest rate risk

The Company 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 Company aims to minimise the impact of interest rate fluctuations on items that bear variable-rate interest through its interest rate risk management strategy.

All amounts in PLN thousands, unless otherwise stated

An increase in interest rates may lead to higher costs of financing, resulting in a decrease in the financial result and potentially reducing the financial effectiveness of investments made by the Company. The Company does not apply hedge accounting.

In 2023 and 2022, the Company used interest rate swaps to hedge against the variable interest rate associated with the term facility acquired in June 2022, thus mitigating the interest rate risk. In 2023, the hedging transaction covered debt valued at PLN 263 million (compared to PLN 368 million in 2022), amortised in accordance with the IRS transaction schedule (Note 4.12).

The Company aims to negotiate the terms of hedging derivative instruments in a manner that aligns with the terms of the items being hedged, ensuring optimal hedge effectiveness.

The profile of the Company'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	**(30,689)**	**(17,100)**
Lease liabilities	(22,613)	(13,470)
Derivatives recognised in financial liabilities	(8,076)	(4,171)
- variable-rate instruments	**(193,081)**	**(303,902)**
Bank borrowings	(262,838)	(366,660)
Cash security deposits	3,656	3,492
Cash and cash equivalents	66,101	59,266
Net exposure to interest rate risk (in relation to variable-rate instruments)	**(193,081)**	**(303,902)**

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	(193,081)	(1,564)	1,564
31 December 2022	(303,902)	(2,462)	2,462

7 OTHER NOTES

7.1 Related-party transactions

During the periods covered by these separate financial statements, the Company 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
Subsidiaries	735	122	56	64
Associates	15	9	413	514
Other related entities[1]	1	1	-	314
Total	**751**	**132**	**469**	**892**

	Revenue from contracts with customers	Other services

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All amounts in PLN thousands, unless otherwise stated

	2023	2022	2023	2022
Subsidiaries	1,219	1,342	204	230
Associates	55	268	1,069	722
Other related entities[1]	68	48	143	1
Total	**1,342**	**1,658**	**1,416**	**953**

	Finance income	
	2023	2022
Subsidiaries	7,193	5,686
Total	**7,193**	**5,686**

[1] The term ‘other 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 their close family member has significant influence or holds a significant number of voting rights.

During the periods covered by these separate financial statements, there were no transactions between the Company and its related parties on other than arm's length terms.

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

7.2 Remuneration and other transactions with key management personnel

Remuneration of key management personnel

The Company identifies the Management Board and the Supervisory Board of the Company 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 Company'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)**

7.3 Auditor’s fees

	2023	2022
Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k.		
Mandatory audit of financial statements	699	663
Other services	108	89
Total	**807**	**752**

All amounts in PLN thousands, unless otherwise stated

7.4 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	89	83
Other employees	449	451
Total	**541**	**537**

7.5 Contingent liabilities

Accounting policies

The Company recognises as a contingent liability:

- 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 Company'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 BP S.A.	EUR	551	498
Total	**EUR**	**551**	**498**

The Company recognises bank guarantees issued on behalf of Grupa Pracuj S.A. as contingent liabilities. These guarantees provide security for lease payments under office leases in which the Company is the lessee.

7.6 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 thousands, unless otherwise stated

In the year ended 31 December 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 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 (Note 4.5).

The Management Board of the Company 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, in the year ended 31 December 2023, the Ukrainian Companies achieved positive financial results.

The assets of the Company at risk of impairment related to its operations in Ukraine as of 31 December 2023 and 31 December 2022, were as follows:

	31 December 2023	31 December 2022
Investments in subsidiaries	15,451	14,502
Equity-accounted investees	18,565	15,313
Total	**34,016**	**29,815**

As of 31 December 2023, an impairment test of the Ukrainian Companies was performed. The Company 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.

7.7 Events after the reporting date

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

On 17 January 2024, the Company increased its cash contribution in Pracuj Ventures from PLN 22,783 thousand to PLN 30,366 thousand, i.e., by PLN 7,583 thousand.

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

These separate financial statements for the year ended 31 December 2023 were authorised for issue by the Company's Management Board 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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