



grupa pracuj

Grupa Pracuj S.A. Group

(formerly: Grupa Pracuj sp. z o.o.)

Consolidated financial statements
for the year ended 31 December 2021



TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
1. GENERAL INFORMATION	9
1.1 GENERAL INFORMATION ABOUT THE PARENT ENTITY	9
1.2 COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF THE PARENT ENTITY ..	9
1.3 COMPOSITION OF THE GROUP AND BASIS FOR CONSOLIDATION	10
1.4 BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS	13
1.5 SIGNIFICANT ESTIMATES AND JUDGEMENTS	13
1.6 THE IMPACT OF NEW STANDARDS AND INTERPRETATIONS	14
1.7 FUCTIONAL CURRENCY AND FOREIGN CURRENCY TRANSACTIONS	16
2. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	17
2.1 OPERATING SEGMENTS	17
2.2 REVENUE FROM CONTRACTS WITH CUSTOMERS	18
2.3 OTHER OPERATING INCOME AND COSTS	22
2.4 FINANCE INCOME AND FINANCE COSTS	23
3. EXPLANATORY NOTES REGARDING TAXATION	23
3.1 CORPORATE INCOME TAX	23
4. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS AND INFORMATION ON INDEBTNESS	27
4.1 CAPITAL MANAGEMENT POLICY AND NET DEBT	27
4.2 EQUITY	28
4.3 DEBT LIABILITIES	31
4.4 CASH AND CASH EQUIVALENTS	36
4.5 OTHER EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF CASH FLOWS	36
5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	37
5.1 FINANCIAL INSTRUMENTS AND FAIR VALUE	37
5.2 TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS	41
5.3 TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES	43
5.4 FINANCIAL RISK MANAGEMENT	45
5.4.1 <i>Priniples of financial risk management</i>	45
5.4.2 <i>Credit risk</i>	45
5.4.3 <i>Liquidity risk</i>	47
5.4.4 <i>Currency risk</i>	48
5.4.5 <i>Interest rate risk</i>	49
6. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	50
6.1 INTANGIBLE ASSETS	50
6.2 PROPERTY, PLANT AND EQUIPMENT	53
6.3 RIGHT-OF-USE ASSETS	56
6.4 EQUITY-ACCOUNTED INVESTEEES	57
6.5 OTHER NON-FINANCIAL ASSETS	61

6.6	OTHER PAYABLES	62
6.7	EMPLOYEE BENEFITS.....	62
6.8	SHARE-BASED PAYMENTS AND EMPLOYEE INCENTIVE PROGRAMMES.....	65
7.	OTHER EXPLANATORY NOTES.....	70
7.1	EARNINGS PER SHARE.....	70
7.2	RELATED PARTY TRANSACTIONS	71
7.3	REMUNERATION AND OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL	71
7.4	REMUNERATION OF THE AUDIT FIRM	72
7.5	EMPLOYEE BENEFIT EXPENSES	72
7.6	EMPLOYEE STRUCTURE.....	72
7.7	CONTINGENT LIABILITIES	73
7.8	THE IMPACT OF THE ARMED CONFLICT IN UKRAINE ON THE GROUP'S BUSINESS ACTIVITY	73
7.9	SUBSEQUENT EVENTS	75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	Note	2021	2020
Revenue from contracts with customers	2.2	475 113	299 308
Depreciation and amortisation		(12 037)	(11 471)
Marketing expenses		(54 134)	(16 080)
Software as services		(5 099)	(6 132)
Other external services		(24 543)	(16 213)
Employee benefits	7.5	(146 676)	(108 880)
Other expenses		(6 044)	(3 938)
Other operating income	2.3	1 114	660
Other operating costs	2.3	(328)	(583)
Expected credit losses	5.4.2	142	(557)
Operating profit		227 508	136 114
Finance income	2.4	90 922	1 946
Finance costs	2.4	(2 016)	(6 871)
Net finance income / (costs)		88 906	(4 925)
Share of profit of equity-accounted investees	6.4	3 133	2 258
Profit before tax		319 547	133 447
Income tax	3.1	(63 864)	(26 519)
Profit from continuing operations		255 683	106 928
Net profit		255 683	106 928

OTHER COMPREHENSIVE INCOME	Note	2021	2020
Items that will not be reclassified to profit or loss		268	(2)
Actuarial gains/losses from remeasurement of provisions for employee benefits		331	(2)
Income tax on other comprehensive income		(63)	-
Items that may be reclassified to profit or loss		(582)	342
Foreign exchange differences from the translation of foreign entities		(582)	342
Total other comprehensive income		(314)	340
TOTAL COMPREHENSIVE INCOME		255 369	107 268

	Note	2021	2020
Net profit attributable to:			
Owners of the Parent Entity		254 693	105 753
Non-controlling interests		990	1 175
		255 683	106 928
Total comprehensive income attributable to:			
Owners of the Parent Entity		254 379	106 093
Non-controlling interests		990	1 175
		255 369	107 268
Basic profit per share (PLN) - continuing operations	7.1	3.79	1.58
Diluted profit per share (PLN) - continuing operations	7.1	3.78	1.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2021	31 December 2020
Intangible assets	6.1	6 176	2 750
Property, plant and equipment	6.2	9 910	11 214
Right-of-use assets	6.3	20 854	24 922
Equity-accounted investees	6.4	32 484	23 945
Other financial assets	5.2	127 229	34 817
Other non-financial assets	6.5	227	244
Deferred tax assets	3.1	30 391	23 493
Non-current assets		227 271	121 385
Trade receivables	5.2	55 739	30 175
Other financial assets	5.2	25 060	15 082
Other non-financial assets	6.5	6 799	4 186
Cash and cash equivalents	4.4	184 836	135 227
Current assets		272 434	184 670
Total assets		499 705	306 055

EQUITY AND LIABILITIES	Note	31 December 2021	31 December 2020
Share capital	4.2	340 521	334 867
Reserve capital		108 516	107 247
Reserve capital for the acquisition of own shares		1 080	2 960
Share-based payments	6.8	29 256	16 685
Other reserves		(15 792)	37 812
Translation reserve		(94)	488
Merger reserve		(586 707)	(586 707)
Retained earnings		372 365	189 839
Equity attributable to owners of the Parent Entity		249 145	103 191
Non-controlling interests		12	(216)
Total equity		249 157	102 975
Lease liabilities	4.3	17 135	23 647
Other financial liabilities	5.1	13 481	-
Employee benefits	6.7	1 451	1 549
Deferred tax liabilities	3.1	19 145	-
Non-current liabilities		51 212	25 196
Bank loans	4.3	-	29 294
Lease liabilities	4.3	9 191	8 499
Employee benefits	6.7	14 860	20 306
Trade payables	5.3	15 770	9 018
Other payables	6.6	15 999	7 735
Other financial liabilities	5.3	7 097	-
Current tax liabilities	3.1	5 197	2 731
Contract liabilities	2.2	131 222	100 301
Current liabilities		199 336	177 884
Total liabilities		250 548	203 080
Total equity and liabilities		499 705	306 055

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021	2020
Cash flows from operating activities			
Profit before tax		319 547	133 447
Adjustments for:			
Share in (profit) / loss of equity-accounted investees	6.4	3 133	(2 258)
Depreciation and amortisation		12 037	11 471
(Gain) / Loss due to exchange differences		(136)	4 610
(Gain) / Loss on interest		952	2 089
(Profit) / Loss on investment activities		(86 416)	1 554
Equity-settled share-based payment transactions	6.9	12 571	731
Income tax paid	3.1	(49 151)	(31 168)
Changes in working capital:			
Employee benefits	4.5	(5 276)	1 955
Trade receivables	4.5	(25 643)	8 322
Other non-financial assets	4.5	(2 596)	(1 020)
Trade payables	4.5	6 716	2 753
Other payables	6.7	8 264	(1 510)
Contract liabilities	2.2	30 921	(6 725)
Other adjustments		5	209
Net cash flows from operating activities		224 928	124 460
Cash flows from investing activities			
Acquisition of financial assets		(104 505)	(51 989)
Proceeds from the sale of financial assets		77 163	46 196
Dividends received		6 600	4 123
Proceeds from sale of property, plant and equipment and intangible assets		770	549
Acquisition of property, plant and equipment and intangible assets		(8 078)	(2 332)
Interest received		4	-
Other expenditures related to investment activities		-	(377)
Net cash flows from investing activities		(28 046)	(3 830)
Cash flows from financing activities			
Dividends paid		(106 789)	(61 791)
Repurchase of own shares		(7 796)	-
Proceeds from issue of shares		6 307	769
Repayment of bank loans	4.3	(29 181)	-
Payment of lease liabilities	4.3	(8 196)	(7 797)
Interest paid		(1 159)	(1 998)
Net cash flows from financing activities		(146 814)	(70 817)
Total net cash flows		50 068	49 813
Cash and cash equivalents at the beginning of the period			
		135 227	85 934
Effect of movements in exchange rates on cash and cash equivalents		(459)	(520)
Cash and cash equivalents at the end of the period		184 836	135 227
Cash and cash equivalents in the statement of financial position	4.4	184 836	135 227

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Translation reserve	Merger reserve	Retained earnings	Equity attributable to owners of the Parent Entity	Non-controlling interests	Total equity
1 January 2021	334 867	107 247	2 960	16 685	37 812	488	(586 707)	189 839	103 191	(216)	102 975
Net profit / (loss) for the period	-	-	-	-	-	-	-	254 693	254 693	990	255 683
Other comprehensive income for the period	-	-	-	-	268	(582)	-	-	(314)	-	(314)
Total comprehensive income for the period	-	-	-	-	268	(582)	-	254 693	254 379	990	255 369
Issue of shares	6 307	-	-	-	-	-	-	-	6 307	-	6 307
Redemption of own shares ¹	(653)	-	653	-	-	-	-	-	-	-	-
Acquisition of own shares ¹	-	-	(7 796)	-	-	-	-	-	(7 796)	-	(7 796)
Creation of reserve capital	-	1 269	(1 269)	-	-	-	-	-	-	-	-
Equity-settled share-based payment	-	-	-	12 571	-	-	-	-	12 571	-	12 571
Distribution of retained earnings	-	-	6 532	-	-	-	-	(6 532)	-	-	-
Put option valuation	-	-	-	-	(15 833)	-	-	-	(15 833)	2 352	(13 481)
Dividends	-	-	-	-	(38 040)	-	-	(65 635)	(103 675)	(3 114)	(106 789)
Transactions with owners of the Parent Entity	5 654	1 269	(1 880)	12 571	(53 872)	-	-	(72 167)	(108 425)	(762)	(109 187)
31 December 2021	340 521	108 516	1 080	29 256	(15 792)	(94)	(586 707)	372 365	249 145	12	249 157

¹Detailed information has been described in Note 4.2.

Grupa Pracuj S.A. Group (formerly: Grupa Pracuj sp. z o.o.)
Consolidated financial statements for the year ended 31 December 2021
All amounts in PLN thousands, unless otherwise stated

	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Translation reserve	Merger reserve	Retained earnings	Equity attributable to owners of the Parent Entity	Non-controlling interests	Total equity
1 January 2020	335 367	99 299	9 639	15 954	(226)	146	(586 707)	182 134	55 606	392	55 998
Net profit / (loss) for the period	-	-	-	-	-	-	-	105 753	105 753	1 175	106 928
Other comprehensive income for the period	-	-	-	-	(2)	342	-	-	340	-	340
Total comprehensive income for the period	-	-	-	-	(2)	342	-	105 753	106 093	1 175	107 268
Issue of shares	769	-	-	-	-	-	-	-	769	-	769
Redemption of own shares	(1 269)	-	1 269	-	-	-	-	-	-	-	-
Distribution of retained earnings	-	-	-	-	38 040	-	-	(38 040)	-	-	-
Creation of reserve capital	-	7 948	(7 948)	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(60 008)	(60 008)	(1 783)	(61 791)
Equity-settled share-based payment	-	-	-	731	-	-	-	-	731	-	731
Transactions with owners of the Parent Entity	(500)	7 948	(6 679)	731	38 040	-	-	(98 048)	(58 508)	(1 783)	(60 291)
31 December 2020	334 867	107 247	2 960	16 685	37 812	488	(586 707)	189 839	103 191	(216)	102 975

1. GENERAL INFORMATION

1.1 General information about the Parent Entity

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

Grupa Pracuj spółka akcyjna (hereinafter referred to as 'Grupa Pracuj S.A.', the 'Parent Entity' or the 'Entity') is the Parent Entity of Grupa Pracuj S.A. Group (hereinafter referred to as the 'Group').

On 2 August 2021, the Entity was transformed from a limited liability entity into a joint-stock company.

The Entity started its operating activities on 6 November 2015. In 2016, operating as Grupa Pracuj Holding sp. z o.o., the Entity merged with the existing Grupa Pracuj S.A., which had been providing online recruitment services in Poland since 2000 and, since 2007, also in Ukraine through its subsidiary.

Grupa Pracuj is a leading technology platform in the Human Resources industry (hereinafter referred to as 'HR') in the region of Central and Eastern Europe, which is based on online job advertisements and provides support to a variety of entities in the area of recruitment, retention and development of employees. The platform enables the users of the services to find appropriate workplaces that enable them to fully utilize their potential, as well as to create world-class technologies that determine the future of the HR market. The Group's brands create an advanced digital ecosystem for the HR industry, the most important of which are Pracuj.pl, Robota.ua and eRecruiter.

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

As at 31 December 2021 the composition of the Management Board of the Entity was as follows:

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

During the financial year and up to the date of approval of these consolidated financial statements, there have been no changes in the composition of the Management Board of the Parent Entity.

As at 31 December 2021 the Supervisory Board of the Parent Entity consisted of:

- Maciej Noga - Chairman of the Supervisory Board,
- Wojciech Stankiewicz - Member of the Supervisory Board
- John Doran - Member of the Supervisory Board
- Przemysław Budkowski - Member of the Supervisory Board,

- Agnieszka Słomka-Gołębiowska - Member of the Supervisory Board since 11 August 2021,
- Mirosław Stachowicz - Member of the Supervisory Board since 29 October 2021.

During the financial year and up to the date of approval of these consolidated financial statements, the following changes in the composition of the Supervisory Board took place:

- Maciej Filipkowski - Member of the Supervisory Board until 31 October 2021.

1.3 Composition of the Group and basis for consolidation

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

These consolidated financial statements of the Group include financial information of the Parent Entity and all its subsidiaries. The data of the subsidiaries are presented based on the full consolidation method.

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

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

The Parent Entity has prepared separate financial statements for the year ended 31 December 2021, which were authorized for issue on 21 April 2022.

Subsidiaries

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

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

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

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

The Group measures non-controlling interests at their proportionate share of the acquiree's identifiable net assets at the acquisition date. In subsequent periods, the non-controlling interests are adjusted by changes in the subsidiary's equity – proportionately to their share in the net assets.

Comprehensive income is allocated to non-controlling interests even if it results in a negative value of these interests.

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

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

Associates

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

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

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

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

As at 31 December 2021 and 31 December 2020, the share in the total number of votes held by the Group in subsidiaries is equal to the Group's share in the share capitals of these entities.

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

Entity name	Seat	Core activities	Interest in the share capital as at	
			31 December 2021	31 December 2020
Direct subsidiaries				
Robota International TOV	Ukraine	marketing services	67%	67%
eRecruitment Solutions sp. z o. o.	Poland	IT services	100%	100%
eRecruitment Solutions Ukraine TOV	Ukraine	activities related to data bases	100%	100%
HumanWay sp. z o.o. w likwidacji	Poland	IT services	100%	100%
BinarJobs sp. z o.o.	Poland	marketing services	100%	100%
Snowless Global Ltd	Cyprus	activities related to licenses	67%	67%
Associates				
Epicode sp. z o.o.	Poland	IT services	35%	35%
Resolutio sp. z o.o.	Poland	services related to HR management	34%	34%
Video Recruiting Solutions s.r.o., v likvidaci ¹	Czech Republic	IT services	30%	30%
Work Ukraine TOV	Ukraine	marketing services	33%	33%
WorkIP Ltd	Cyprus	activities related to licenses	33%	33%
Coders Lab sp. z o.o.	Poland	training services	22%	22%
Fitqbe sp. o.o. ²	Poland	IT services	35%	-

The main changes in the structure of shares held in subsidiaries and associates in 2021:

¹ Until 7 April 2021 the entity operated under the name Video Recruiting Solutions s.r.o.

² Note 6.4.

1.4 Basis for the preparation of the consolidated financial statements

This consolidated statement of financial position of the Group as at 31 December 2021 with comparative data as at 31 December 2020, as well as the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended 31 December 2021 and for the comparative period ended 31 December 2020, together with the accompanying notes and explanations, have been prepared in accordance with the International Financial Reporting Standards approved by the European Union ('IFRS') and related interpretations announced in the form of regulations of the European Commission ('IFRIC'). The IFRS consist of standards and interpretations approved by the International Accounting Standards Board ('IASB').

The date of transition to IFRS for the Group was 1 January 2018. The accounting principles previously applied by the Group were in line Polish Accounting Act dated 29 September 1994 (Official Journal of 2021, item 217 with subsequent amendments). The decision to prepare the consolidated financial statements in accordance with IFRS was made in the form of a resolution adopted by the Extraordinary Meeting of Shareholders on 11 August 2021 on the basis of the article 45 paragraphs 1a and 1c of the Accounting Act. The Group's first consolidated financial statements prepared in accordance with IFRS were included in the Historical Financial Information prepared for the years 2018-2020.

These consolidated financial statements have been prepared based on the historical cost principle except for investments in equity instruments measured at fair value through profit or loss, derivatives and put option liabilities (Note 5.3).

The Management Board of the Parent Entity declares that, according to its best judgment, these consolidated financial statements have been prepared in accordance with the accounting principles currently in force and give a true, fair and clear view of the financial position and financial result for the period of the Group.

Significant accounting policies applied as the basis for the preparation of these consolidated financial statements are described in particular explanatory notes. These rules have been applied consistently to all periods presented.

These consolidated financial statements have been prepared under the assumption that the Group will continue to operate on a going concern basis in the foreseeable future. As at the date of approval of these consolidated financial statements, the Management Board of the Parent Entity does not identify any facts or circumstances that would indicate a threat to the going concern in the foreseeable future. The impact of the armed conflict in Ukraine on the Group's operations has been analysed and described in detail in Note 7.8.

1.5 Significant estimates and judgements

The preparation of financial statements in accordance with IFRS requires to use significant accounting estimates. Estimates and judgements are reviewed on an ongoing basis taking into account past experience and other factors, including predictions about future events that seem reasonable in a given situation. The Group makes estimates and assumptions relating to the future. The uncertainty regarding these assumptions and estimates may result in adjustments to the carrying amounts of assets and liabilities in future periods. The estimates and assumptions that entail a significant risk of a material adjustment to the reported carrying amounts of assets and liabilities within the next financial period are described in particular explanatory notes to these consolidated financial statements.

Financial statements line items to which significant estimates and judgments relate	Note
Revenue from contracts with customers	2.2
Deferred tax assets	3.1
Receivables and liabilities due to taxes	3.1
Lease liabilities	4.3
Financial assets measured at amortised cost	5.1
Trade receivables	5.2
Unlisted shares	5.2
Intangible assets	6.1
Property, plant and equipment	6.2
Right-of-use assets	6.3
Equity-accounted investees	6.4
Employee benefits	6.7
Share-based payments	6.8

1.6 The impact of new standards and interpretations

New standards, amendments to standards and interpretations that have been adopted by the European Union but are effective for annual periods beginning after 1 January 2021:

Standard	Description of changes	Effective date
Amendments to IFRS 4 <i>Insurance Contracts</i> ('IFRS 4')	Extension of the temporary exemption from the application of IFRS 9	1 January 2021
Amendments to IFRS 9 <i>Financial Instruments</i> ('IFRS 9'), IAS 39 <i>Financial Instruments: Recognition and Measurement</i> ('IAS 39') and IFRS 7 <i>Financial Instruments: Disclosures</i> ('IFRS 7'), IFRS 4 <i>Insurance Contracts</i> ('IFRS 4') and IFRS 16 <i>Leasing: Interest Rate Benchmark Reform - Step 2</i> ('IFRS 16')	The changes related to the reform of the reference interest rate and the presentation of contractual cash flows	1 January 2021
Amendments to IFRS 16 <i>Leases</i> ('IFRS 16')	Rent concessions related to Covid-19 after 30 June 2021	30 June 2021

The Group has decided to apply the new standards and amendments to the existing standards in line with the effective date specified therein, i.e. they Group has not decided to apply the above amendments earlier. The amended standards and interpretations which are effective for 2021 for the first time do not have a significant impact on the Group's consolidated financial statements.

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

Standard	Description of changes	Effective date*
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> ('IFRS 10') and IAS 28 <i>Investments in Associates and Joint Ventures - Sales or Contributions of Assets Between an Investor and its Associate or Joint Venture</i> ('IAS 28')	Recognition of gain / loss on the transaction with an associate or joint venture depending on whether the transferred assets constituted a business.	Approval of changes postponed for an indefinite period
IFRS 17 <i>Insurance Contracts</i> ('IFRS 17')	Replacement of IFRS 4 – standardized recognition of insurance contracts - contract liabilities recognised at present values, not at historical cost.	1 January 2023
Amendments to IFRS 3 <i>Business Combinations</i> ('IFRS 3'), IAS 16 <i>Property, Plant and Equipment</i> ('IAS 16'), IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> ('IAS 37') and <i>Amendments to International Financial Reporting Standards 2018-2020</i>	Update of the reference in IFRS 3 to the Conceptual Framework. Amendment to IAS 16 regarding the recognition of cost and proceeds from selling items produced while preparing an asset for its intended use - recognition of these items in profit / loss for the period. Amendment to IAS 37 - explanation of the definition of costs for the assessment of onerous contracts	1 January 2022
Amendments to IAS 1 <i>Presentation of Financial Statements</i> ('IAS 1')	Presentation of short-term and long-term liabilities based on the entity's right to defer settlement of the liability existing as at the reporting date. The requirement to disclose material rather than significant accounting principles.	1 January 2023
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> ('IAS 8')	Definition of an accounting estimate, explanation of differences between a change in an estimate and a change in accounting policies.	1 January 2023
Amendments to IFRS 16 <i>Leases - COVID-19-Related Rent Concessions</i> ('IFRS 16')	The Amendment permits lessees, as a practical expedient, not to assess whether particular COVID-19-related rent concessions are lease modifications. Therefore, if meeting the conditions, lessees that apply the practical expedient would recognise the amount of rent forgiven on or before 30 June 2021 in profit or loss in the year of the concession.	1 April 2021 or later
Amendments to IAS 12 <i>Income Taxes - Deferred tax relating to assets and liabilities arising from a single transaction</i> ('IAS 12')	Clarification of the approach to recognition of deferred tax on a single transaction, e.g. the initial recognition of an asset and a lease liability.	1 January 2023 or later
IFRS 14 <i>Regulatory Deferral Accounts</i> ('IFRS 14')	Introduction of accounting principles for regulated activities, presentation of deferred balances for regulated activities. According to the decision of the European Commission, the process of approving the preliminary version of the standard will not be initiated before the issue of the final version.	1 January 2016 or later
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	Disclosure of accounting policies requiring entities to disclose their material accounting policies rather than their significant accounting policies.	1 January 2023 or later

* Approved by IASB to be effective for the periods indicated in the table

The above-mentioned standards and changes to the standards that are awaiting the approval of the European Union will not have a significant impact on the consolidated financial statements of the Group.

1.7 Functional currency and foreign currency transactions

Accounting principles

Functional currency and presentation currency

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

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

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

Transactions and balances

Transactions denominated in foreign currencies are translated at their initial recognition to the functional currency at the average exchange rate for that currency announced by the National Bank of Poland (NBP) at the end of the day preceding the transaction date.

At the end of the reporting period, monetary items expressed in foreign currency are translated to the functional currency using the average exchange rate for that currency announced by the NBP at the date of measurement.

Non-monetary items denominated in foreign currencies and measured at cost are recognised using the exchange rate at the date of the transaction (historical rate).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined, i.e. average exchange rate for that currency announced by the NBP at that date.

Foreign currency differences resulting from the translation of transactions denominated in foreign currencies and measurement of monetary assets and liabilities expressed in foreign currencies are recognised in profit or loss for the current period.

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

To prepare these consolidated financial statements in the Group's presentation currency, i.e. in PLN, individual items of financial statements of foreign entities whose functional currencies are other than PLN, are translated in the following manner:

- all assets and liabilities - at the closing rate, i.e. average exchange rate announced by the NBP at the end of the reporting period;
- all items of the statement of comprehensive income and statement of cash flows - at the arithmetical average of average exchange rates announced for a given currency by the NBP at the end of each month. In case of significant fluctuations in the NBP exchange rates in a

given period, respective items of the statement of comprehensive income are translated at the exchange rates from the transaction dates,

- individual items of equity are translated at the historical exchange rates.

The difference resulting from the translation of the equity of a foreign entity at the historical exchange rates different from the closing rate for a given reporting period used to translate the remaining assets and liabilities is recognised in the Group's equity as 'Translation reserve', to the extent attributable to the owners of the Parent Entity. Currency translation differences for a given period are recognised in other comprehensive income for the period.

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

For the translation of financial data of foreign entities into PLN and translation of transactions and balances expressed in foreign currencies, the following exchange rates were used:

	The exchange rate at the reporting date	
	31 December 2021	31 December 2020
EUR	4.5994	4.6148
USD	4.0600	3.7584
UAH	0.1487	0.1326

	The average rate in the period	
	2021	2020
EUR	4.5674	4.4449
USD	3.8629	3.8978
UAH	0.1418	0.1448

2. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2.1 Operating segments

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

The Group has identified the following operating segments:

- Segment Poland – this segment includes entities that generate revenue on the Polish market and whose results are regularly reviewed by the Parent Entity's Management Board as the main decision-making authority. This segment consists of the following entities: Grupa Pracuj S.A., eRecruitment Solutions sp. z o.o., HumanWay sp. z o.o. w likwidacji and BinarJobs sp. z o.o. The particular entities included in this segment offer comprehensive recruitment, branding and advertising projects;

- Segment Ukraine – this segment includes entities that generate revenue from contracts with customers on the Ukrainian market. The financial results of entities included in this segment are periodically reviewed by the Management Board of the Parent Entity. This segment includes the following entities: Robota International TOV, eRecruitment Solutions Ukraine TOV and Snowless Global Ltd (an entity registered in Cyprus, providing licensing services for Robota International TOV). Entities operating on the Ukrainian market offer comprehensive recruitment projects similarly to entities operating on the Polish market.

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

Selected data on revenues and expenses analyzed by the Management Board of the Parent Entity for both operating segments for 2021 and 2020 are presented in the following tables:

2021	Segment Poland	Segment Ukraine	Intra segment adjustments	Total
External revenue	424 579	50 534	-	475 113
Other operating income	1 071	43	-	1 114
Inter-segment revenue	34	173	(206)	-
Segment revenue	425 684	50 750	(206)	476 227
Depreciation and amortisation	(8 550)	(3 487)	-	(12 037)
Operating expenses other than depreciation and amortisation	(194 416)	(42 473)	206	(236 682)
Operating profit	222 718	4 790	-	227 508

2020	Segment Poland	Segment Ukraine	Intra segment adjustments	Total
External revenue	264 776	34 532	-	299 308
Other operating income	652	223	-	875
Inter-segment revenue	35	60	(95)	-
Segment revenue	265 463	34 815	(95)	300 183
Depreciation and amortisation	(8 348)	(3 123)	-	(11 471)
Operating expenses other than depreciation and amortisation	(125 881)	(26 812)	95	(152 598)
Operating profit	131 234	4 880	-	136 114

2.2 Revenue from contracts with customers

Accounting principles

Revenue from contracts with customers is recognised in the amount of consideration that the Group expects to receive in exchange for the transfer of promised goods or services.

The main sources of the Group's revenue are:

- recruitment projects (job announcements published on the Pracuj.pl and Robota.ua websites and additional projects which contribute to the increased number of page views),

- graphic design products (e.g. employer profile on the Pracuj.pl and Robota.ua websites, publications in the Employer's Guide and others),
- access to recruitment systems, in particular eRecruiter.

Transaction price

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

Transfer of a control over time

For some products and services, the Group transfers control over a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time.

The recognition of revenue over time relates specifically to:

- job announcements published on the Pracuj.pl and Robota.ua websites,
- publication of the employer's profile on the Pracuj.pl and Robota.ua websites,
- granting access to the eRecruiter system.

Revenue from job announcements and publication of the employer's profile is recognised over the period of publication that is determined based on contracts with customers that are generally concluded for a period of approximately 1 year or less.

Access to the eRecruiter system is offered in the SaaS (Software as a Service) model, where the client at the same time receives the service and obtains benefits from it.

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.

The Group recognises revenue from contracts with customers at a point in time for additional products supporting sale of announcements and graphic design products (except for the revenues from the publication of the employer's profile, which are recognised over the period of publication of the profile).

Methods for measuring progress

Methods for measuring progress include output methods. According to an output method, the Group recognises revenue based on the value of the goods or services delivered to the customer relative to those promised under the contract.

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

Contract assets

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

Contract liabilities

The contract liabilities presented in the consolidated statement of financial position, represent the Group's obligation to deliver goods and services for which the Group has already received the consideration (or the amount of consideration is due) from the customer.

If the customer has paid a consideration or the right to receive a consideration is unconditional (i.e. receivables), before goods or services are delivered to the customer, the Group recognises the contract liability at the time of payment or when the payment becomes due (whichever is earlier).

Contract costs

The Group applies the practical exemption available in IFRS 15 *Revenue from contract with customer* ('IFRS 15') for the recognition of contract costs, i.e. additional costs of obtaining a contract.

Costs of obtaining a contract are recognised as expenses when incurred as the amortisation period of an asset that would otherwise be recognised by the Group is typically one year or less, which is a direct consequence of the nature of the contracts signed with customers - contracts are signed for a maximum period of 1 year. The costs the Group incurs in connection with the acquisition of contracts include in particular sales commissions and bonuses.

The Group does not identify costs to fulfil a contract, i.e. costs that meet the following criteria:

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

Significant estimates and judgements

The Group makes estimates (subjective judgements) to determine the timing of the satisfaction of performance obligations – and respectively, the proper recognition of revenue, i.e. at a point in time or over time.

For performance obligations which are satisfied over time, e.g. recruitment projects, the Group applies output methods, i.e. the time of performing the service.

The contracts with customers, generally do not contain variable remuneration, so no estimates in this respect are made by the Group.

Characteristics of key types of products and services

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

- Recruitment projects - these are mainly announcements published on the Pracuj.pl website, as well as additional products supporting publications that contribute to a higher number of page views and job advertisements applications.

Additional projects include in particular: refreshing of an advertisement, logotype highlights, Super Offer and others.

Revenue from the sale of publication of job announcements and related products are recognised over the time of publication (including logotype highlights and Super Offer).

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

- Graphic design products – these include but are not limited to placing the employer's profile on the Pracuj.pl and Robota.ua websites (revenue recognised over time), publications in the Employer's Guide, a virtual guide providing the employers the opportunity to reach young users (revenue recognised upon publication of sponsored articles, interviews, advertisements), access to the Jobicon Online, i.e. online job fairs as well as traditional stationary job fairs (revenue recognised at a point in time).
- Access to recruitment systems – the system provides the client access to the eRecruiter recruitment software, i.e. the recruitment management system in Poland, supporting recruiters in collecting applications and communicating with job candidates. Access to the system is offered in the SaaS (Software as a Service) model, i.e. in a subscription model. The remuneration for the system consists of two components: activation fee and subscription fee. The activation fee constitutes an immaterial revenue stream from the Group's perspective and is recognised at a point in time. The subscription fee is recognised over the period that the clients are given access to the recruitment system.

Structure of revenue from contracts with customers by the timing of satisfaction of performance obligations

Revenue from contracts with customers by the timing of revenue recognition	2021	2020
Over time	312 942	201 320
At a point in time	162 171	97 988
Total	475 113	299 308

Geographical structure of revenue from contracts with customers

Revenue from contracts with customers by country	2021	2020
Poland	424 579	264 776
Ukraine	50 534	34 532
Total	475 113	299 308

Contract liabilities

Contract liabilities represent the amount of the transaction price allocated to the unfulfilled performance obligation at the end of the reporting period - the most significant items relate to the sale of recruitment projects.

The Group expects to recognise as revenue the amounts presented as contract liabilities during the year following the payment, which is a consequence of the characteristics of the contracts with customers, which are signed for a maximum of 1 year.

Contract liabilities	31 December 2021	31 December 2020
Short-term	131 222	100 301
Total	131 222	100 301

The Group has applied the practical expedient provided in IFRS 15 based on which the Group does not have to disclose the transaction price allocated to the unsatisfied performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

2.3 Other operating income and costs

Other operating income

	2021	2020
Profit from sale of non-financial non-current assets	188	87
Income from lease modifications	-	(209)
Other operating income	926	782
Total	1 114	660

Other operating costs

	2021	2020
Costs related to lease modifications	5	-
Donations given	142	396
Other operating costs	181	187
Total	328	583

2.4 Finance income and finance costs

Finance income

	2021	2020
Interest income	1 175	1 781
Net change in fair value of investments measured at fair value through profit or loss	86 469	-
Change in fair value of a financial instrument and settlement of deferred gain on measurement of an option at its acquisition date	2 149	-
Other	1 129	165
Total	90 922	1 946

In 2021, the Group measured to fair value the investment in Beamery Inc. and Pracuj Ventures spółka z ograniczoną odpowiedzialnością Alternatywna Spółka Inwestycyjna sp. k. (hereinafter: 'Pracuj Ventures'), as a result of which PLN 86,222 thousand was recognised in finance income. Fair value measurement of shares in Beamery Inc. was performed by referring to the valuation of the shares issued by this company in the financing round C, which ended in June 2021. Beamery Inc. managed to raise funds for further business development from investors not related to the Group, including Ontario Teachers' Pension Plan and Accenture Ventures in the total amount of USD 138 million. The revaluation concerned the Poland segment.

The Parent Entity recognised a call option for the shares in Fitqbe sp. z o.o. (Note 5.1) as a financial instrument measured at fair value through profit or loss in correspondence with other financial assets, the measurement of which was updated as at 31 December 2021 and recognised in finance income.

Finance costs

	2021	2020
Interest on bank loans	82	1 036
Interest on lease liabilities	964	1053
Impairment loss on equity-accounted investees	893	51
Net change in fair value of investments measured at fair value through profit or loss	-	1 523
Foreign exchange losses	-	3 101
Other	77	107
Total	2 016	6 871

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

3. EXPLANATORY NOTES REGARDING TAXATION

3.1 Corporate income tax

Accounting principles

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

Current income tax

Current income tax liabilities and receivables for the current and prior periods are measured at the amounts of expected payment to the tax authorities (return from the tax authorities), using the tax rates and tax regulations enacted or substantively enacted by the end of the reporting date.

Current income tax liability is calculated on the basis of the tax result (tax base) for the reporting period. The tax profit/loss differs from the accounting profit/loss before taxation due to the exclusion of income and expenses that will be taxable or deductible in the future years as well as expenses and income that will never be deductible or taxable.

Uncertainty related to tax settlements

The Group operates in Poland, Ukraine and Cyprus. Regulations applicable to value added taxes, corporate income taxes and social security contributions are subject to frequent changes. These frequent changes result in a lack of appropriate benchmarks, inconsistent interpretations and only few established precedents that could be applied. The current legislation also contains uncertainties that result in differences of opinion as to the legal interpretation of tax laws, both between state authorities and between state authorities and entities.

Tax settlements and other areas of activity (for example, customs or foreign exchange issues) may be subject to inspections by the authorities, which are entitled to impose high penalties and fines, and any additional tax liabilities resulting from an inspection must be paid together with high interest. These conditions make the tax risk in Poland higher than in countries with more developed tax systems.

Consequently, the amounts presented and disclosed in financial statements may change in the future as a result of a final decision of a tax audit authority.

Deferred tax

Deferred tax liabilities and deferred tax assets are recognised by the Group in respect of all temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes.

Deferred tax liabilities are the amounts of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in the future periods in respect of deductible temporary differences and the carryforward of unused tax losses.

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 utilized.

Income tax relating to items recognised in other comprehensive income or directly in equity is also recognised in other comprehensive income or equity.

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

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred income tax relates to income taxes levied by the same taxation authority on the same taxable entity.

Significant estimates and judgements

Recognition of deferred tax assets

The Group recognises deferred tax assets on the basis of the assumption that in the future it will generate tax income allowing for deduction of temporary differences or utilization of tax losses. The Management Board of the Parent Entity makes this assumption based on forecasts, budgets and strategies concerning operating activities of particular Group entities.

Deferred tax assets are reviewed at each reporting date and decreased to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. An unrecognised deferred tax asset is reassessed at each reporting date and is recognised to the extent that it is probable that future taxable profit will be available to allow the asset to be recovered.

Judgements related to the recognised amounts of tax settlements

The Group recognises amounts resulting from tax settlements based on current tax regulations and their interpretations. Due to the tax risk described above, the amounts disclosed are subject to uncertainty and may change in the future due to final decisions of the tax inspection authorities. Uncertainty is related to estimation and relates to the tax effect of a specific economic event and has many sources:

- complexity of legal regulations,
- different proceedings by tax administration bodies,
- non-uniformity of the line of judicial decisions of administrative courts.

Income tax

	2021	2020
Current tax	51 617	25 637
Deferred tax	(4 182)	1 171
Change in net deferred tax liability related to capital gains	16 429	(289)
Total tax expense in the statement of comprehensive income	63 864	26 519

Reconciliation of effective tax rate

	2021	2020
Profit before tax	319 547	133 447
Income tax using 19% tax rate	60 714	25 355
Effect of different tax rates in foreign jurisdictions	(36)	(62)
Effect of taxable income from dividends received by Grupa Pracuj S.A. from Robota International TOV and Work Ukraine TOV	610	748
Non-deductible expenses	783	454
Non-deductible expenses related to share-based payments	2 388	139
Current year tax losses for which no deferred tax asset is recognised	-	314
Share of profit of equity-accounted investees	(595)	(429)
Income tax in the statement of comprehensive income	63 864	26 519

Tax rates

	Tax rates
Poland	19%
Ukraine	18%
Cyprus	13%

Deferred income tax

Deferred tax assets and deferred tax liabilities recognised in respect of temporary differences resulting from particular assets and liabilities are presented in the table below:

	31 December 2021	31 December 2020
Deferred tax assets related to other sources		
Contract liabilities	23 973	18 781
Other payables	279	608
Other non-financial assets	363	430
Trade receivables	274	354
Tax losses carried forward	-	345
Right-of-use assets and lease liabilities ('IFRS 16')	453	588
Employee benefits	3 560	4 457
Investments at fair value through profit or loss	-	476
Negative temporary differences between the carrying amount of property, plant and equipment and intangible assets, and their tax base	946	531
Other negative temporary differences	658	130
Total deferred tax assets related to other sources	30 506	26 700

	31 December 2021	31 December 2020
Deferred tax liabilities related to other sources		
Positive temporary differences	115	15
Total deferred tax liabilities related to other sources	115	15
Deferred tax liabilities related to capital gains		
Deferred tax liabilities related to investments measured at fair value	19 145	3 192
Total deferred tax liabilities related to capital gains	19 145	3 192
Net deferred tax assets related to other sources	30 391	26 685
Net deferred tax liabilities related to capital gains	19 145	3 192

Unrecognised deferred tax asset

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

	31 December 2021		31 December 2020	
	Gross amount	Tax effect	Gross amount	Tax effect
Tax losses	2 226	423	1 691	321
Total	2 226	423	1 691	321

Unused tax losses in respect of which deferred tax assets have not been recognised and the expiry dates of those losses

	31 December 2021		31 December 2020	
	Gross amount	Year of expiry	Gross amount	Year of expiry
BinarJobs sp. z o.o.	2 180	to 2026	1 652	to 2025
HumanWay sp. z o.o. w likwidacji	46	to 2026	39	to 2025
Total	2 226	-	1 691	-

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

	31 December 2021		31 December 2020	
	Gross amount	Year of expiry	Gross amount	Year of expiry
Grupa Pracuj S.A.	-	-	1 816	2024
Recognised deferred tax asset	-	-	345	-

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

4.1 Capital management policy and net debt

The purpose of the Group's capital management policy is to ensure continuous operations of the Group in order to increase value for shareholders and other stakeholders as well as to maintain the optimal structure of capital taking into account its cost and appropriate levels of credit ratings. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders and volume of treasury shares, amount of new shares to be issued or assets to be sold in order to reduce the level of net debt.

The capital management policy takes into account:

- operating results in combination with investment and development plans,
- financial debt repayment schedule,

- credit rating and capital ratios,
- increase of value for shareholders.

At the balance sheet date, no external capital requirements are imposed on the Group.

The Group monitors the level of equity using a leverage ratio calculated as the level of net debt (sum of total liabilities less cash) divided by the total amount of the Group's equity.

The table below presents the level of the leverage ratio at the end of the periods covered by these consolidated statements.

The Group's policy is to maintain the debt to equity ratio at a positive level below 1. In the reporting period ended 31 December 2021, the Group achieved the target level of the ratio. The Group's credit rating is at the appropriate level, taking into account the lack of the need for external financing.

	31 December 2021	31 December 2020
Total liabilities	250 548	203 080
Less: cash and cash equivalents	(184 836)	(135 227)
Net debt	65 712	67 853
Equity	249 157	102 975
Leverage ratio	0.26	0.66

4.2 Equity

Accounting principles

Share capital

The Group's share capital is the share capital of the Parent Entity and it is recognised in the amount specified in the articles of association of the Parent Entity and entered in the National Court Register.

Reserve capital

The reserve capital comprises the share premium arising from the issue of the Parent Entity's shares for the purpose of the merger in 2016 of Grupa Pracuj S.A. as the acquirer (previously: Grupa Pracuj Holding sp. z o.o.) with the acquired entity operating at the time of the merger under the name Grupa Pracuj S.A.

The share capital and reserve capital in the consolidated financial statements represent capitals of the Parent Entity.

Reserve capital for the acquisition of own shares

The reserve capital for the acquisition of own shares was established by resolutions of the Ordinary Meetings of Shareholders. The fund is created from a profit distribution and is dedicated to the redemption of the own shares.

At the end of the reporting period, the own shares of the Parent Entity are measured at cost.

Share-based payments

The equity-settled share-based payment arrangement is recognised as the Parent Entity equity component.

Details of the share-based payment arrangement are presented in Note 6.8 **Błąd! Nie można odnaleźć źródła odwołania..**

Other reserves

Other reserves are created mainly from distribution of the previous years' results, if such a decision has been made by the General Meeting of Shareholders. The actuarial gains/losses from remeasurement of provisions for employee benefits as well as capital relating to put option liabilities are also recognised as the other reserves.

Translation reserve

Translation reserve includes foreign exchange differences from the translation of financial statements of foreign operations that have a functional currency other than the Polish zloty.

Merger reserve

In this position of the equity, the Group recognised the effect of the settlement at book values of the 2016 merger. Detailed information on the settlement of the merger was described in the first consolidated financial statements included in the Historical Financial Information for the years 2018-2020.

Retained earnings

Retained earnings comprise the sum of net result for the current period and the accumulated results from previous years, which were not paid in the form of dividends nor transferred to reserve capital or other reserves. Retained earnings include also corrections of errors detected in the current period and made in previous periods, as well as the effect of changes in accounting principles made in the current year.

Share capital

All issued shares as at 31 December 2021 have a nominal value of PLN 340,521,250 and have been fully paid.

The Entity's shareholder structure as at 31 December 2021 and 31 December 2020 was as follows:

Shareholder	31 December 2021		
	Number of shares owned	Par value of shares (PLN)	Share %
Przemysław Gacek*	36 130 187	180 650 935	53.05
TCV Luxco Perogie S.à r.l	7 246 348	36 231 740	10.64
Maciej Noga	5 799 227	28 996 135	8.51
Other members of the Management Board	1 013 550	5 067 750	1.49
Others	17 914 938	89 574 690	26.31
Total	68 104 250	340 521 250	100.00

* directly and indirectly through Frascati Investments sp. z o.o., which is controlled by Przemysław Gacek and also taking into account shares held by persons for whom there is a presumption of the existence of an agreement referred to in Article 87(1)(5) of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies.

Shareholder	31 December 2020		
	Number of shares owned	Par value of shares (PLN)	Share %
Przemysław Gacek	3 726 200	186 310 000	55.64
TCV Luxco Perogie S.à r.l	1 815 586	90 779 300	27.11
Maciej Noga	695 700	34 785 000	10.39
Others	32 683	1 634 150	0.49
Others	427 168	21 358 400	6.38
Total	6 697 337	334 866 850	100.00

On 22 October 2021 Przemysław Gacek, the majority shareholder, made a non-cash contribution in the form of 34,733,168 Series A ordinary registered shares of Grupa Pracuj S.A. to Frascati Investments sp. z o.o. As a result of this transaction, there were no changes in control over Grupa Pracuj S.A. nor in the beneficial ownership.

Changes in equity in 2021

On 28 June 2021 the Ordinary Meeting of Shareholders of the Parent Entity adopted the Resolution No.6 on a distribution of the net profit of the Parent Entity for the financial year ended 31 December 2020 in the amount of PLN 72,166,652.66 as follows:

- the amount of PLN 6,531,777.71 was allocated to a reserve capital for the redemption of own shares,
- the amount of PLN 65,634,874.95 was intended to be paid as a dividend.

On 28 June 2021 pursuant to the Resolution no. 7 of the Ordinary Meeting of Shareholders, it was decided to dissolve the reserve capital created pursuant to the Resolution No. 6 of the Ordinary Meeting of Shareholders of Grupa Pracuj sp. z o.o. dated 7 July 2020, and to allocate the funds accumulated in the amount of PLN 38,039,901.81 for dividend payment.

On 28 June 2021 the Ordinary Meeting of Shareholders of the Parent Entity adopted the Resolution No.9 on the transfer of PLN 1,269,250.00 from the reserve capital for the redemption of own shares to the reserve capital.

On 11 August 2021, the Parent Entity entered into an agreement with its shareholders to acquire 130,520 shares from them for redemption for the remuneration of PLN 7,795,959.60, of which PLN 6,609,721.80 related to the Parent Entity's key management personnel (Note 7.3).

On 5 October 2021, in accordance with the resolution of the Extraordinary General Meeting of Grupa Pracuj S.A. of 11 August 2021, the share capital was reduced by PLN 652,600.00, by way of redemption of 130,520 of own shares acquired by the Parent Entity with a nominal value of PLN 5.00 each.

On 5 October 2021, in accordance with the resolution of the Extraordinary General Meeting of Grupa Pracuj S.A. of 11 August 2021 and the settlement of the incentive programme dated 5 December 2017, the share capital was increased up to PLN 340,521,250.00 by PLN 6,307,000.00, through the issue of 1,261,400 ordinary registered shares of series C with a nominal value of PLN 5.00 each. The shares were taken up in exchange for a cash contribution made by eligible members of the programme, including shares worth PLN 5,363,950.00 were taken up by members of the Management Board.

4.3 Debt liabilities

Accounting principles

Bank loans

Bank loans are initially recognised at fair value, less transaction costs.

After initial recognition, bank loans are measured at amortised cost using the effective interest rate method. Transaction costs as well as discounts and premiums obtained in the settlement of the liability are included in the determination of the amortised cost.

Lease liabilities

Recognition and measurement

At the lease commencement date, the Group as a lessee measures the lease liability at the present value of the future lease payments, including the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- penalties for early termination of a lease, if the lease agreement includes such an option and the Group is reasonably certain to exercise that early termination option.

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

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

- increasing the carrying amount to reflect the accrued interest on the lease liability determined using the effective interest method;
- a decrease in the carrying amount to reflect paid lease payments, and
- a revaluation of the carrying amount to reflect any reassessment or modification of leases.

Reassessment of the lease liability

The value of the lease liability is revised among others if the lease term changes or the estimates regarding the use of the option to purchase the leased asset change (update using the new discount rate) or the value of lease payments changes as a result of events other than changes in the interest rate, e.g. as a result of indexation of rents (revised using the existing discount rate). The change in the value of the liability is recognised in correspondence with the change in the value of the right-of-use asset.

Applied exemptions

The Group uses exemptions and does not apply the requirements of IFRS 16 regarding the measurement of the lease liability and the right-of-use asset with regard to the following contracts:

- short-term leases, i.e. leases for which the term of the contract does not exceed 12 months, and which do not include a call option,
- leases for which the underlying asset is of low value. The Group regards as low-value assets those assets whose value do not exceed PLN 20 thousand (value of new assets).

Accounting principles and disclosures of the right-of-use assets are presented in Note 6.3 **Błąd! Nie można odnaleźć źródła odwołania..**

Significant estimates and judgements

Lease term

The measurement of the right-of-use assets and lease liabilities is based on estimates and judgements related to the determination of the lease term for indefinite term and definite term contracts with an option to renew on the existing terms. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise the option to renew or not to exercise the option to terminate. The periods resulting from these options are considered in determining the lease term when it is reasonably certain that the Group will exercise the renewal option or will not exercise the termination option. The lease term is reassessed only if there are significant events within the Group's control that change the previous assessment of the lease term (e.g. significant changes in business decisions).

The underlying asset	Lease term
Buildings and premises	13-88 months
Vehicles	52-67 months

Assessment of execution of a purchase option

At the lease commencement date of the car leases, the Group assesses whether it is reasonably certain to exercise the purchase option relating the underlying asset. For this purpose, the Group considers the terms and conditions associated with exercise of such option (e.g. the rate offered by the lessor in relation to current market rates) and the significance of the underlying assets to the Group's operations. For car leases that were active at the end of 31 December 2021, the Group assessed that there was insufficient certainty of exercising the purchase option and the exercise price of the purchase option was not reflected in the value of the liability.

Discount rate

The Group does not hold information regarding the interest rate implicit in the lease and uses the incremental borrowing rate. The incremental borrowing rate is the rate the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group has applied the incremental borrowing rate to measure all of its leases, determining the rate based on the risk-free

rate (it was assumed that government bond rates provide the most appropriate reflection of the characteristics of the lease payments in the contract, i.e. the currency and maturity of the bond) plus a margin reflecting the risk of the individual entities in the Group.

The table below presents the ranges of discount rates used to measure lease liabilities considering the currency of lease payments:

Currency	Discount rate
PLN	3%-4.5%
EUR	1.90%
USD	5%
UAH	7.7%-11%

Identification of non-lease components

In the lease agreements for office space, the Group has identified non-lease components related to the provision of services (maintenance charges) and charges for using common parts. The Group decided not to separate the charges for the use of common parts, while the charges for the service components were recognised separately from the lease components. In car leases, non-lease components, such as service charges, were not included in the measurement of the lease liability.

Debt liabilities

	31 December 2021	31 December 2020
Bank loans	-	29 294
- <i>short-term</i>	-	29 294
Lease liabilities	26 326	32 146
- <i>long-term</i>	17 135	23 647
- <i>short-term</i>	9 191	8 499
Total	26 326	61 440

Bank loans – terms, repayment schedule and carrying amounts at the end of the reporting periods

Bank loans	Currency	Face value	Credit limit	Interest rate	Maturity	31 December 2021	31 December 2020
Fixed-term bank loan granted by mBank S.A., DNB Bank Polska S.A. and PKO Bank Polski S.A.	PLN	295 000	not applicable	WIBOR + margin 1.4-2.25%	30 May 2021	-	29 294
Total						-	29 294

On 12 April 2021, the term loan from mBank S.A., DNB Bank Polska S.A. and PKO Bank Polski S.A. was fully repaid. The Parent Entity was not in breach of any loan covenants under which it was obliged to repay its debt early. As at 31 December 2020, the Parent Entity had a revolving credit facility with an unused limit of PLN 10,000 thousand, for which the agreement was effective until 29 May 2021. As at 31 December 2021 the Entity has no bank loan liabilities.

Collateral for repayment of bank loans

The Group has established financial pledges on individual bank accounts in favor of PKO Bank Polski S.A., DNB Bank Polska S.A., mBank S.A., an assignment of rights under the Security Transfer Agreement relating to Rights under the Acquisition Documents and Collateral Agreements in favor of mBank S.A. and a statement of submission to enforcement proceedings pursuant to Art. 777 of the Polish Code of Civil Procedure. In August 2021, the Group received the banks' statements on the release of collaterals established to secure the term loan whereas with respect to registered pledges the Group is in the process of filing applications for their removal from relevant registers.

Lease liabilities - expenses recognised in relation to leases

	2021	2020
Depreciation of right-of-use assets	6 750	6 671
Interest on lease liabilities	874	1 053
Expenses relating to short-term leases	-	11
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	92	83

Total cash outflows from leases are presented in the following table showing the reconciliation of debt liabilities to cash flows from financing activities.

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

	Bank loans	Lease liabilities	Total
1 January 2021	29 294	32 146	61 440
Changes from financing cash flows			
Repayments of bank loans	(29 181)	-	(29 181)
Interest paid on bank loans	(195)	-	(195)
Payment of lease liabilities	-	(8 196)	(8 196)
Interest paid on lease liabilities	-	(964)	(964)
Net cash flows from financing activities	(29 376)	(9 160)	(38 536)
Other changes			
New lease agreements	-	1 049	1 049
Modifications to lease agreements	-	743	743
Accrued interest	82	964	1 046
Effect of changes in foreign exchange rates	-	584	584
Total of other changes	82	3 340	3 422
31 December 2021	-	26 326	26 326

	Bank loans	Lease liabilities	Total
1 January 2020	29 203	37 981	67 184
Changes from financing cash flows			
Repayments of bank loans	(945)	-	(945)
Payment of lease liabilities	-	(7 797)	(7 797)
Interest paid on lease liabilities	-	(1 053)	(1 053)
Net cash flows from financing activities	(945)	(8 850)	(9 795)
Other changes			
New lease agreements	-	150	150
Modifications to lease agreements	-	579	579
Accrued interest	1 036	1 053	2 089
Effect of changes in foreign exchange rates	-	1 233	1 233
Total of other changes	1 036	3 015	4 051
31 December 2020	29 294	32 146	61 440

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

4.4 Cash and cash equivalents

Accounting principles

Cash and cash equivalents

Cash and cash equivalents reported in the consolidated statement of financial position include cash in bank and bank deposits concluded for a period of up to 3 months.

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

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

Cash and cash equivalents

	31 December 2021	31 December 2020
Cash in bank accounts	24 105	59 782
Bank deposits	160 612	75 400
Cash in transit	119	45
Total	184 836	135 227

4.5 Other explanations to the consolidated statement of cash flows

The table below presents a reconciliation of the balance sheet changes to the changes reported in the statements of cash flows:

	2021	2020
Change in trade receivables in the consolidated statement of financial position	(25 564)	8 302
Translation reserve	(79)	20
Change in trade receivables in the consolidated statement of cash flows	(25 643)	8 322

Change in employee benefits in the consolidated statement of financial position	(5 544)	1 957
Actuarial gains/losses from remeasurement of provisions for employee benefits	268	(2)
Change in employee benefits in the consolidated statement of cash flows	(5 276)	1 955

Change in other non-financial assets in the consolidated statement of financial position	(2 596)	(735)
Change in advance payments for intangibles and property, plant and equipment included in cash flows from investing activities	-	(285)
Change in other non-financial assets in the consolidated statement of cash flows	(2 596)	(1 020)

Change in trade payables in the consolidated statement of financial position	6 752	3 055
Change in liabilities due to purchase of property, plant and equipment	216	(442)
Change in liabilities due to purchase of intangible assets	(252)	140
Change in trade payables in the consolidated statement of cash flows	6 716	2 753

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1 Financial instruments and fair value

Accounting principles

Initial recognition

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

Financial instruments are recognised initially at fair value increased by transaction costs, except for trade receivables with a maturity of less than 12 months from recognition (i.e. without a significant financing component), which are initially recognised at a transaction price.

Classification and measurement after initial recognition

The Group classifies its financial instruments at initial recognition to the following categories: financial assets measured at amortised cost, financial assets measured at fair value through profit and loss and other financial liabilities.

- Financial assets measured at amortised cost

The Group classifies financial assets based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets classified as measured at amortised cost include those financial assets that were not designated by the Group at initial recognition for measurement at fair value through profit or loss and meet both of the following two conditions:

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

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

Based on the results of the business model and SPPI tests, the Group has classified the following financial assets: trade receivables, cash deposits, bonds (included as short-term

financial assets and held to maturity, i.e. usually 3 months), loans granted and cash and cash equivalents, as financial assets measured at amortised cost.

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

Financial assets measured at amortised cost are measured at each reporting date at amortised cost using the effective interest rate taking into account any impairment due to expected credit losses.

- Financial assets at fair value through profit or loss

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

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

- Other financial liabilities

Other financial liabilities are classified as financial instruments measured at amortised cost using the effective interest rate after initial recognition. 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 Group has classified all its financial liabilities, i.e. bank loans, lease liabilities, trade payables and other financial liabilities, to the category of other financial liabilities.

Financial liabilities are not reclassified after initial recognition.

Derecognition

The Group derecognises a financial asset from the statement of financial position when the contractual rights to the cash flows from the financial asset expired (i.e. in particular, when there is a material modification of the terms of the contract relating to the financial asset) or the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

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

Fair value

The Group classifies financial assets and financial liabilities according to the level of the fair value hierarchy, based on the inputs used in the valuation, as follows:

- Level 1 - fair value is based on quoted prices in active markets (unadjusted) for identical assets and liabilities,

- Level 2 - fair value is determined based on values that are observable in the market but are not direct market quotes (e.g. by direct reference to actual market transactions for similar instruments or indirect reference - using models based on actual market transactions),
- Level 3 - inputs to the valuation of assets or liabilities that are not based on observable market data.

Hedge accounting of financial instruments

The Group does not apply hedge accounting.

Impairment of trade receivables and other financial assets

At the end of each reporting period, the Group measures and recognises an expected credit loss allowance in respect of financial assets measured at amortised cost. The change in the expected credit loss allowance during the period is recognised in the statement of comprehensive income under the line item expected credit losses in operating activities.

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

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

Significant estimates and judgements

Allowance for expected credit losses

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

For trade receivables, the Group applies a simplified approach to estimating expected credit losses, under which allowances are recognised over the entire life of the instrument - from the initial recognition of the exposure in the books of accounts to its maturity, ignoring changes in credit risk. In order to determine the expected credit losses on trade receivables the Group has established a provision matrix. The provision matrix is based on historical information concerning repayments of receivables from particular overdue periods, divided into groups of customers with different characteristics. Then, based on the provision matrix, the repayment rates are determined which are used to determine the expected credit losses for individual overdue periods. The historical loss ratios have not been adjusted for forward-looking information as the Group has not identified factors that could materially change loss levels in the future. The matrix is updated at least at the end of each reporting period. The fact that receivables are covered by insurance and the established methods of settlement in the form of prepayments or offsets of mutual settlements are considered in calculating the exposure to credit risk.

Individual risk assessment resulting in a full allowance for receivables is performed for receivables past due more than one year, customers placed into liquidation and disputed receivables.

For other financial assets the Group assesses at each reporting date whether there has been a significant increase in credit risk for a given instrument since its initial recognition. If a significant increase in credit risk is identified, the expected credit loss allowance is estimated over the remaining

life of the instrument. Otherwise, the Group estimates the allowance at 12-month expected credit losses. For financial assets other than trade receivables, the allowance for expected credit loss is estimated individually. During the periods presented in these consolidated financial statements, the Group did not recognise expected credit losses in respect of financial assets measured at amortised cost other than trade receivables.

The following table presents the carrying amounts and the allocation of individual financial instruments to the levels of the fair value hierarchy.

	31 December 2021	31 December 2020	Fair value hierarchy
Financial assets measured at fair value through profit or loss			
Unlisted shares	122 172	32 089	Level 3
Other financial assets	2 149	-	Level 3
Total	124 321	32 089	
Financial assets measured at amortised cost			
Trade receivables	55 739	30 175	
Cash and cash equivalents	184 836	135 227	
Cash deposits	2 991	2 813	
Bonds	24 977	14 997	
Total	268 543	183 212	
Other financial liabilities			
Bank loans	-	29 294	Level 2
Lease liabilities	26 326	32 146	
Trade payables	15 770	9 018	
Other financial liabilities	20 578	-	Level 3
Total	62 674	70 458	

According to the Group's assessment, the reported value of trade receivables, cash and cash equivalents, cash deposits, bonds, trade payables and other financial liabilities is a reliable approximation of their fair value due to the short-term nature of these items at the end of each reporting periods covered by these consolidated financial statements.

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

Other financial assets

In accordance with the provisions of the agreement regarding the investment in Fitqbe sp. z o.o. ('Fitqbe'), the Entity is entitled to call options for Fitqbe shares (Note 5.3), and the remaining shareholders of Fitqbe are entitled to put options. At the time of signing the agreement the options have been priced using the Monte-Carlo simulation model. The value of Fitqbe's shares and the exercise price of the option resulting from the price formula specified in the contract were subject to simulation. The simulation processes of both sizes were correlated using a correlation coefficient determined on a group of companies similar to the simulated sizes quoted on stock exchanges, based on their historical prices. The volatility of the share price and the price formula were determined on the basis of observable historical stock market prices for similar companies quoted on stock exchanges. The most important unobservable variable that affects the valuation of an option is the price of Fitqbe shares as at the date of valuation date. This price was estimated by the Group on the basis of the formula for the option exercise price applied at the date of valuation and Fitqbe's cash balance.

The options were recognised at the balance sheet date as financial instruments measured at fair value through profit or loss in correspondence with other financial assets. At their initial recognition, due to their combined nature and manner of exercise, the value of the option in the amount of PLN 2,778 thousand was recognised in net value and presented in other financial assets. The Parent Entity will recognize the profit resulting from the difference between the transaction price and the fair value of the option arising on the date of purchase of the option, throughout the period of its duration, i.e. until 31 December 2023. Therefore, as at 31 December 2021, finance income in the amount of PLN 556 thousand was recognised. Financial assets measured at fair value through profit or loss are measured at each balance sheet date and revaluations to fair value are recognised in profit or loss. The effect of the option revaluation was recognised in finance income in the amount of PLN 1,593 thousand.

The sensitivity analysis for options is presented in the table below:

	Option value at the balance sheet date	Impact on the value of a financial asset	
		Increase in the share price by 10 p.p.	Decrease in the share price by 10 p.p.
31 December 2021	2 149	1 490	(1 405)
31 December 2020	-	-	-

5.2 Trade receivables and other financial assets

Accounting principles

Trade receivables

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

After initial recognition, receivables are measured at amortised cost using the effective interest rate, taking into account any impairment loss - in accordance with the principles described in Note 5.1 **Błąd! Nie można odnaleźć źródła odwołania..**

Other financial assets

Other financial assets include shares in entities that are not listed on active market, cash deposits paid as security for bank guarantees and contracts for leases of office space, short-term commercial bonds issued by mLeasing sp. z o.o. and loans granted.

The Group periodically invests free cash in short-term bonds which are held to maturity (the maturity date is within 6 months from the date of acquisition).

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

Significant estimates and judgements

The significant estimates necessary to measure the allowance for expected credit losses for financial assets are described in Note 5.1.

Valuation of shares not listed on active markets

Shares in entities not listed on active markets are measured by the Group at fair value classified at level 3 of the fair value hierarchy. The Group uses its own estimates for this valuation, based on the assumption that there is a lack of reasonably available information indicating that market participants would make different assumptions.

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

The Entity has classified its involvement in Pracuj Ventures as an investment, despite contributing to this entity 72.60% of all contributions as at 31 December 2021.

The Group assessed that the value of the contributions made is exposed to the variable financial results of Pracuj Ventures, but the contributions made do not give the Entity's Management Board the ability to affect the ongoing direction and decision-making of the entity's investment activities, and therefore the Entity's Management Board has no influence on the achieved returns on investments and does not have control over Pracuj Ventures.

The key factor that influenced the Group's judgement on the not having a significant influence on Pracuj Ventures based on the analysis carried out is the decision-making process and the composition of the key management personnel of Pracuj Ventures. The Entity does not have a representative in the key management personnel of Pracuj Ventures, nor does it affect its composition. The investment decisions are made by several shareholders indicated in the articles of association of Pracuj Ventures, forming an investment committee. The investment committee does not include Grupa Pracuj S.A. Ownership rights (voting rights resulting from shares held) are not taken into account during decision-making processes. In cases exceeding the scope of ordinary management (i.e. key operational activities), for a resolution to be valid a consensus of the following investors is required: Przemysław Gacek, Maciej Noga, Ataraxy Ventures Man sp. z o.o. and Paweł Leks. It means that the decisive influence on the investment activity of Pracuj Ventures, i.e. key operational activities of the entity, has Przemysław Gacek, acting as an individual investor in the entity and not as the President of the Management Board of Grupa Pracuj S.A. In addition, the ongoing supervision over the operations of Pracuj Ventures is exercised by the general partner of Pracuj Ventures, i.e. Pracuj Ventures sp. z o.o., in which the Entity has no capital interest.

Trade receivables

	31 December 2021	31 December 2020
Trade receivables		
- from related entities	2	2
- from other entities	55 737	30 173
Total	55 739	30 175

Other financial assets

	31 December 2021	31 December 2020
Long-term	127 229	34 817
Unlisted shares	122 172	32 089
Cash deposits	2 908	2 728
Other financial assets	2 149	-
Short-term	25 060	15 082
Bonds	24 977	14 997
Cash deposits	83	85
Total	152 289	49 899

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

	2021	2020
Unlisted shares measured at fair value through profit or loss at opening balance	32 089	26 526
Acquisition of unlisted shares measured at fair value	3 614	7 086
Net change in fair value recognised in net finance income / (costs)	86 469	(1 523)
Unlisted shares measured at fair value through profit or loss at closing balance	122 172	32 089
<i>Including:</i>		
Beamery Inc.	107 730	21 508
Pracuj Ventures sp. z o.o. ASI sp. k.	14 442	10 581

Valuation of shares not listed on active markets

The fair value measurement of the shares in Beamery Inc. is performed with reference to the valuation of the shares issued by the entity in further funding rounds. In June 2021, the Round C of the financing was completed, in which Beamery Inc. raised funds for further business development in the total amount of USD 138 million from investors not related to the Parent Entity, including Ontario Teachers' Pension Plan and Accenture Ventures. Based on the valuation of shares issued by Beamery Inc. in this round of financing, the Parent Entity revalued the fair value of shares held in this entity and increased it by PLN 86,222 thousand.

5.3 Trade payables and other financial liabilities

Accounting principles

Trade payables and other financial liabilities

The Group classifies trade and other financial liabilities to the category of financial instruments measured at amortised cost, for which the recognition and measurement principles are described in Note 5.1.

Trade payables

	31 December 2021	31 December 2020
Trade payables		
- due to related entities	434	66
- due to other entities	15 336	8 952
Total	15 770	9 018

Other financial liabilities

	31 December 2021	31 December 2020
Long-term liabilities due to put option	13 481	-
Short-term liabilities due to acquisition of shares in an associate	7 097	-
Total	20 578	-

Liabilities due to put option

Long-term liabilities due to put options relate to the estimated value of liabilities arising from potential future payments to non-controlling shareholders of Robota International TOV. The liability in the amount of PLN 13,481 thousand was recognised in correspondence with equity (other reserve capital) in accordance with the accounting policies described below.

Where the Group has put option liabilities held by non-controlling shareholders to sell shares held by them, the shares held by non-controlling shareholders are recognised such as the Group acquired those non-controlling interests at the end of each reporting period. During the period when the put option remains unexercised, the Group recognises a financial liability under the put option at the present value of future cash inflows related to the exercise of the option estimated at the balance sheet date as if the option had actually been exercised, i.e. the non-controlling interests were acquired by the Group at that date. Any differences arising between the value of the acquired non-controlling interests as at the balance sheet date and the value of the recognised financial liability under the put option are charged to other reserve capital. At the same time the Group allocates profits/losses earned during the reporting period to non-controlling shareholders (and other changes in equity) reflecting their actual shareholding existing during the year.

Liability due to acquisition of shares in an associate

On 28 May 2021 an agreement was signed regarding investment in Fitqbe under which on 2 August 2021, the Parent Entity acquired 44 shares, with a nominal value of PLN 50.00 each. In accordance with the provisions of the agreement, the Parent Entity is entitled to the call option for additional shares. As a consequence, on 7 October 2021, the Parent Entity and Pracuj Ventures entered into a preliminary share purchase agreement concerning the purchase of 33 additional shares in the share capital of Fitqbe. Grupa Pracuj S.A. will probably acquire these shares by 31 December 2022. As a result of the preliminary agreement and the provisions regarding the Call option, a liability for the acquisition of financial assets in the amount of PLN 2,590 thousand was recognized and presented as other financial liabilities in correspondence with the investment measured using the equity method. Additionally, on 22 December 2021, the Parent Entity accepted offers to purchase shares thus acquiring additional 39 shares, which were fully paid on 11 January 2022. After the acquisition of additional 33 shares, the Parent Entity will hold a total of 116 shares representing 35% of the share capital of Fitqbe. Moreover, the Group has an option for additional shares described in Note 5.1.

5.4 Financial risk management

5.4.1 Principles of financial risk management

The Group is exposed in its business activities to the following types of financial risk:

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

This note provides information about the Group's exposure to each of the risks identified above and describes the Group's risk management objectives and policies. The overall objective of the financial risk management policy is to minimize the negative impact of the identified financial risks on the Group's financial results.

5.4.2 Credit risk

Credit risk is associated with a potential credit event that may materialize in the future in the form of the following: customer insolvency, partially repaid receivables, a significant delay in the repayment of receivables, other unexpected deviation from contractual terms, or the risk of not recovering cash placed in banks. This risk primarily relates to trade receivables, cash, and cash equivalents, and other financial assets, under which the Group recognises, in particular, short-term bonds and cash deposits paid.

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

	31 December 2021	31 December 2020
Trade receivables	55 739	30 175
Other financial assets	22 968	17 810
Cash and cash equivalents	184 836	135 227
Total	268 543	183 212

Credit risk related to cash balances

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

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

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

Credit risk related to trade receivables

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

	Weighted-average loss rate	Gross carrying amount	Expected credit loss allowance	Net carrying amount
31 December 2021	3,10%	57 520	1 781	55 739
31 December 2020	7,03%	32 458	2 283	30 175

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

	2021	2020
Opening balance	2 283	1 974
Net remeasurement of expected credit losses	(142)	557
Amounts written off	(353)	(228)
Translation reserve	(7)	(20)
Closing balance	1 781	2 283

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

	31 December 2021		
	Weighted-average loss rate	Gross carrying amount	Expected credit loss allowance
Current (not past due)	0.08%	44 891	38
1-30 days past due	0.68%	9 799	67
31-60 days past due	2.01%	997	20
61-90 days past due	26.99%	163	44
91-180 days past due	48.21%	112	54
181-360 days past due	100%	63	63
More than 361 days past due	100%	1 495	1 495
Total	3.10%	57 520	1 781

	31 December 2020		
	Weighted-average loss rate	Gross carrying amount	Expected credit loss allowance
Current (not past due)	0.00%	24 167	-
1-30 days past due	2.76%	5 643	156
31-60 days past due	5.60%	464	26
61-90 days past due	59.86%	147	88
91-180 days past due	93.28%	357	333
181-360 days past due	100%	235	235
More than 361 days past due	100%	1 445	1 445
Total	7.03%	32 458	2 283

Due to the nature of its operations, the Group can be exposed to a significant risk related to the sales with deferred payment. Customer credit risk is managed by each business unit in accordance with the Group's established policy, procedures, and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of the customer base, including the default risk associated with the industry and country in which customers operate. The Group applies a simplified approach to determine the impairment for expected credit losses in the amount equal to the expected credit losses throughout the lifetime of the receivables (lifetime ECL).

In monitoring customer credit risk, customers are homogeneously grouped according to their credit characteristics. These portfolios were created based on segmentation by size of entities and the number of days in default. The division into homogeneous portfolios is periodically reviewed for uniformity.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The expected credit loss rate is calculated for each industry based on outstanding status and actual credit losses. Customers are grouped according to their credit characteristics, including industry classification according to the employment size and the existence of previous financial problems.

In addition, the Group creates additional allowances for individual customers on a case-by-case basis if there is an appropriate indication. Individual allowances for expected credit losses at the end of the respective financial years, included in the amounts presented in the tables above, were as follows:

31 December 2021 - PLN 1,513 thousand,

31 December 2020 - PLN 1,645 thousand.

Credit risk related to the bonds

The Group holds commercial bonds which were issued by a financial institution with a reliable rating (mLeasing sp. z o.o.) and are presented as short-term financial assets. The maximum exposure of this item to credit risk is equal to their value recognised in the statement of financial position. The Group assesses that the credit risk related to this item of financial assets is low and therefore no allowance for this loss has been recognised.

5.4.3 Liquidity risk

The Group is exposed to liquidity risk, i.e. risk of losing its ability to meet its financial obligations on time. The Group manages the liquidity risk by monitoring payment dates and demand for cash with respect to the handling of short-term payments and long-term demand for cash. Cash demand is compared with available sources of cash and with available free cash. In addition, the Group pursues a policy of diversification of financing sources.

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

- current monitoring of liquidity of the Group's entities,
- monitoring and optimization of the level of working capital,
- current monitoring of the settlement of liabilities under the loan agreements conditions.

The tables below present analysis of financial liabilities of the Group based on the maturity date at the reporting date. The amounts presented in the table are undiscounted cash flows including interest based on contractual terms.

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

31 December 2020	Carrying amount	Contractual cash flows				Total
		<1 year	1-3 years	3-5 years	>5 years	
Bank loans	29 294	29 631	-	-	-	29 631
Lease liabilities	32 146	8 689	16 993	8 698	-	34 380
Trade liabilities	9 018	9 018	-	-	-	9 018
Total	70 458	47 338	16 993	8 698	-	73 029

Working capital, defined as the difference between current assets and current liabilities, at the end of the reporting periods presented in these consolidated financial statements is presented in the table below. The ratio has improved significantly over the past years, indicating that the Group's liquidity risk is limited. The increase in working capital was mainly driven by an increase in cash and cash equivalents and a decrease in bank loan liabilities.

	31 December 2021	31 December 2020
Current assets	272 434	184 670
Short-term liabilities	(199 336)	(177 884)
Working capital	73 098	6 786

5.4.4 Currency risk

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

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

The following tables present Group's exposure to currency risk:

Amounts in currency	31 December 2021	
	EUR	USD
Trade receivables	535	86
Cash and cash equivalents	1 055	11
Cash deposits	83	-
Lease liabilities	(3 678)	(1 502)
Trade payables	(227)	(35)
Net exposure in original currency	(2 232)	(1 440)
Net exposure converted into PLN	(10 270)	(5 850)

Amounts in currency	31 December 2020	
	EUR	USD
Trade receivables	292	-
Cash and cash equivalents	2 559	30
Cash deposits	76	-
Lease liabilities	(4 841)	(1 907)
Trade payables	(23)	(9)
Net exposure in original currency	(1 937)	(1 886)
Net exposure converted into PLN	(8 939)	(7 088)

The tables below present the sensitivity analysis of a reasonable possible strengthening (weakening) of foreign currencies which would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of changes on forecasts sales and purchases.

31 December 2021				
	Strengthening	Profit or loss	Weakening	Profit or loss
EUR	10%	(832)	-10%	832
USD	10%	(474)	-10%	474

31 December 2020				
	Strengthening	Profit or loss	Weakening	Profit or loss
EUR	10%	(724)	-10%	724
USD	10%	(574)	-10%	574

5.4.5 Interest rate risk

The Group is exposed to cash flow volatility risk due to changes in interest rates resulting from assets and liabilities for which interest income and interest expense depend on variable interest rates (bank loans, leases). The main objective of interest rate risk management is to minimize the fluctuations of items bearing variable-rate interest.

The following table presents the profile of the Group's exposure to interest rate risk by presenting interest-bearing financial assets and liabilities by fixed and floating interest rates.

	31 December 2021	31 December 2020
Interest-bearing financial instruments		
- fixed-rate instruments	(1 349)	(17 149)
Lease liabilities	(26 326)	(32 146)
Bonds	24 977	14 997
- variable-rate instruments	187 492	108 411
Bank loans	-	(29 294)
Cash deposits	2 656	2 478
Cash and cash equivalents	184 836	135 227
Interest rate risk exposure (net) (variable-rate instruments)	187 492	108 411

The table below presents an analysis of the Group's sensitivity to interest rate movements affecting items bearing variable-rate interest:

Interest rate risk exposure (net)	Profit or loss	
	1 bp increase in interest rate	1 bp decrease in interest rate
31 December 2021	1 519	(1 519)
31 December 2020	878	(878)

An increase in interest rates may lead to higher financing costs, and in consequence, decrease financial results and financial efficiency of investments. This risk is not significant for the Group. The Group has not applied hedge accounting.

6. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

Accounting principles

Recognition and measurement

The intangible assets are recognised when there is a probable inflow of future economic benefits related to a given asset component and it is possible to reliably determine the cost, according to which the intangible assets are initially recognised.

An intangible asset created as a result of development works or a stage of development works is recognised when all the criteria of IAS 38 *Intangible Assets* ("IAS 38") are met, i.e. the Group can prove the technical possibility and intention to complete the intangible asset, and the ability to use or sell it, the method of obtaining future economic benefits from the use of this intangible asset, the availability of funds to complete development works and a reliable determination of the expenditure incurred. In this category, the Group includes internally developed software.

After the initial recognition, the components of intangible assets are measured at the purchase price or production cost (in the case of internally developed software), less amortisation, and accumulated impairment losses.

Amortisation

The Group assesses that the useful life of all its intangible assets is finite and therefore all intangible assets are amortised (except for internally developed software that has not been completed and is not yet in use). Amortisation begins when an intangible asset is available for use, i.e. it is in the location and condition necessary to be capable of operating as intended by the Management Board of the Parent Entity.

Intangible assets that are not in use (capital expenditures for internally developed software that has not yet been completed) are not amortised, but the Group tests them for impairment at the end of each reporting period.

Intangible assets are amortised using the straight-line method over the economic useful life of the assets. The estimated useful lives of intangible assets for all presented periods are as follows:

- | | |
|---------------------------------|--------------|
| • property rights | 2 - 5 years |
| • other intangible assets | 2 - 12 years |
| • internally developed software | 3 - 5 years |

An intangible asset is removed from the statement of financial position at the time of its disposal or when no future economic benefits are expected from the use or disposal of the intangible asset.

Significant estimates and judgements

Economic useful lives

The economic useful lives of intangible assets are verified at each reporting date. The estimates are impacted by the uncertainties about the future conditions of business operations, technological changes and market competition, which may have an impact on the estimate of the period over which the intangible asset is expected to bring the economic benefits.

Impairment of intangible assets

At the end of each reporting date, the Group assesses whether there are any indicators of a possible impairment of the intangible asset. If such indicators are determined, the Group estimates the recoverable amount of the asset. At the end of the periods presented in these consolidated financial statements, the Group assessed that there were no objective indicators of impairment of intangible assets.

In the case of internally developed software, which has not yet been completed and put into use, impairment testing is performed at the end of each reporting period irrespective of whether there was any indication of impairment. At the end of 31 December 2021, expenditures for internally generated software that has not yet been completed amounted to PLN 97 thousand and the Group assessed the risk of their impairment as immaterial.

Capital expenditures for internally generated software constitute development costs incurred before the period in which the software is used to generate revenue from contracts with customers.

The recoverable amount is the higher of the two amounts: the fair value less costs to sell and the value in use of a given asset. A recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

Intangible assets, which had been impaired, are verified at the end of each financial year in terms of existence of any indication that the impairment loss previously accounted for shall be reversed.

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

Reconciliation of the carrying amount of intangible assets

	Property rights	Other intangible assets	Internally developed software	Total
Cost at 1 January 2020	2 034	6 683	-	8 717
Additions	417	193	920	1 530
Effect of movements in exchange rates	3	(59)	-	(56)
Cost at 31 December 2020	2 454	6 817	920	10 191
Cost at 1 January 2021	2 454	6 817	920	10 191
Additions	1 087	515	3 117	4 719
Effect of movements in exchange rates	278	42	-	320
Cost at 31 December 2021	3 819	7 374	4 037	15 230

	Property rights	Other intangible assets	Internally developed software	Total
Accumulated amortisation and impairment losses at 1 January 2020	(1 164)	(5 172)	-	(6 336)
Amortisation	(430)	(610)	(116)	(1 156)
Effect of movements in exchange rates	(4)	55	-	51
Accumulated amortisation and impairment losses at 31 December 2020	(1 598)	(5 727)	(116)	(7 441)
Accumulated amortisation and impairment losses at 1 January 2021	(1 598)	(5 727)	(116)	(7 441)
Amortisation	(455)	(570)	(280)	(1 305)
Effect of movements in exchange rates	(271)	(37)	-	(308)
Accumulated amortisation and impairment losses at 31 December 2021	(2 324)	(6 334)	(396)	(9 054)

	Property rights	Other intangible assets	Internally developed software	Total
Carrying amount at 31 December 2020	856	1 090	804	2 750
Carrying amount at 31 December 2021	1 495	1 040	3 641	6 176

6.2 Property, plant and equipment

Accounting principles

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 Group and the cost of the item can be measured reliably. Any other expenses incurred on repairs and maintenance are expensed to profit or loss for the reporting period in which they were incurred.

Depreciation

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

The depreciable amount of an asset is determined as its initial cost minus the residual values if it is material. The Group assesses that a significant residual value exists for cars and for this class of property, plant and equipment the residual value is determined, i.e. it is the estimated amount that the Entity would obtain from disposal of the asset (after deducting the estimated costs of disposal) at the end of its useful life.

The estimated useful life of the group of assets is as follows:

- | | |
|--|-------------|
| • building and premises (investments in rented office space) | 2 - 6 years |
| • technical equipment and machinery | 2 - 5 years |
| • vehicles | 2 - 5 years |
| • other | 2 - 8 years |

The depreciation periods of property, plant and equipment recognised in connection with investments made in rented office spaces are aligned with the depreciation periods of the relevant right-of-use assets and are depreciated over the shorter of the two periods: the contract term and the useful life of the asset.

Items of property, plant and equipment under construction are not depreciated until their construction is completed, i.e. when they are available for use. Then, they are reclassified to the appropriate category of property, plant and their depreciation begins.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss and presented in other operating income or other operating costs for the current period.

Significant estimates and judgements

Depreciation

The verification of residual value, depreciation period and depreciation method is performed annually and appropriate adjustments are made as at the end of the financial year. Changes resulting from the verification are accounted for as a change in estimate. The estimates are impacted by the uncertainties about the future conditions of business operations, technological changes and market competition, which may have impact on the estimate of the useful life of items of property, plant and equipment.

Impairment of property, plant and equipment

The principles and assumptions used in impairment testing of property, plant and equipment are the same as those used in impairment testing of intangible assets (for intangible assets with a finite useful life) and are described in Note 6.1. The Group assessed, that at the end of the periods presented in these consolidated financial statements, there were no objective indicators of impairment of any item of property, plant and equipment.

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

Reconciliation of the carrying amount of property, plant and equipment

	Buildings and premises	Technical equipment and machinery	Vehicles	Other	Total
Cost at 1 January 2020	7 071	9 708	4 633	1 796	23 208
Additions	4	971	382	378	1 735
Additions - items purchased from leasing	-	-	775	-	775
Disposals / liquidations	-	(12)	(618)	(5)	(635)
Effect of movements in exchange rates	(503)	(392)	(108)	(34)	(1 037)
Cost at 31 December 2020	6 572	10 275	5 064	2 135	24 046
Cost at 1 January 2021	6 572	10 275	5 064	2 135	24 046
Additions		2 147	289	486	2 922
Disposals / liquidations		-	(540)	-	(540)
Other changes		273		(273)	-
Effect of movements in exchange rates	294	234	30	26	584
Cost at 31 December 2021	6 866	12 929	4 843	2 374	27 012

	Buildings and premises	Technical equipment and machinery	Vehicles	Other	Total
Accumulated depreciation at 1 January 2020	(1 498)	(5 651)	(1 510)	(924)	(9 583)
Depreciation	(992)	(1 651)	(641)	(316)	(3 600)
Effect of movements in exchange rates	45	208	57	41	351
Accumulated depreciation at 31 December 2020	(2 445)	(7 094)	(2 094)	(1 199)	(12 832)
Accumulated depreciation at 1 January 2021	(2 445)	(7 094)	(2 094)	(1 199)	(12 832)
Depreciation	(979)	(1 674)	(702)	(627)	(3 982)
Effect of movements in exchange rates	(74)	(139)	(26)	(49)	(288)
Accumulated depreciation at 31 December 2021	(3 498)	(8 907)	(2 822)	(1 875)	(17 102)

	Buildings and premises	Technical equipment and machinery	Vehicles	Other	Total
Carrying amount at 31 December 2020	4 127	3 181	2 970	936	11 214
Carrying amount at 31 December 2021	3 368	4 022	2 021	499	9 910

6.3 Right-of-use assets

Accounting principles

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 cost of a right-of-use asset includes:

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

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

Depreciation

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

If, under a lease agreement, at the end of the lease period the Group obtains ownership of an asset or if the cost of a right-of-use asset takes into account the fact, that the Group will use a purchase option, then depreciation of a right-of-use asset is calculated from the date of a commencement of the lease until the end of its useful life. Otherwise, in the case where there is no reasonable certainty that the Group will obtain title at the end of the lease term, the right-of-use asset is depreciated from the date of the commencement date of the lease until the end of its useful life or the end of the lease period, whichever is earlier.

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

Significant estimates and judgements

Economic useful life

At the end of each reporting period, the Group verifies whether the estimated useful life of a given right-of-use asset, estimated at the commencement of the lease, is still reasonable, taking into account its intentions regarding further use of a given asset in business activities. For all uncompleted lease agreements at the end of 31 December 2021, the Group assumed that the depreciation period for right-of-use assets is equal to the lease term.

Impairment of right-of-use assets

Similarly to property, plant and equipment and intangible assets (with a finite useful life), the Group tests its right-of-use assets for impairment whenever there is any indication that those assets may be impaired. The relevant accounting policies for the recognition of impairment losses are described in

Note 6.1. As at the end of the periods presented in these consolidated financial statements, the Group assessed that there were no objective indicators of impairment in relation to right-of-use assets.

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

Significant estimates and judgements made in relation to accounting for and measurement of right-of-use assets and regarding determination of a lease term, discount rate and assessment of exercise of a purchase option are described in Note 4.3.

The Group is a lessee under agreements relating to the use of office space leased for the purposes of its business activities and car lease agreements.

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

	Buildings and premises	Vehicles	Total
Carrying amount at 1 January 2020	32 580	1 150	33 730
Additions - new contracts	-	150	150
Additions - lease modifications	370	-	370
Decreases - items purchased from leasing	-	(775)	(775)
Depreciation for the period	(6 458)	(213)	(6 671)
Foreign exchange differences from translation of foreign entities	(1 882)	-	(1 882)
Carrying amount at 31 December 2020	24 610	312	24 922
Carrying amount at 1 January 2021	24 610	312	24 922
Additions - new contracts	751	332	1 083
Additions - lease modifications	744	(6)	738
Depreciation for the period	(6 564)	(186)	(6 750)
Foreign exchange differences from translation of foreign entities	861	-	861
Carrying amount at 31 December 2021	20 402	452	20 854

6.4 Equity-accounted investees

Accounting principles

As equity-accounted investees the Group recognises interests in associates, i.e. entities over which the Group exercises a significant influence. The principles of measurement these investees are described in Note 1.3.

Significant estimates and judgements

Existence of significant influence and control

The Parent Entity evaluates the status of its investments in other entities from the perspective of their recognition in these consolidated financial statements by analyzing the requirements of IFRS 10 and IAS 28 in this regard and classifying them to the following categories, respectively:

- Investments in related parties - in case of the Group's control,
- Investments in associates – in case of significant influence exercised by the Group,
- Investments that are financial instruments measured in accordance with IFRS 9 (Note 5.1) – insignificant shares that do not result in control nor significant influence.

Unification of accounting policies for financial data of associates

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

The Group analysed the need to unify the accounting policies applied by the associates with the accounting principles applied by the Group, i.e. with IFRS. Taking into account the net assets presented in the financial statements of the associates (mainly cash, receivables, trade payables and bank loans), the Group did not identify significant differences between local accounting policies applied by the associates and IFRS. If significant differences affecting the net assets of those entities are identified, appropriate adjustments are made to bring the data of those entities into compliance with IFRS.

Impairment of equity-accounted investees

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

In the case of WorkIP Ltd and Work Ukraine TOV, the assessment of the existence of impairment indicators is made for both companies jointly, due to the fact that, in the Group's opinion, the operating relationships between these companies are so significant that it cannot be considered that the flows generated by both companies are largely independent of each other (WorkIP Ltd owns trademarks and domains and its main revenues are license fees paid by Work Ukraine TOV for the use of these rights, while Work Ukraine TOV generates operating revenue through the use of WorkIP Ltd licenses).

The recoverable amount of investments is determined as the value in use of a given asset based on discounted cash flow model.

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

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

The impairment indicators have been identified for the following associates, and therefore impairment tests have been carried out for these investments and relevant impairment losses have been recognised:

- Resolutio sp. z o.o. – as a result of tests carried out as at 31 December 2020, the value of the investment was fully impaired,
- Coders Lab sp. z o.o. - as a result of the tests carried out in the financial year ended 31 December 2021, the value of the investment was fully impaired.

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

The table below presents the value of investments in associates accounted for using the equity method:

	31 December 2021	31 December 2020
Equity-accounted interests in associates		
WorkIP Ltd	16 390	16 143
Work Ukraine TOV	2 954	6 321
Fitqbe sp. z o.o.	13 045	-
Other associates	95	1 481
Total	32 484	23 945

Changes in the value of investments accounted for using the equity method

	2021	2020
Equity-accounted investees at opening balance	23 945	25 861
Acquisition of shares	13 105	-
Dividends received	(6 619)	(4 123)
Share of profit of equity-accounted investees	3 133	2 258
Exchange differences on the translation of the share of profit of equity-accounted investees	(187)	-
Impairment allowance	(893)	(51)
Equity-accounted investees at closing balance	32 484	23 945

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

In the period ended 31 December 2021, the Group recognized an impairment loss on financial assets measured using the equity method in the amount of PLN 893 thousand. Changes in the recognised impairment loss concern the Poland segment.

Summarised financial information concerning associates

	WorkIP Ltd	Work Ukraine TOV	Fitqbe sp. z o.o.
Balances at 31 December 2021 (unaudited)			
Non-current assets	2	3 062	216
Current assets	2 500	23 838	13 180
Current liabilities	(80)	(3 870)	(6 865)
Net assets (100%)	2 422	23 031	6 531
<i>Group's share of associate's equity (%)</i>	33.0%	33.0%	35.0%
Group's share of net assets (in thous. PLN)	1 087	2 954	13 045
Goodwill	15 303	-	-
Carrying amount of equity-accounted investees	16 390	2 954	13 045
Revenue	1 062	18 988	4 842
Net profit/ (loss)	3 295	5 999	(1 219)
Total comprehensive income	3 295	5 999	(1 219)
Group's share of total comprehensive income	247	3 046	(60)

	WorkIP Ltd	Work Ukraine TOV
Balances at 31 December 2020		
Non-current assets	2	2 254
Current assets	2 626	19 697
Long term liabilities	-	-
Current liabilities	(83)	(2 797)
Net assets (100%)	2 545	19 154
<i>Group's share of associate's equity (%)</i>	33.0%	33.0%
Group's share of net assets (in thous. PLN)	840	6 321
Goodwill	15 303	-
Impairment loss recognised	-	-
Carrying amount of equity-accounted investees	16 142	6 321
Revenue	1 062	48 488
Net profit/ (loss)	760	16 792
Total comprehensive income	760	16 792
Group's share of total comprehensive income	296	1 806

The financial data of associates that are the basis for measuring the Group's share of the change in net assets of these entities from the date when the Group began to have significant influence are prepared for the same reporting periods as the Group's reporting periods.

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

	2021	2020
Share in total comprehensive income of individually immaterial associates in aggregate	98	156

The unrecognised share of losses of associates because the Group has no obligation in respect of these losses

	2021	2020
Unrecognised amounts of losses of associates	(199)	(171)

6.5 Other non-financial assets

Accounting principles

Other non-financial assets include accruals and other non-financial assets, in particular advance payments for intangibles and property, plant and equipment, public-law receivables (other than corporate income tax) 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,
- it is possible to reliably estimate their amount,
- related to the future reporting periods and it is probable that the future economic benefits associated with the expenses will flow to the Group.

Other non-financial assets are initially recognised at nominal value and measured at the end of the reporting period at the amount due, except for prepayments for property, plant and equipment and intangible assets, which are recognised at the nominal value of the amounts paid. Assets and liabilities of the Company Social Benefit Fund are offset in the consolidated statement of financial position - in the case of a non-zero balance after offsetting, the balance is presented in other non-financial assets or other payables in the statement of financial position. In all presented periods the Group recognised assets of the Company's Social Benefits Fund.

	31 December 2021	31 December 2020
Long-term	227	244
Other	227	244
Short-term	6 799	4 186
Prepaid services		
Website domains	156	39
Prepaid marketing expenses	519	168
Prepaid hardware and software maintenance	1 820	1 039
Prepaid other external services	1 193	535
Other	162	1 207
Other assets		
Advance payments for intangibles and property, plant and equipment	33	24
Assets of the Company Social Benefits Fund	310	281
Receivables from the State	492	543
Other	410	350
Shareholders settlements	1 704	-
Total	7 026	4 430

6.6 Other payables

Accounting principles

Other payables are initially recognised at nominal value and measured at the end of the reporting period at the amount due.

Other payables include, in particular tax liabilities (other than corporate income tax, hereinafter referred to as 'CIT') and social security liabilities.

	31 December 2021	31 December 2020
Tax liabilities (other than corporate income tax) and social security liabilities	14 923	6 145
Other payables	1 076	1 590
Total	15 999	7 735

6.7 Employee benefits

Accounting principles

Employee benefits include provisions for employee benefits and other employee related liabilities.

Provisions

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

The Group recognises mainly provisions for employee benefits, such as:

- provisions for retirement and pensions,
- provisions for post-mortem severance,
- provisions for benefits for key employees.

Provisions for retirement, pensions and post-mortem severance

Provisions for retirement and pensions are recognised in the amount of future cash flows to the employees after reaching the retirement age. The amount of the provision depends on seniority, average salary gross rate, employee rotation rate and other demographic data.

Provisions for retirement, pensions and post-mortem severance are estimated by an independent actuary using the projected unit credit method.

Actuarial gains and losses related to defined post-employment benefits are presented in other comprehensive income and recognised in other reserves.

However, 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.

Provisions for benefits for key employees

A provision for bonuses is recognised in the amount equal to the cash flows to which employees are entitled at the time of payment. The amount of the provision depends on the level of achievement of the targets specified in the incentive arrangement, e.g. EBIT level or special targets in a given year.

Costs related to the provision for bonuses due to participation in a long-term incentive scheme for key employees are recognised by the Group in the statement of comprehensive income in employee benefits position.

Other employee related liabilities

Other employee related liabilities are initially recognised at nominal value and measured at the end of the reporting period at the amount due.

The Group's other employee related liabilities include, in particular, liability for unused vacation entitlements and liabilities for bonuses and commissions for employees.

Significant estimates and judgements

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

The Group also assesses the probability of occurrence of potential liabilities. When the assessment indicates that the occurrence of a liability is probable (but the amount of the future liability or its timing is uncertain), a provision is recognised. When the occurrence of a liability is possible, but not probable - a contingent liability is disclosed (Note 7.7).

Employee benefits

	31 December 2021	31 December 2020
Long-term	1 451	1 549
Provisions	1 451	1 549
Post-mortem severance	765	746
Retirement benefits	589	708
Disability benefits	97	95
Short-term	14 860	20 306
Provisions	1 246	11 075
Post-mortem severance	20	13
Retirement benefits	1	-
Disability benefits	12	9
Bonuses	1 213	11 053
Other employee related liabilities	13 614	9 231
Liability for unused vacation entitlements	4 324	2 872
Liabilities for bonuses and commissions for employees	9 290	6 359
Total	16 310	21 855

Provisions

	Post-mortem severance	Retirement benefit	Disability benefit	Bonuses	Total
1 January 2020	682	555	95	6 618	7 950
Provision made	77	153	9	4 435	4 674
31 December 2020	759	708	104	11 053	12 624
<i>Long-term</i>	746	708	95	-	1 549
<i>Short-term</i>	13	-	9	11 053	11 075
1 January 2021	759	708	104	11 053	12 624
Provision made	26		5	1 213	1 244
Provision reversal	-	(118)		(11 053)	(11 171)
31 December 2021	785	590	109	1 213	2 697
<i>Long-term</i>	765	589	97	-	1 451
<i>Short-term</i>	20	1	12	1 213	1 246

The actuarial assumptions related to the provisions for employee benefits (post-mortem severance, retirement and pensions)

	31 December 2021	31 December 2020
Discount rate	3.6%	1.1%
Future salary growth		
- in the next 1-3 years	7.5%	5.0%
- in the next 4-10 years	5.0%	5.0%
- after further 10 years	2.5%	2.5%

Long-term employee incentive arrangements for key employees

Selected employees were included in the long-term employee incentive arrangement for key employees ('DPM 2018-2020') in the years 2018-2020. The employees under the arrangement were eligible to receive bonuses for participating in the arrangement, if they remained in an employment (or collaboration) relationship and they were not in a termination period on 31 May 2021. The bonus could equal to at least 60% of the annual total salary. The amount of the DPM 2018-2020 bonus depended in

80% on the level of achievement of the EBIT target and in 20% on the achievement of special targets for a given year (dedicated special targets for each of the years 2018, 2019 and 2020). The right to receive a bonus for a given year was each time confirmed by the Management Board and depended on the achievement of the targets in particular years. The bonus could not be paid to employees whose break in performing duties under their employment agreement with the Parent Entity exceeded 10% of the annual working time (except for maternity, paternity or parental leaves, in which cases the bonus was calculated in the amount proportional to the time worked). Furthermore, participants were not entitled to receive DPM bonuses if they acted to the detriment of the Parent Entity or engaged in conducting competitive activities. The Parent Entity recognised provisions for employee benefits related to DPM 2018-2020. In July 2021, DPM 2018-2020 was paid in full to its participants.

Selected employees were included in the long-term employee incentive arrangement for key employees ('DPM 2021-2023') in the years 2021-2023. The employees under the arrangement were eligible to receive bonuses for participating in the arrangement, if they remained in an employment (or collaboration) relationship and they were not in a termination period on 1 January 2024. The bonus could equal to at least 60% of the annual total salary. The amount of the DPM 2021-2023 bonus depended in 80% on the level of achievement of the EBIT target and in 20% on the achievement of the special targets for a given year (dedicated special targets for each of the years 2021, 2022 and 2023). The right to receive a bonus for a given year was each time confirmed by the Management Board and depended on the achievement of the targets in particular years. The bonus could not be paid to employees whose break in performing duties under their employment agreement with the Group's entity exceeded 10% of the annual working time (except for maternity, paternity or parental leaves, in which cases the bonus is calculated in the amount proportional to the time worked). Furthermore, a participant was not entitled to receive the DPM 2021-2023 bonus if he acted to the detriment of the Group or engaged in conducting a competitive activity. In December 2021, the Management Board of the Parent Entity decided to terminate this programme early and pay the bonus for the first year in December 2021, with the exception of the liability of PLN 1.213 thousand, which will be paid in 2022. The total cost of the programme included in the statement of comprehensive income is PLN 6.913 thousand.

6.8 Share-based payments and employee incentive programmes

Accounting principles

The value of an equity-settled share-based payment plan is measured at the fair value of the equity instruments at their grant date, which is the date on which the Parent Entity 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 payments) and is spread evenly over the option's vesting period (the period of time an employee must be employed by the Group to vest and for which the Group's and employees' performance targets are set, conditioning the vesting).

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

Non-market conditions (achievement of a predetermined level of EBIT) are reflected in the assumptions concerning the expected number of vested shares. There are no market vesting conditions in the programme and non-market vesting conditions are not recognised in the valuation.

Significant estimates and judgements

The expected lifetime of options

For a number of reasons, employees often exercise a share option at the beginning of the period in which this is possible. Usually, the granted options are non-transferable, which means that the employees cannot liquidate their position in the options other than by exercising them. Also, employees who cease employment can be required to exercise any vested options immediately (if they have previously vested the right to exercise), otherwise the options are forfeited. Another factor causing early exercise is risk aversion.

Expected share price volatility

Expected volatility is a quantity that shows how much (as you might expect) the price will fluctuate during the period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Factors to consider in estimating expected volatility include:

- implied volatility from traded share options on the entity's shares, or other traded instruments of the entity that include optional features (such as convertible debt), if any;
- the historical volatility of the share price over the most recent period that is generally commensurate with the expected term of the option (taking into account the remaining contractual life of the option and the effects of expected early exercise);
- the length of time an entity's shares has been publicly traded. Newly listed entities might have a high historical volatility, compared with similar entities that have been listed longer, the tendency of volatility to revert to its mean, i.e. its long-term average;
- the tendency of volatility to revert to its long-term average;
- appropriate and regular intervals for price observations.

Expected dividends

The Parent Entity pays dividends on shares. Participants of the arrangement for the period in which they do not yet hold shares will not receive a dividend amount, either directly or in any other form - the exercise (share conversion) price is fixed. According to IFRS 2, expected dividend payments should be included in the application of an option pricing model.

Expected option exercise date

Incentive arrangements are special types of options under which persons are entitled to receive additional compensation for providing services to the Parent Entity. Taking this into account, it should be assumed that such options will be exercised earlier than other types of options.

Expected share price volatility at the valuation date

Due to the fact that the shares covered by the arrangement are not listed on active market, it is not possible to obtain information on volatility based on market data. In the calculation of the valuation, the volatility of comparable entities, whose shares are listed on active market, was used. The Parent

Entity has identified the following five entities as meeting the criteria of similar nature of business and risk profile and presence on the trading floor since at least 2014:

- Recruit Holdings Co Ltd, listed on the Tokyo Stock Exchange,
- Seek, listed on the Australian Stock Exchange,
- Info Edge (India) Ltd, listed in India,
- 51job Inc, listed on NASDAQ,
- New Work SE, listed on Xetra.

Probability of realization of the condition (achieving a certain level of EBIT and remaining in the employment relationship)

To determine the amortisation schedule for the value of the programme, it is necessary to estimate how many options employees will be entitled to at each reporting date.

The Parent Entity used the Black-Scholes-Merton model to calculate the option valuation.

Share-based payments

The shareholder agreements regarding the options to acquire shares were signed on 5 December 2017. According to those agreements, the entitled participants could receive options (entitlements) convertible into shares in exchange for a cash contribution of a certain amount. The arrangement was effective for the following financial years: 2016 (options granted immediately), 2017 (granted in 2018), 2018 (granted in 2019), 2019 (granted in 2020) and 2020 (granted in 2021). The vesting period for each tranche ended on 31 December 2016, 2017, 2018, 2019 and 2020, respectively. Additional vesting could also be granted in connection with revenue from the so-called new business in 2021. The options offered under the arrangement were divided into 6 tranches. The number of options granted varies for each entitled Participant. The options granted (regardless of when the vesting period expires) could be exercised in the time frame from 6 to 31 July 2021 (in 2019, it was made possible through a change of the terms and conditions of the arrangement to exercise a portion of the vesting earlier). In connection with the transformation of the legal form, the Parent Entity enabled to exercise the programme through the conversion of options into shares.

The following table sets out the key assumptions and terms of the arrangement:

Fair value measurement of the programme at grant date, i.e. 5 December 2017	
Fair value of share option at grant date	83.59 or 37.23
Number of options	231 260
Total fair value (in PLN thousand)	18 172
The inputs used in the measurement of the fair values at grant date	
Share price at grant date (PLN)	197.35
Exercise price (PLN)	105.33 or 197.35
Expected volatility	30.57%
Expected exercise date	31 July 2021
Expected dividends	3.24%
Risk-free interest rate	1.97%
Model used	Black-Scholes Merton

The fair value of share options is estimated at the grant date using the Black-Scholes Merton pricing model, taking into account the terms and conditions on which the shares were granted to individual

participants. The fair value of the share options granted in 2017 is presented in the above table. The total value of the programme for all tranches as of 5 December 2017 amounted to PLN 18,172 thousand.

The total cost of the programme recognised in the Group's equity amounted to PLN 29,256 thousand and PLN 11,317 thousand was recognized in costs of employee benefits in 2021. The difference between the total valuation of the arrangement as at 5 December 2017 and the cost of the arrangement recognised in particular years resulted, among others, from a change in the number of options that were actually acquired in relation to the originally assumed number of rights, as a result of the early exit from the arrangement by one of the participants and a reduction in the number of rights in 2018 in proportion to the redemption of the Parent Entity's share capital in accordance with the arrangement rules. In 2019, there was a partial execution of the programme. In accordance with the annexes signed the Parent Entity gave an opportunity to exercise already granted rights (warrants) earlier than it was stated in the original rules of the arrangement. The total additional cost of the arrangement execution amounted to PLN 2,085 thousand.

Incentive Programme 1

On 29 October 2021 the Extraordinary General Meeting of the Parent Entity adopted a resolution establishing incentive programme No. 1 (hereinafter: 'Incentive Programme 1') for members of the Management Board and Supervisory Board and key employees (persons employed under an employment contract or mandate contract, regardless of the applicable law governing the contract). Incentive Programme 1 will be based on shares issued under the authorization granted to the Management Board to increase the share capital within the authorized share capital pursuant to a resolution No. 5 of the Extraordinary General Meeting of 22 October 2021 (hereinafter: 'Bonus Shares 1'). The Management Board is entitled to issue a maximum of 1,021,563 Bonus Shares 1, representing a maximum of 1.5% of the share capital, in order to execute the Incentive Programme 1, with the possibility of exclusion of the pre-emptive right with the consent of the Supervisory Board. The main objectives of the Incentive Programme 1 are to achieve long-term business goals of the Parent Entity and retain an employment relationship with employees who have a key impact on developing and implementing of the Parent Entity's strategy. Incentive Programme 1 will be implemented in the years 2022-2024. The participant's right to receive Bonus Shares 1 will be conditionally vested at the end of each calendar year within the duration of the Incentive Programme 1 and will be subject to the following conditions, which will be specified in detail by the Management Board:

- realization of a specific financial result for a given period of results (in the proportion of 80%),
- achieving of a specific business goal for a given period of results (in the proportion of 20%).

Each participant will pay the issue price for Bonus Shares 1 according to one of the methods chosen below:

- in the amount of the equivalent in PLN of 33% of the final price per share in the tranche for individual investors determined as part of the offer after rounding down to the nearest penny (PLN 1/100), or
- according to the nominal value of one share, i.e. PLN 5.

As at 31 December 2021, the Management Board of the Parent Entity has not sent yet the letters to the participants of the Incentive Programme 1 regarding participation in the programme, which means that the vesting period has not yet begun. The valuation of the programme will be recognised and presented during the vesting period.

Incentive Programme 2 and 3

On 29 October 2021 the Extraordinary General Meeting of the Parent Entity adopted resolutions establishing the regulations for the incentive programme No. 2 and 3 (each separately hereinafter: 'Incentive Programme 2' and 'Incentive Programme 3', together 'Incentive Programmes 2 and 3').

The main objectives of Incentive Programmes 2 and 3 are to achieve long-term business goals of the Parent Entity and maintain an employment relationship with employees who have a key impact on developing and implementing the Parent Entity's strategy. Incentive Programmes 2 and 3 will be based on shares issued under the authorization granted to the Management Board to increase the share capital within the authorized share capital pursuant to a resolution No. 5 of the Extraordinary General Meeting of 22 October 2021, with the possibility of exclusion of the pre-emptive right with the consent of the Supervisory Board. The Incentive Programme 2 is intended for employees (persons employed under an employment contract or a mandate contract (regardless of the applicable law governing the contract)) of the Group as well as members of the Management Board and the Supervisory Board of the Parent Entity. The Incentive Programme 3 is intended for the Group's cooperators (persons conducting business activity who provide services to the Group on the basis of a separate contract for the provision of services (regardless of the applicable law governing the contract)). The Management Board will be authorized to issue a maximum of 163,113 bonus shares 2 (hereinafter referred to as 'Bonus Shares 2') and 7,147 bonus shares 3 (hereinafter: 'Bonus Shares 3'), representing in total not more than 0.25% of the Parent Entity's share capital for the execution of Incentive Programmes 2 and 3.

The number of shares that each participant of Incentive Programmes 2 and 3 will receive will be determined at the Management Board's discretion on the basis of two factors:

- total seniority or period of cooperation with the Group, and
- the amount of remuneration of the participant of Incentive Programmes 2 and 3, which reflects his impact on the development of the Parent Entity.

Bonus Shares 2 and Bonus Shares 3 will be subject to lock-up until 9 September 2022. The Parent Entity intends to apply for admission of Bonus Shares 2 and Bonus Shares 3 to trading on the regulated market of the Warsaw Stock Exchange immediately after the date of registration of the increase in the Parent Entity's share capital by the registry court, using the appropriate exemption from the obligation to draw up a prospectus or on the basis of another information document prepared on the basis of separate regulations. Incentive Programmes 2 and 3 will be executed in the years 2021-2022. On 17 December 2021, each participant of the programme was informed of Bonus Shares 2 and Bonus Shares 3 to receive, while obtaining information about the number of shares granted. The valuation of a single equity instrument granted is equal to the price of shares on the Warsaw Stock Exchange on 17 December 2021, less the nominal value of that share. Each participant of the programme will take up shares at the nominal price. Therefore, as at 31 December 2021, the costs of employee benefits in the amount of PLN 1,254 thousand were recognised for the period from their grant date to 31 December 2021. The total value of the programme equaled to PLN 10,658 thousand and regarding 170,260 shares granted will be recognized in the Parent Entity's equity.

The Extraordinary General Meeting of the Parent Entity adopted a resolution authorizing the Management Board to issue new bearer shares in the number of not more than 1,191,823 with a nominal value of PLN 5 each and with a total nominal value of not more than PLN 5,959,115. Within the limits of the authorized share capital, the Management Board is entitled to make one or several subsequent increases in the Parent Entity's share capital for the purposes related to the execution of Incentive Programmes 2 and 3 and Incentive Programme 1 referred to above. The authorization of the Management Board to increase the share capital within the authorized share capital expires three years

after the registration by a registry court competent for the Entity of the amendment to the Entity's Statute, i.e. the amendment made pursuant to the resolution of the General Meeting of the Entity No. 5/2021 of 22 October 2021. Taking into account that the authorization of the Management Board to increase the share capital as part of the resolution on the establishment of the authorized share capital expires after three years, and the vesting of Bonus Shares 1 will take place no earlier than on 31 March 2025, the intention of the Parent Entity will be to take action to ensure that the General Meeting adopts by the end of 2022 a resolution to extend the Management Board's right to increase the share capital within the authorized share capital along with the possibility of exclusion by the Management Board of preemptive rights to shares issued as part of the authorized share capital in whole or in part with the consent of the Supervisory Board, in such a way that the increase of the share capital and the issue of Bonus Shares 1 are possible in 2025.

7. OTHER EXPLANATORY NOTES

7.1 Earnings per share

Earnings per share is calculated by dividing a net profit for the financial year attributable to owners of the Parent Entity by the weighted average number of ordinary shares in the reporting period, adjusted proportionately for the effect of the change in the number of shares outstanding as a result of the transformation of the legal form of the Parent Entity from a limited liability entity to a joint stock, assuming no concurrent change in resources.

During the periods covered by these consolidated financial statements, there were equity instruments diluting the weighted average number of ordinary shares issued used to calculate basic earnings per share and resulted from the acquisition of rights under the share-based payment arrangement described in Note 6.8. For purposes of calculating the number of shares that have a dilutive effect on the earnings per share ratio, the weighted average prices of the Parent Entity's shares were used, determined by reference to the Parent Entity's actual share purchases in 2020 and 2021 in connection with the Parent Entity's share repurchases for redemption.

	2021	2020
Net profit attributable to ordinary equity holders of the Parent Entity		
Continuing operations	254 693	105 753
Net profit attributable to ordinary equity holders of the Parent Entity	254 693	105 753
Weighted average number of ordinary shares* - for the purposes of calculation of basic earnings per share – after transformation into a joint stock company	67 222 215	66 956 488
Effect of dilution (share-based payments):	158 518	798 323
Weighted average number of ordinary shares* - for the purposes of calculation of diluted earnings per share - after transformation into a joint stock company	67 380 733	67 754 811
Basic earnings per share (in PLN) - Continuing operations	3.79	1.58
Diluted earnings per share (in PLN) - Continuing operations	3.78	1.56

*The number of shares directly after transformation was equal to 66,973,370, which means a transformation of shares into stocks according to the parity of 1 share for 10 stocks. The weighted average number of shares in each period has been converted into the number of stocks after transformation - proportionally using the above parity.

7.2 Related party transactions

In the periods covered by consolidated these financial statements, the Group have concluded transactions with its related parties. The balances and turnover of transactions with related parties are presented in the tables below.

	Receivables		Payables	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Associates	2	2	434	66
Other related parties ¹	4 995	-	2 259	39
Total	4 997	2	2 693	105

	Revenue from contracts with customers		Other external services	
	2021	2020	2021	2020
Associates	35	46	1 016	371
Other related parties ¹	3 799	250	78	5
Total	3 834	296	1 094	376

	Finance income	
	2021	2020
Associates	6 618	3 740
Total	6 618	3 740

¹ Other related parties shall also include entities that are significantly influenced by or in which a member of the Parent Entity's key management personnel or his close family member have a significant number of votes.

In the period covered by these consolidated financial statements, there were no transactions between the Group and its related parties concluded on terms other than market terms. The members of the Parent Entity's Management Board, Supervisory Board and their close family members and other related entities have not entered into transactions with the entities from the Group that significantly affected the profit or loss for the reporting period or the financial position of the Group.

7.3 Remuneration and other transactions with key management personnel

Remuneration of key management personnel

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

	2021	2020
Short-term employee benefits	2 516	1 550
Post-employee benefits	55	7
Share-based payments	11 317	731
Total	13 888	2 288

Short-term employee benefits relate to salary costs and bonuses including surcharges for members of the Management Board and Supervisory Board.

Non-cash benefits received by members of the Group's key management personnel primarily relate to medical packages, entity cars and phones used for private purposes and their value is not significant.

Payments to key management personnel arising from their shares in the Parent Entity

	2021	2020
Outflows:		
- dividends paid	(68 887)	(39 905)
- remuneration paid due to acquisition of Parent Entity's shares held by Members of the Management Board	(6 610)	-
Total	(75 497)	(39 905)

7.4 Remuneration of the audit firm

	2021	2020
Audit of standalone financial statements of the Parent Entity and consolidated financial statements of the Group	1 427	143
Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp.k.		
<i>Obligatory audit of annual financial statements</i>	235	-
<i>Other services</i>	1 112	-
Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k.		
<i>Obligatory audit of annual financial statements</i>	-	143
<i>Other services</i>	80	-
Audit of financial statements of the subsidiaries	196	191

7.5 Employee benefit expenses

	2021	2020
Wages and salaries	81 051	74 943
Bonuses	34 243	17 182
Share-based payments	12 571	731
Social security contributions	15 095	13 627
Other employee benefits	3 716	2 397
Total	146 676	108 880

7.6 Employee structure

The table below presents the information on the average number of employed people based on an employment contract, by occupations:

	2021	2020
Management Board	3	3
Management Staff	130	138
Other employees	720	648
Total	853	789

7.7 Contingent liabilities

Accounting principles

The Group recognises as a contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Issuer of a guarantee	Currency	31 December 2021	31 December 2020
PKO Bank Polski S.A.	EUR	487	484
Total	EUR	487	484

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

7.8 The impact of the armed conflict in Ukraine on the Group's business activity

On 24 February 2022, martial law was introduced in Ukraine in connection with the entry of the Russian Federation troops into Ukraine and the beginning of an armed conflict, which creates new and unpredictable circumstances for the Ukrainian economy. The Group holds shares in entities conducting business operations in Ukraine (hereinafter: 'Ukrainian Entities') and generates revenue from operating activities conducted by Robota International TOV (hereinafter: 'Robota').

The share of the Ukraine segment in revenue from contracts with customers and in operating profit of the Group is as follows (details are described in Note 2.1 of these consolidated financial statements):

2021	Segment Poland	Segment Ukraine	Intra segment adjustments	Total
External revenue	424 579	50 534	-	475 113
Other operating income	1 071	43	-	1 114
Inter-segment revenue	34	173	(206)	-
Segment revenue	425 684	50 750	(206)	476 227
Depreciation and amortisation	(8 550)	(3 487)	-	(12 037)
Operating expenses other than depreciation and amortisation	(194 416)	(42 473)	206	(236 682)
Operating profit	222 718	4 790	-	227 508

In addition, the Group recorded a share of profit of equity-accounted investees, regarding Work Ukraine TOV conducting its business operations in Ukraine, and reported in the consolidated statement of comprehensive income in the amount of PLN 3,293 thousand.

The Management Board of the Parent Entity monitors the development of the military and economic situation in Ukraine on an ongoing basis, analyzing its impact on the activities of Ukrainian Entities and the Group. Despite difficult and unstable situation, that has caused since 24 February 2022 a very significant decrease in revenue from contracts with customers in these entities, they are able to continue as a going concern.

The armed conflict in Ukraine may have a long-term negative impact on the operating and financial results of entities operating there. The biggest risk may be the long-term deteriorating economic situation in Ukraine, which will result in a persistent decline in revenues, difficulties with repayment of receivables in Ukrainian Entities, and consequently impairment of the Group's assets involved in Ukraine. However, so far no assets used to generate cash flows in Ukrainian Entities have been destroyed and there are no restrictions on access to these assets, in particular to assets available through banking systems. In addition, Ukrainian Entities have sufficient cash resources to continue operations in the coming months. The risk of losing the possibility of using Internet domains that Ukrainian Entities use to conduct operating activities on the basis of license agreements is low or does not exist. These domains are registered by entities with their registered office in Cyprus in which the Group holds shares.

A list of Robota's assets recognised in the consolidated statement of financial position as at 31 December 2021, which are exposed to the risk of impairment and the relevant assets of the Group presented in the consolidated statement of financial position as at 31 December 2021 are presented in the table below:

	Robota's assets	Group's assets
Intangible assets	29	6 176
Property, plant and equipment	2 929	9 910
Right-of-use assets	7 390	20 854
Deferred tax assets	5 755	30 391
Trade receivables	6 449	55 739
Other non-financial assets	1 614	6 799
Cash and cash equivalents	23 339	184 836

In addition, the Group's assets include equity-accounted investees, which conduct operating activities in Ukraine, and as at 31 December 2021 they amounted to PLN 19,344 thousand.

A list of the Group's liabilities regarding operations in Ukraine, and the relevant liabilities of the Group presented in the consolidated statement of financial position as at 31 December 2021 are presented in the table below:

	Group's liabilities related to operations in Ukraine	Group's liabilities
Lease liabilities	5 331	17 135
Current lease liabilities	2 697	9 191
Employee benefits	2 889	14 860
Trade payables	410	15 770
Other payables	3 179	15 999
Contract liabilities	33 903	131 222

Moreover, the Group has a put option liability to non-controlling shareholders of Robota. This liability as at 31 December 2021 amounted to PLN 13,481 thousand.

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

The Management Board of the Parent Entity assesses that as at the date of approval of these consolidated financial statements, there are no indications of loss of ability to continue operations by Ukrainian Entities.

7.9 Subsequent events

Payment of the liability due to the acquisition of shares in an associate

As at the balance sheet date, the Group recognised a liability due to the acquisition of shares in an associate Fitqbe in the amount of PLN 4,507 thousand (Note 5.3), which was fully settled on 11 January 2022.

Contribution to Pracuj Ventures

In accordance with the Resolution No. 2 of the Shareholders' Meeting of Pracuj Ventures dated 16 February 2022 regarding the increase in contributions, Grupa Pracuj S.A. made an additional cash contribution in the amount of PLN 6,083 thousand to Pracuj Ventures. Payment was made on 21 February 2022.

Approval of the consolidated financial statements for the year ended 31 December 2021

The foregoing consolidated financial statements for the year ended 31 December 2021 were approved by the Management Board of the Parent Entity on 21 April 2022.

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Przemysław Gacek
President of the Management Board

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Gracjan Fiedorowicz
Member of the Management Board

.....
Rafał Nachyna
Member of the Management Board

