



grupa pracuj

Grupa Pracuj S.A.

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

Financial statements
for the year ended 31 December 2021

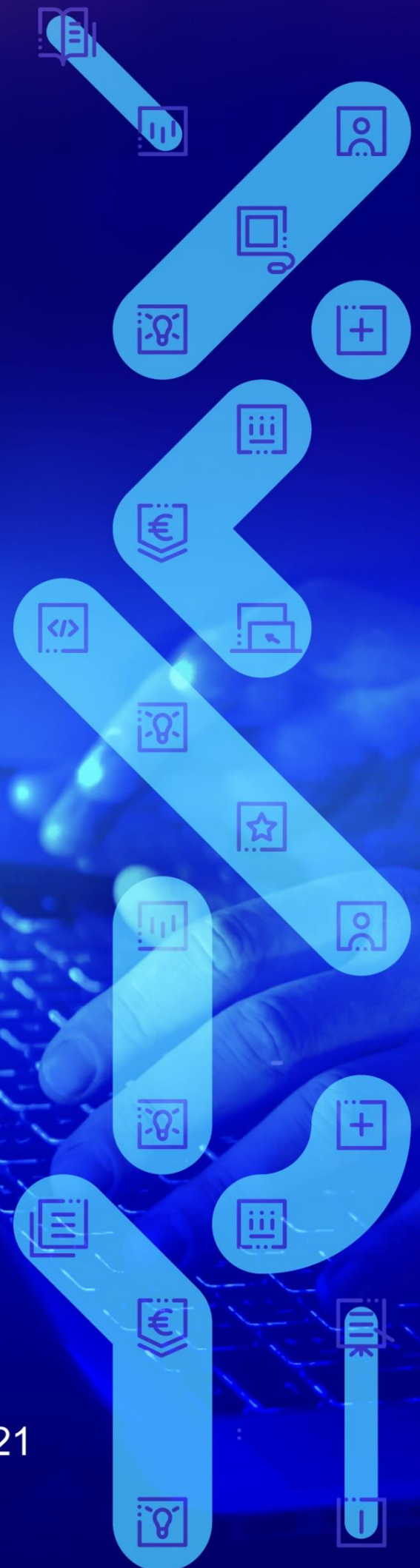


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STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS	Note	2021	2020
Revenue from contracts with customers	2.1	398 361	240 604
Depreciation and amortisation		(8 168)	(7 995)
Marketing expenses		(40 780)	(11 880)
Software as services		(4 286)	(5 481)
Other external services		(21 585)	(13 859)
Employee benefits	2.2	(106 009)	(77 889)
Other expenses		(2 938)	(2 374)
Other operating income	2.3	1 001	710
Other operating costs	2.3	(191)	(667)
Expected credit losses	6.1	148	(325)
Operating profit		215 553	120 844
Finance income	2.4	112 337	7 519
Finance costs	2.4	(2 313)	(6 542)
Net finance income / (costs)		110 024	977
Share of profit of equity-accounted investees	4.4	3 133	2 258
Profit before tax		328 710	124 079
Income tax	3.1	(62 449)	(23 834)
Profit from continuing operations		266 261	100 245
Net profit		266 261	100 245
OTHER COMPREHENSIVE INCOME			
		2021	2020
Items that will not be reclassified to profit or loss		235	5
Actuarial gain / (loss) from remeasurement of provisions for employee benefits	4.15	290	6
Income tax on other comprehensive income		(55)	(1)
Total other comprehensive income		235	5
TOTAL COMPREHENSIVE INCOME		266 496	100 250
Basic profit per share (PLN) - continuing operations			
	4.12	3.96	1.50
Diluted profit per share (PLN) - continuing operations			
	4.12	3.95	1.48

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2021	31 December 2020	1 January 2020
Intangible assets	4.1	4 525	2 392	2 317
Property, plant and equipment	4.2	6 363	7 521	8 717
Right-of-use assets	4.3	13 464	16 955	21 453
Investments in subsidiaries	4.4	21 486	12 447	12 447
Equity-accounted investees	4.4	32 484	23 945	25 862
Other financial assets	4.5	127 229	34 816	29 206
Other non-financial assets	4.6	-	1	19
Deferred tax assets	3.1	22 450	20 613	21 330
Non-current assets		228 001	118 690	121 351
Trade receivables	4.5	45 987	24 664	32 492
Other financial assets	4.5	31 801	18 493	16 293
Other non-financial assets	4.6	4 568	2 007	1 835
Cash and cash equivalents	4.7	141 815	97 121	52 426
Current assets		224 171	142 285	103 046
Total assets		452 172	260 975	224 397

EQUITY AND LIABILITIES	Note	31 December 2021	31 December 2020	1 January 2020
Share capital	4.8	340 521	334 867	335 367
Reserve capital		108 516	107 247	99 299
Reserve capital for the acquisition of own shares		1 080	2 960	9 639
Share-based payments	4.14	29 256	16 685	15 954
Other reserves		32	37 837	(208)
Merger reserve		(585 375)	(585 375)	(585 375)
Retained earnings		373 108	179 014	176 817
Total equity		267 138	93 235	51 493
Bank loans	4.13	-	-	28 285
Lease liabilities	4.13	11 804	17 121	20 779
Employee benefits	4.15	1 331	1 419	6 716
Deferred tax liabilities	3.1	19 145	2 716	3 006
Non-current liabilities		32 280	21 256	58 786
Bank loans	4.13	-	29 294	918
Lease liabilities	4.13	6 494	6 254	5 949
Employee benefits	4.15	11 465	16 336	8 939
Trade payables	4.16	14 685	12 291	10 099
Other payables	4.17	12 253	5 917	6 454
Other financial liabilities	4.16	7 097	-	-
Current tax liabilities	3.1	3 943	1 711	6 395
Contract liabilities	2.1	96 817	74 681	75 364
Current liabilities		152 754	146 484	114 118
Total liabilities		185 034	167 740	172 904
Total equity and liabilities		452 172	260 975	224 397

STATEMENT OF CASH FLOWS

	Note	2021	2020
Cash flows from operating activities			
Profit before tax		328 710	124 079
Adjustments for:			
Share in (profit) / loss of equity-accounted investees		(3 133)	(2 258)
Depreciation and amortisation		8 168	7 995
(Gain) / Loss due to exchange differences		393	2 994
(Gain) / Loss on interest		491	1 538
(Profit) / Loss on investment activities		(110 247)	(3 781)
Equity-settled share-based payment transactions	4.14	12 429	731
Income tax paid	3.1	(45 306)	(27 898)
Changes in working capital:			
Employee benefits	4.15	(4 669)	2 106
Trade receivables	4.5	(21 323)	7 829
Other non-financial assets	4.6	(2 562)	(172)
Trade payables	4.16	2 394	2 192
Other payables	4.17	6 043	(458)
Contract liabilities	2.1	22 136	(683)
Other adjustments		5	(80)
Net cash flows from operating activities		193 529	114 134
Cash flows from investing activities			
Interest received		4	-
Repayment of loans granted (capital part)		600	22
Loans granted		(300)	(321)
Acquisition of financial assets	4.5	(97 819)	(53 430)
Proceeds from the sale of investments	4.5	77 163	45 918
Dividends received		17 503	7 118
Proceeds from sale of property, plant and equipment and intangible assets		691	737
Acquisition of property, plant and equipment and intangible assets		(5 177)	(2 715)
Other proceeds related to investment activities		-	278
Net cash flows from investing activities		(7 335)	(2 393)
Cash flows from financing activities			
Dividends paid	4.11	(103 675)	(60 008)
Repurchase of own shares	4.9	(7 796)	-
Proceeds from issue of shares	4.9	6 307	769
Repayment of bank loans	4.13	(29 181)	-
Payment of lease liabilities	4.13	(6 043)	(5 818)
Interest paid	4.13	(608)	(1 447)
Net cash flows from financing activities		(140 996)	(66 504)
Total net cash flows		45 198	45 236
Cash and cash equivalents at the beginning of the period			
Effect of movements in exchange rates on cash and cash equivalents		(504)	(541)
Cash and cash equivalents at the end of the period		141 815	97 121
Cash and cash equivalents in the statement of financial position	4.7	141 815	97 121

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Merger reserve	Retained earnings	Total equity
1 January 2021	334 867	107 247	2 960	16 685	37 837	(585 375)	179 014	93 235
Net profit / (loss) for the period	-	-	-	-	-	-	266 261	266 261
Other comprehensive income for the period	-	-	-	-	235	-	-	235
Total comprehensive income for the period	-	-	-	-	235	-	266 261	266 496
Issue of shares	6 307	-	-	-	-	-	-	6 307
Redemption of own shares ¹	(653)	-	653	-	-	-	-	-
Acquisition of own shares ¹	-	-	(7 796)	-	-	-	-	(7 796)
Creation of reserve capital	-	1 269	(1 269)	-	-	-	-	-
Equity-settled share-based payment	-	-	-	12 571	-	-	-	12 571
Distribution of retained earnings	-	-	6 532	-	-	-	(6 532)	-
Dividends	-	-	-	-	(38 040)	-	(65 635)	(103 675)
Transactions with owners	5 654	1 269	(1 080)	12 571	(38 040)	-	(72 167)	(92 593)
31 December 2021	340 521	108 516	1 080	29 256	32	(585 375)	373 108	267 138

¹ Detailed information has been described in Note 4.9.

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	Share capital	Reserve capital	Reserve capital for the acquisition of own shares	Share-based payments	Other reserves	Merger reserve	Retained earnings	Total equity
1 January 2020	335 367	99 299	9 639	15 954	(208)	(585 375)	176 817	51 493
Net profit / (loss) for the period	-	-	-	-	-	-	100 245	100 245
Other comprehensive income for the period	-	-	-	-	5	-	-	5
Total comprehensive income for the period	-	-	-	-	5	-	100 245	100 250
Issue of shares	769	-	-	-	-	-	-	769
Redemption of own shares	(1 269)	-	1 269	-	-	-	-	-
Equity-settled share-based payment	-	-	-	731	-	-	-	731
Distribution of retained earnings	-	-	-	-	38 040	-	(38 040)	-
Creation of reserve capital	-	7 948	(7 948)	-	-	-	-	-
Dividends	-	-	-	-	-	-	(60 008)	(60 008)
Transactions with owners	(500)	7 948	(6 679)	731	38 040	-	(98 048)	(58 508)
31 December 2020	334 867	107 247	2 960	16 685	37 837	(585 375)	179 014	93 235

1. GENERAL INFORMATION

1.1 General information about the 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.' 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.

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

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 financial statements, there have been no changes in the composition of the Management Board of the Entity.

As at 31 December 2021 the Supervisory Board of the 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 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 Information about the Group

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

In addition, the Group holds interests in associates, which are accounted for using the equity method.

The Entity has prepared the consolidated financial statements for the year ended 31 December 2021.

As at 31 December 2021, 31 December 2020 and 1 January 2020 the share in the total number of votes held by the Entity in its subsidiaries and associates is equal to the Entity's share in the share capitals of those entities.

The Entity holds investments in the following subsidiaries and associates as at 31 December 2021, 31 December 2020 and 1 January 2020:

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

² Note 4.4.

1.4 Basis for the preparation of the separate financial statements

This statement of financial position of Grupa Pracuj S.A. as at 31 December 2021, 31 December 2020 and 1 January 2020, as well as the statement of comprehensive income, statement of changes in equity and statement of cash flows for the periods ended on 31 December 2021 and 31 December 2020, respectively, 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').

These financial statements are the Entity's first financial statements prepared in accordance with IFRS, using IFRS 1 *First-time Adoption of International Financial Reporting Standards* ('IFRS 1'). The impact of the transition to IFRS is presented in Note 1.8

The 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.

The Management Board of Grupa Pracuj S.A. declares that, according to its best judgment, these 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 Entity.

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

These financial statements have been prepared under the assumption that the Entity will continue to operate on a going concern basis in the foreseeable future. As at the date of approval of these financial statements, the Management Board of Grupa Pracuj S.A. 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 Entity's operations has been analysed and described in detail in Note 7.6.

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 Entity 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 the financial statements.

Financial statements line items to which significant estimates and judgments relate	Note
Revenue from contracts with customers	2.1
Deferred tax assets	3.1
Receivables and liabilities due to taxes	3.1
Lease liabilities	4.13
Financial assets measured at amortised cost	4.5
Trade receivables	4.5
Unlisted shares	4.4
Intangible assets	4.1
Property, plant and equipment	4.2
Right-of-use assets	4.3
Equity-accounted investees	4.4
Employee benefits	4.15
Share-based payments	4.14

1.6 The impact of new standards and interpretations

New standards, amendments to standards and interpretations that have been adopted by the European Union and 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 relate 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 Entity has decided to apply the new standards and amendments to the existing standards in line with the effective date specified therein, i.e. the Entity has not decided to apply the above amendments earlier. The amended standards and interpretations that have been applied in 2021 for the first time, are not expected to have a significant impact on the financial statements of Grupa Pracuj S.A.

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, i.a. 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 financial statements of the Entity.

1.7 Functional currency and foreign currency transactions

Accounting principles

Functional currency and presentation currency

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

Polish zloty (PLN) is the functional currency of the Entity as well as the presentation currency of these financial statements. All figures in these 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 measured, 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.

For the translation of transactions and balances expressed in foreign currencies, the following exchange rates have been used:

	The exchange rate at the reporting date		
	31 December 2021	31 December 2020	1 January 2020
EUR	4.5994	4.6148	4.2585
USD	4.0600	3.7584	3.7977
UAH	0.1487	0.1326	0.1602

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

1.8 Impact of the transition from previously applied accounting principles

These financial statements represent the Entity's first financial statements prepared in accordance with IFRS. The date of transition to IFRS is 1 January 2020 (the 'Transition Date'). The accounting principles previously applied by the Entity were in line with the Polish Accounting Act dated 29 September 1994 (Official Journal of 2021, item 217 with subsequent amendments).

The decision to prepare the financial statements in accordance with IFRS was made in the form of a resolution adopted by the Extraordinary Meeting of Shareholders of Grupa Pracuj S.A. on 22 October 2021 on the basis of the article 45 paragraphs 1a and 1c of the Accounting Act.

The date of transition to IFRS for Grupa Pracuj S.A. 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 Group's first consolidated financial statements prepared in accordance with IFRS were included in the Historical Financial Information prepared for the years 2018-2020. Due to the fact that the Entity has adopted IFRS for the first time in the preparation of these financial statements later than the date of application of IFRS for the purpose of preparation of consolidated financial statements, the Entity has measured its assets and liabilities at the carrying amounts relating to it that had been included in the consolidated financial statements as at the transition date of the Group.

The tables below present:

- Reconciliation of the statement of financial position reported under the previously applied accounting principles to the statement of financial position prepared in accordance with IFRS, as at 31 December 2020 (the end of the latest period for which financial statements were prepared in accordance with previously applied accounting principles) and as at the Transition Date, i.e. 1 January 2020;
- Reconciliation of the statement of comprehensive income and statement of cash flows prepared in accordance with previously applied accounting principles to those statements prepared in accordance with IFRS, for the period ended 31 December 2020 (the latest period for which financial statements were prepared in accordance with previously applied accounting principles).

Impact of transition to IFRS as at 1 January 2020

Statement of financial position (1/2)

	Financial data as reported in accordance with the Polish Accounting Act	Correctons of errors [1]-[4]			Adjustments resulting from the transition to IFRS [5]-[10]						Financial data as presented in these historical financial information in accordance with IFRS
		Provisions for post-employment benefits	Valuation of shares accounted for using the equity method	Investment valuation	IFRS 3 / IFRS 1	IFRS 16	IFRS 9	IFRS 9 / IFRS 13	IFRS 2	Other adjustments	
1 January 2020		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	
Assets											
Intangible assets	549 427	-	-	-	(547 082)	-	-	-	-	(27)	2 317
Property, plant and equipment	9 273	-	-	-	-	(556)	-	-	-	-	8 717
Right-of-use assets	-	-	-	-	-	21 453	-	-	-	-	21 453
Long-term investments	39 454	-	-	-	(20 270)	-	-	-	-	(6 736)	12 447
Long-term prepayments and deferred expenses	7 652	-	-	-	(7 633)	-	-	-	-	(19)	0
Equity-accounted investees	20 631	-	5 231	-	-	-	-	-	-	-	25 862
Other financial assets	-	-	-	(982)	-	-	-	20 500	-	9 688	29 206
Other non-financial assets	-	-	-	-	-	-	-	-	-	19	19
Deferred tax assets	-	234	-	187	-	112	(30)	-	-	20 827	21 330
Non-current assets	626 437	234	5 231	(795)	(574 986)	21 008	(30)	20 500	-	23 752	121 351
Trade receivables	32 298	-	-	-	-	-	195	-	-	-	32 492
Other financial assets	18 912	-	-	-	-	-	-	-	-	(2 619)	16 293
Other receivables	537	-	-	-	-	-	-	-	-	1 298	1 835
Short-term prepayments and deferred expenses	2 471	-	-	-	(900)	-	-	-	-	(1 571)	-
Own shares	6 338	-	-	-	-	-	-	-	-	(6 338)	-
Cash and cash equivalents	52 485	-	-	-	-	-	-	-	-	(59)	52 426
Current assets	113 041	-	-	-	(900)	-	195	-	-	(9 290)	103 046
Total assets	739 478	234	5 231	(795)	(575 885)	21 008	165	20 500	-	14 462	224 397

Statement of financial position (2/2)

	Financial data as reported in accordance with the Polish Accounting Act	Correctors of errors [1]-[4]			Adjustments resulting from the transition to IFRS [5]-[10]						Financial data as presented in these historical financial information in accordance with IFRS	
		Provisions for post-employment benefits	Valuation of shares accounted for using the equity method	Investment valuation	IFRS 3 / IFRS 1	IFRS 16	IFRS 9	IFRS 9 / IFRS 13	IFRS 2	Other adjustments		
												[1]
1 January 2020												
Equity and liabilities												
Share capital	335 367	-	-	-	-	-	-	-	-	-	-	335 367
Reserve capital	99 299	-	-	-	-	-	-	-	-	-	-	99 299
Other reserves	15 978	(208)	-	-	-	-	-	-	-	(6 338)	-	9 432
Share-based payments	-	-	-	-	-	-	-	-	15 954	-	-	15 954
Merger reserve	-	-	-	-	(585 375)	-	-	-	-	-	-	(585 375)
Retained earnings	98 048	(791)	5 231	(795)	74 082	(476)	165	17 307	(15 954)	-	-	176 817
Total equity	548 692	(999)	5 231	(795)	(511 294)	(476)	165	17 307	-	(6 338)	-	51 493
Deferred tax liabilities	43 578	-	-	-	(64 591)	-	-	3 192	-	20 827	-	3 006
Employee benefits	5 505	1 212	-	-	-	-	-	-	-	-	-	6 716
Bank loans	28 285	-	-	-	-	-	-	-	-	-	-	28 285
Lease liabilities	-	-	-	-	-	20 779	-	-	-	-	-	20 779
Non-current liabilities	77 367	1 212	-	-	(64 591)	20 779	-	3 192	-	20 827	-	58 787
Employee benefits	8 918	22	-	-	-	-	-	-	-	-	-	8 939
Bank loans	918	-	-	-	-	-	-	-	-	-	-	918
Lease liabilities	170	-	-	-	-	5 779	-	-	-	-	-	5 948
Trade payables	10 099	-	-	-	-	-	-	-	-	-	-	10 099
Taxation, social security, health insurance and other legal payables, payroll and other liabilities	6 204	-	-	-	-	-	-	-	-	-	-	6 204
Other payables	277	-	-	-	-	-	-	-	-	(27)	-	250
Current tax liabilities	6 395	-	-	-	-	-	-	-	-	-	-	6 395
Contract liabilities	80 438	-	-	-	-	(5 074)	-	-	-	-	-	75 364
Current liabilities	113 419	22	-	-	-	705	-	-	-	(27)	-	114 118
Total liabilities	190 786	1 233	-	-	(64 591)	21 484	-	3 192	-	20 800	-	172 905
Total equity and liabilities	739 478	234	5 231	(795)	(575 885)	21 008	165	20 500	-	14 462	-	224 397

Impact of transition to IFRS as at 31 December 2020

Statement of financial position (1/2)

	Financial data as reported in accordance with the Polish Accounting Act	Correctors of errors [1]-[3]			Adjustments resulting from the transition to IFRS [4]-[8]						Financial data as presented in these historical financial information in accordance with IFRS	
		Provisions for post-employment benefits	Valuation of shares accounted for using the equity method	Investment valuation	IFRS 3 / IFRS 1	IFRS 16	IFRS 9	IFRS 9 / IFRS 13	IFRS 2	Other adjustments		
												[1]
31 December 2020												
Assets												
Intangible assets	512 955	-	-	-	(510 542)	-	-	-	-	-	(22)	2 392
Property, plant and equipment	7 521	-	-	-	-	-	-	-	-	-	-	7 521
Right-of-use assets	-	-	-	-	-	16 955	-	-	-	-	-	16 955
Long-term investments	46 540	-	-	-	(20 270)	-	-	-	-	-	(13 822)	12 447
Equity-accounted investees	19 605	-	4 341	-	-	-	-	-	-	-	-	23 945
Long-term prepayments and deferred expenses	6 826	-	-	-	(6 825)	-	-	-	-	-	(1)	(0)
Other financial assets	-	-	-	(2 505)	-	-	-	20 500	-	-	16 822	34 816
Other non-financial assets	-	-	-	-	-	-	-	-	-	-	1	1
Deferred tax assets	-	274	-	476	-	435	20	-	-	-	19 407	20 613
Non-current assets	593 447	274	4 341	(2 029)	(537 637)	17 390	20	20 500	-	-	22 385	118 690
Trade receivables	24 794	-	-	-	-	-	(130)	-	-	-	-	24 664
Other financial assets	18 048	-	-	-	-	-	-	-	-	-	445	18 493
Other receivables	3 643	-	-	-	-	-	-	-	-	-	(1 637)	2 007
Short-term prepayments and deferred expenses	2 313	-	-	-	(808)	-	-	-	-	-	(1 505)	-
Cash and cash equivalents	97 583	-	-	-	-	-	-	-	-	-	(462)	97 121
Current assets	146 381	-	-	-	(808)	-	(130)	-	-	-	(3 159)	142 284
Total assets	739 828	274	4 341	(2 029)	(538 445)	17 390	(110)	20 500	-	-	19 227	260 975

Statement of financial position (2/2)

	Financial data as reported in accordance with the Polish Accounting Act	Correctons of errors [1]-[3]			Adjustments resulting from the transition to IFRS [4]-[8]						Financial data as presented in these historical financial information in accordance with IFRS	
		Provisions for post-employment benefits	Valuation of shares accounted for using the equity method	Investment valuation	IFRS 3 / IFRS 1	IFRS 16	IFRS 9	IFRS 9 / IFRS 13	IFRS 2	Other adjustments		
												[1]
31 December 2020												
Equity and liabilities												
Share capital	334 867	-	-	-	-	-	-	-	-	-	-	334 867
Reserve capital	107 247	-	-	-	-	-	-	-	-	-	-	107 247
Reserve capital for the acquisition of own shares	-	-	-	-	-	-	-	-	-	2 961	-	2 961
Share-based payments	-	-	-	-	-	-	-	-	16 685	-	-	16 685
Other reserves	41 000	(203)	-	-	-	-	-	-	-	(2 961)	-	37 837
Merger reserve	-	-	-	-	(585 375)	-	-	-	-	-	-	(585 375)
Retained earnings	72 167	(963)	4 341	(2 029)	106 842	(1 856)	(110)	17 307	(16 685)	-	-	179 014
Total equity	555 281	(1 166)	4 341	(2 029)	(478 533)	(1 856)	(110)	17 307	-	-	-	93 235
Lease liabilities	-	-	-	-	-	17 121	-	-	-	-	-	17 121
Employee benefits	-	1 419	-	-	-	-	-	-	-	-	-	1 419
Deferred tax liabilities	40 029	-	-	-	(59 912)	-	-	3 192	-	-	19 407	2 716
Non-current liabilities	40 029	1 419	-	-	(59 912)	17 121	-	3 192	-	-	19 407	21 256
Bank loans	29 294	-	-	-	-	-	-	-	-	-	-	29 294
Lease liabilities	-	-	-	-	-	6 254	-	-	-	-	-	6 254
Employee benefits	16 315	21	-	-	-	-	-	-	-	-	-	16 336
Trade payables	12 291	-	-	-	-	-	-	-	-	-	-	12 291
Taxation, social security, health insurance and other legal payables, payroll and other liabilities	7 131	-	-	-	-	-	-	-	-	-	(1 892)	5 239
Other payables	677	-	-	-	-	-	-	-	-	-	-	677
Current tax liabilities	-	-	-	-	-	-	-	-	-	-	1 711	1 711
Contract liabilities	78 809	-	-	-	-	(4 128)	-	-	-	-	-	74 681
Current liabilities	144 518	21	-	-	-	2 126	-	-	-	-	(181)	146 484
Total liabilities	184 547	1 440	-	-	(59 912)	19 247	-	3 192	-	-	19 227	167 740
Total equity and liabilities	739 828	274	4 341	(2 029)	(538 445)	17 390	(110)	20 500	-	-	19 227	260 975

Statement of comprehensive income (1/2)

	Financial data as reported in accordance with the Polish Accounting Act	Correctons of errors [1]-[3]			Adjustments resulting from the transition to IFRS [4]-[8]						Financial data as presented in these historical financial information in accordance with IFRS	
		Provisions for post-employment benefits	Valuation of shares accounted for using the equity method	Investment valuation	IFRS 3 / IFRS 1	IFRS 16	IFRS 9	IFRS 9 / IFRS 13	IFRS 2	Other adjustments		
												[1]
2020												
Revenue from contracts with customers	240 604	-	-	-	-	-	-	-	-	-	-	240 604
Depreciation and amortisation	(27 262)	-	-	-	23 729	(4 462)	-	-	-	-	-	(7 995)
Raw materials and consumables	(917)	-	-	-	-	-	-	-	-	-	917	-
Other external services	(38 735)	-	-	-	900	5 111	-	-	-	-	18 865	(13 859)
Taxes and charges	(792)	-	-	-	-	-	-	-	-	-	792	-
Marketing expenses	-	-	-	-	-	-	-	-	-	-	(11 880)	(11 880)
Software as a service	-	-	-	-	-	-	-	-	-	-	(5 481)	(5 481)
Employee benefits	(75 440)	(213)	-	-	-	-	-	-	(731)	-	(1 505)	(77 889)
Other expenses	(665)	-	-	-	-	80	-	-	-	-	(1 790)	(2 374)
Other operating income	630	-	-	-	-	-	-	-	-	-	80	710
Other operating costs	(13 479)	-	-	-	12 812	-	-	-	-	-	-	(668)
Expected credit losses	-	-	-	-	-	-	(325)	-	-	-	-	(325)
Operating profit	83 944	(213)	-	-	37 440	729	(325)	-	(731)	-	-	120 844
Finance income	11 847	-	(4 123)	-	-	-	-	-	-	-	(206)	7 519
Finance costs	(3 766)	-	975	(1 523)	-	(2 433)	-	-	-	-	206	(6 542)
Net finance income / (costs)	8 082	-	(3 148)	(1 523)	-	(2 433)	-	-	-	-	-	977
Share of profit of equity-accounted investees	-	-	2 258	-	-	-	-	-	-	-	-	2 258
Profit before tax	92 025	(213)	(890)	(1 523)	37 440	(1 704)	(325)	-	(731)	-	-	124 079
Income tax	(19 859)	40	-	289	(4 679)	324	50	-	-	-	-	(23 834)
Net profit	72 167	(172)	(890)	(1 234)	32 761	(1 381)	(275)	-	(731)	-	-	100 245
Other comprehensive income												
	Financial data as reported in accordance with the Polish Accounting Act	Correctons of errors [1]-[3]			Adjustments resulting from the transition to IFRS [4]-[8]						Financial data as presented in these historical financial information in accordance with IFRS	
		Provisions for post-employment benefits	Valuation of shares accounted for using the equity method	Investment valuation	IFRS 3 / IFRS 1	IFRS 16	IFRS 9	IFRS 9 / IFRS 13	IFRS 2	Other adjustments		
2020		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]		
Items that will not be reclassified to profit or loss	-	5	-	-	-	-	-	-	-	-	5	
Total other comprehensive income	-	5	-	-	-	-	-	-	-	-	5	
TOTAL COMPREHENSIVE INCOME	72 167	(167)	(890)	(1 234)	32 761	(1 381)	(275)	-	(731)	-	100 250	

The description below presents explanations of main adjustments made to the Entity's financial statements reported under previously applied accounting principles as at the Transition Date and at 31 December 2020 due to transition to IFRS, broken down into adjustments resulting from the identified errors made under the previously applied accounting principles and adjustments resulting from the change of accounting principles to comply with IFRS.

A) Corrections resulting from errors made in applying the previous accounting policies:

1. In each of the periods covered by these financial statements, the Entity recognised provisions for post-employment benefits that were measured using actuarial methods (in accordance with IAS 19 *Employee Benefits*) and were not recognised under the previously applied standards. The effect of changes in the amount of provisions as a result of changes in actuarial assumptions was recognised in the Group's other comprehensive income (transition adjustment).
2. The value of investments accounted for using the equity method was changed (Note 6.4), due to following adjustments:
 - The Entity reperformed impairment tests for investments - at the end of the reporting periods in which the impairment indicators were identified for individual investments and at the Transition Date for those investments for which the goodwill was recognised at the moment of initial recognition. As a result of the adjustment of incorrect assumptions made in the original impairment tests (adoption of a discount rate appropriate for mature entities instead of a rate reflecting the risk of investing in start-up entities), additional impairment write-offs were recognised for investments in Resolutio sp. z o.o. (as at 31 December 2020 in the amount of PLN 51 thousand) and Coders Lab sp. z o.o. (as at 1 January 2020 in the amount of PLN 4,980 thousand);
 - The value of selected investments has been adjusted to reflect the Entity's respective share of change in net assets of associates (Work Ukraine TOV and WorkIP Ltd as at 1 January 2020).
3. As at 1 January 2020 and 31 December 2020, the Entity recognised revaluation of the investment in Pracuj Ventures spółka z ograniczoną odpowiedzialnością Alternatywna Spółka Inwestycyjna spółka komandytowa (hereinafter: 'Pracuj Ventures') in the amount of PLN 982 thousand and PLN 1,523 thousand, respectively, and recognised deferred income tax assets due to the resulting temporary difference.

B) Adjustments resulting from the transition to IFRS

The method of accounting for the merger transaction in 2016, in which, the acquiring entity, the current Grupa Pracuj S.A. (operating as Grupa Pracuj Holding sp. z o.o. at the time of the merger) merged with Grupa Pracuj S.A., has been changed. The acquiring entity obtained all assets and liabilities of the acquired entity in exchange for shares which the current Grupa Pracuj S.A. (formed through the transformation of Grupa Pracuj sp. z o.o.) issued to the shareholders of the acquired entity. Since then, the current Grupa Pracuj S.A. has become the Parent Entity of the Group, taking control over the former subsidiaries of Grupa Pracuj S.A. The above transaction could not be treated as a business combination based on the definition of IFRS 3 *Business Combinations* ('IFRS 3'), therefore, in these financial statements of Grupa Pracuj S.A. the transaction was accounted for using the carrying amounts of the particular net assets of the acquired entity, while in accordance with the previous accounting framework, the transaction was accounted for by applying the acquisition method, which resulted in the recognition of fair values of those net assets. In these financial statements, the effect of the mentioned fair value measurements was reversed, which mainly related trademarks, customer bases and website domains presented as prepaid expenses. Goodwill recognised as a result of the merger was also reversed.

The total amount of the reversed fair value adjustments (PLN 585,375 thousand) corresponding to the total adjustment in the Group's consolidated financial statements as at the transition date of the Group, i.e. 1 January 2018, was recognized as at the Transition Date in a separate line of the Entity's equity: Merger reserve. The adjustment for the withdrawn amortisation of the above assets for the period from 1 January 2018 to 31 December 2019 was recognized at the Entity's Transition Date in the amount of PLN 53,455 thousand in retained earnings in equity. As at 1 January 2020, the effect of revaluation of investments in subsidiaries (PLN 4,225 thousand), resulting from reversal of impairment losses recognized in other comprehensive income before 1 January 2020, was presented in retained earnings in equity.

5. The Entity applied IFRS 16 retrospectively with the total effect of the first application recognised on the date of the first application of IFRS by the Group, i.e. 1 January 2018. The application of different measurement and recognition principles of leases in accordance with IFRS 16 affected the data presented in these financial statements as follows:
- Assets held under operating leases, rental and other similar agreements – if they met the definition of a lease according to IFRS 16 – were recognised in the statement of financial position as right-of-use assets along with the recognition of lease liabilities as well as the corresponding deferred tax assets or liabilities relating to the net value of the right-of-use assets and liabilities balances in subsequent periods; finance leases recognised and presented as property, plant and equipment in accordance with previously applied accounting policies are now presented as right-of-use assets at previous amounts;
 - In accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the Entity used the following practical expedients while measuring assets and liabilities in relation to lease agreements:
 - application of a single discount rate to a portfolio of leases with reasonably similar characteristics,
 - not to measure a right-of-use asset and lease liability for agreements for which the lease term ended within 12 months of the date of transition to IFRS,
 - not to measure a right-of-use asset and lease liability for agreements where the underlying asset is of low value (PLN 20 thousand),
 - exclusion of initial direct costs from the measurement of the right-of-use asset at the date of transition to IFRS;
 - In the Entity's statement of comprehensive income for the periods ended 1 January 2020 and 31 December 2020, depreciation of right-of-use assets and interests on lease liabilities have been recognised while costs of external services, which previously included charges for the use of leased assets under IFRS 16 were decreased.
6. Measurement of financial assets (trade receivables and other financial assets relating to shares in entities not listed on active markets) in accordance with IFRS 9:
- for trade receivables, allowances for expected credit losses were recognised in accordance with the concept of impairment estimation based on expected credit losses rather than incurred losses - the Entity estimated the expected credit losses for trade receivables by applying the internally developed model prepared based on the requirements of IFRS 9.
7. As at 1 January 2020, the value of investments in Beamery Inc. measured at fair value of shares was determined with reference to the valuation of the shares issued by that entity in subsequent funding rounds. In 2019, the Entity revalued the fair value of its shares in this entity by PLN 20,500

thousand, which affected the value of retained earnings as at the Transition Date and deferred tax liability of PLN 3,192 thousand;

8. The Entity has recognised the fair value of the equity-settled share-based payment incentive plan for the members of the Entity's Management Board in accordance with IFRS 2 *Share-based Payment* ('IFRS 2'). The cost of the arrangement was recognised in employee benefits in the Entity's statement of comprehensive income in each of the periods presented as well as directly in the Entity's equity under: Share-based payments.
9. As at 1 January 2020, the presentation of treasury shares amounted of PLN 6,338 thousand has been changed – so far they had been presented as own shares in assets, after the change they have been presented within the Special purpose fund for the purchase of own shares in a negative value.

Other adjustments due to the transition to IFRS did not affect the amount of equity and concerned the following presentation changes:

Presentation changes to the statement of financial position

- Leases that met the definition of finance leases according to previous framework and were previously presented as part of the Entity's property, plant and equipment, have been presented along with the leases recognised under IFRS 16 as right-of-use assets;
- Presentation of income tax receivables and payables in a separate line in the statement of financial position;
- Net deferred tax liabilities and net deferred tax assets related to capital gains and other sources have been presented separately;
- Prepayments for property, plant, equipment and intangible assets have been presented as other non-financial assets instead of non - current assets;
- Assets and liabilities of the Social Fund (ZFŚS), which consisted of receivables from loans granted to employees, cash in a separate bank account and liabilities of the Social Fund, have been offset i.e. presented at the net value of these positions as other non-financial assets at the end of all periods covered by these financial statements;
- Other non-financial assets also include existing receivables from taxes other than income tax, social security, other receivables and prepaid expenses;
- Payroll and liability for unused vacation entitlements have been presented along with provisions for employee benefits in the position employee benefits;
- Payables due to taxes (other than income tax), social security and other payables have been presented in the position other payables;
- Cash deposits paid have been reclassified from other receivables to other financial assets.

Presentation changes to the statement of comprehensive income

- Impairment losses on trade receivables have been presented in accordance with IFRS 9 in a separate line item of the statement of comprehensive income: Expected credit losses;
- Payroll costs, social security and other employee benefits costs have been presented as employee benefits in the statement of comprehensive income. The position also includes the costs of services provided by individuals providing services to the Entity based on civil law

contracts, which, in accordance with the previously applied accounting principles, were presented as the costs of external services;

- The cost line items previously presented separately: Taxes and fees, Consumptions of raw materials and energy, and Other expenses have been presented in one line of the statement of comprehensive income as other expenses;
- Marketing expenses and Software as a service have been excluded from external services in the statement of comprehensive income.

2. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

2.1 Revenue from contracts with customers

Accounting principles

The Entity applies IFRS 15 *Revenue from Contracts with Customers* to all contracts with customers, with the exception of lease agreements and financial instruments.

The fundamental principle of IFRS 15 is to recognise revenue when goods and services are transferred to the customer, at a value that reflects the consideration to which the entity expects to be entitled, in exchange for those goods and services. These principles are applied according to the five-step model:

- the contract with the customer has been identified,
- performance obligations under the contract with the customer have been identified,
- the transaction price has been determined,
- the transaction price has been allocated to particular performance obligations identified,
- revenues were recognised at the time of performance of the contractual obligation.

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

The main sources of the Entity's revenue are the sale of:

- recruitment projects (job announcements published on the Pracuj.pl website and projects which contribute to the increased number of page views),
- graphic design products (e.g. employer profile on the Pracuj.pl website, publications in the Employer's Guide and others).

Identification of a contract with a customer

The Entity accounts for a contract with a customer only if all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,

- the Entity is able to identify each party's rights regarding the goods or services to be transferred,
- the Entity is able to identify the payment terms for the goods or services to be transferred,
- the contract has commercial substance (i.e. the risk, timing or amount of the Entity's future cash flows is expected to change as a result of the contract), and
- it is probable that the Entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Entity considers only the customer's ability and intention to pay that amount of consideration when it is due.

The amount of consideration to which the Entity will be entitled may be less than the price stated in the contract if the consideration is variable because the Entity may offer the customer a price concession.

Identification of performance obligations

At the contract inception, the Entity assesses the goods or services promised in the contract with a customer and identifies as performance obligation each promise to transfer to the customer goods or services (or a bundle of goods or services) that are distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and
- the Entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Transaction price

In order to determine the transaction price, the Entity considers the terms of the contact and its customary business practices. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). When determining the transaction price, the Entity considers the occurrence of variable consideration (discounts, bonuses and penalties), however, generally, such components does not exist in the contracts.

Transfer of a control over time

For some products and services, the Entity 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 website,
- publication of the employer's profile on the Pracuj.pl website.

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 one year or less.

Transfer of control at a point in time

If a performance obligation is not satisfied over time, then it is satisfied at a point in time and at the same moment revenue from contracts with customers is recognised. In order to determine the moment of satisfaction of the performance obligation and revenue recognition, the requirements regarding transferring of control over of 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 Entity 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 Entity 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 Entity measures the progress of satisfaction of performance obligation to date based on the time elapsed.

Contract assets

Contract assets are recognised, when the Entity 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 Entity 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 statement of financial position represent the Entity's obligation to deliver goods and services for which the Entity 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 Entity recognises the contract liability at the time of payment or when the payment becomes due (whichever is earlier).

Contract costs

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

Costs of obtaining contracts are recognised as expenses when incurred as the amortisation period of an asset that would otherwise be recognised by the Entity 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 one year. The costs the Entity incurs in connection with the acquisition of contracts include in particular sales commissions and bonuses.

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

Significant estimates and judgements

The Entity 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 Entity 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 Entity.

Characteristics of key types of products and services

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

- 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 website (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).

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	236 765	146 993
At a point in time	161 596	93 611
Total	398 361	240 604

Geographical structure of revenue from contracts with customers:

Revenue from contracts with customers by country	2021	2020
Poland	398 327	240 568
Abroad	34	36
Total	398 361	240 604

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 relating to the sale of recruitment projects.

The Entity 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	1 January 2020
Short-term	96 817	74 681	75 364
Total	96 817	74 681	75 364

The Entity has applied the practical expedient provided in IFRS 15 based on which the Entity 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.

2.2 Employee benefits

	2021	2020
Wages and salaries	58 296	52 716
Bonuses	21 902	12 243
Share-based payments	12 429	731
Social security contributions	10 731	10 033
Other employee benefits	2 651	2 166
Total	106 009	77 889

2.3 Other operating income and costs

Other operating income and costs include income and expenses from activities that are not the Entity's core operating activities, such as gains or losses from disposal of property, plant and equipment, penalties and fines, donations and impairment losses of assets.

Other operating income

	2021	2020
Profit from sale of non-financial non-current assets	173	43
Income from lease modifications	-	80
Other operating income	828	587
Total	1 001	710

Other operating costs

	2021	2020
Revaluation of non-financial assets	-	206
Donations given	142	396
Costs related to lease modifications	5	-
Other operating costs	44	65
Total	191	667

2.4 Finance income and finance costs

Finance income and finance costs include, in particular, interest, revaluation of investments, including shares, capital contributions and loans, foreign exchange gains or losses and dividends. Interest income and expenses are recognized successively in the course of their calculation, taking into account the effective interest rate method in relation to the net carrying amount of a given financial asset. Dividends are recognized when the shareholders' rights to receive them are determined. In the event of any indication of impairment of an investment, the Entity performs a test for its impairment. Impairment losses are recognized if a test indicates that the recoverable amount is lower than the carrying amount. Foreign exchange gains and losses are presented in net amounts.

Finance income

	2021	2020
Interest income	281	523
Dividends	13 735	6 996
Net change in fair value of investments measured at fair value through profit or loss	86 470	-
Reversal of impairment loss on shares in a subsidiary	8 897	-
Change in fair value of a financial instrument and settlement of deferred gain on measurement of an option at its acquisition date	2 149	-
Foreign exchange gains	805	-
Total	112 337	7 519

Changes in fair value of investments and a financial instrument are described in Notes 4.4 and 4.5.

Finance costs

	2021	2020
Interest expenses	210	826
Interest on lease liabilities	413	499
Impairment of financial assets	1 653	3 174
Foreign exchange losses	-	1 731
Other	37	312
Total	2 313	6 542

Changes in impairment losses on equity-accounted investees are presented in Note 4.4.

Changes between the opening and closing balance of investments measured at fair value through profit or loss are presented in Note 4.5.

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.

Deferred tax

Deferred tax liabilities and deferred tax assets are recognised 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 Entity 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 Entity 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 makes this assumption based on forecasts, budgets and strategies concerning operating activities of the Entity.

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 Entity recognises in these financial statements 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. The estimation uncertainty 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	47 912	23 407
Deferred tax	(1 892)	716
Change in net deferred tax liability related to capital gains	16 429	(289)
Total tax expense in the statement of comprehensive income	62 449	23 834

Reconciliation of effective tax rate

	2021	2020
Profit before tax	328 710	124 079
Income tax using 19% tax rate	62 455	23 575
Non taxable income	(248)	(642)
Non-deductible expenses	778	1 191
Non-deductible expenses related to share-based payments	2 150	139
Revaluation of a financial instrument	(2 099)	-
Share of profit of equity-accounted investees	(595)	(429)
Other permanent differences	8	-
Income tax in the statement of comprehensive income	62 449	23 834

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	1 January 2020
Deferred tax assets related to other sources			
Contract liabilities	18 979	14 974	15 283
Right-of-use assets and lease liabilities ('IFRS 16')	333	435	185
Trade receivables	227	296	246
Tax losses carried forward	-	345	690
Employee benefits	3 017	4 159	3 939
Other negative temporary differences	372	378	122
Total deferred tax assets related to other sources	22 928	20 587	20 465

	31 December 2021	31 December 2020	1 January 2020
Deferred tax liabilities related to other sources			
Positive temporary differences between the carrying amount of property, plant and equipment and intangible assets, and their tax base	(836)	(745)	(888)
Other receivables and assets	1 201	591	-
Other positive temporary differences	113	128	23
Total deferred tax liabilities related to other sources	478	(26)	(865)
Deferred tax liabilities related to capital gains			
Deferred tax liabilities related to investments measured at fair value	19 145	2 716	3 006
Total deferred tax liabilities related to capital gains	19 145	2 716	3 006

Net deferred tax assets related to other sources	22 450	20 613	21 330
Net deferred tax liabilities related to capital gains	19 145	2 716	3 006

Unused tax losses in respect of which deferred tax assets have been recognised and tax effect dates of these losses (their expiry dates)

Tax losses	2021		2020	
	Gross amount	Year of expiry	Gross amount	Year of expiry
2019	-	-	1 816	2024
Total	-	-	1 816	-

4 EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

4.1 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 Entity 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 Entity 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 Entity assesses that the useful live 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.

Intangible assets that are not in use (capital expenditures for internally developed software that has not yet been completed) are not amortised, but the Entity 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.

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 period, the Entity assesses whether there are any indications of a possible impairment of the intangible asset. If such indications are determined, the Entity estimates the recoverable amount of the asset. At the end of the periods presented in these financial statements, the Entity assessed that there are no objective indications of impairment of intangible assets.

In the case of internally developed software, which is not yet completed and in use, impairment testing is performed at the end of each reporting period irrespective of whether there is any indication of impairment.

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 within other operating costs.

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

As at 31 December 2021 capital expenditures for internally developed software that has not yet been completed, amounted to PLN 97 thousand. The Entity assessed that the risk of their impairment is immaterial.

Capital expenditures for internally developed software constitute development costs incurred before the period in which the software is used to generate revenue. On completion of development works, the Entity begins to amortise an internally developed software.

Reconciliation of the carrying amount of intangible assets

	Property rights	Other intangible assets	Internally developed software	Total
Cost at 1 January 2020	1 895	6 280	-	8 175
Additions	35	207	839	1 080
Cost at 31 December 2020	1 930	6 487	839	9 255
Cost at 1 January 2021	1 930	6 487	839	9 255
Additions	108	495	2 663	3 267
Cost at 31 December 2021	2 038	6 982	3 502	12 522

	Property rights	Other intangible assets	Internally developed software	Total
Accumulated amortisation and impairment losses at 1 January 2020	(1 038)	(4 819)	-	(5 857)
Amortisation	(329)	(561)	(117)	(1 006)
Accumulated amortisation and impairment losses at 31 December 2020	(1 367)	(5 380)	(117)	(6 863)
Accumulated amortisation and impairment losses at 1 January 2021	(1 367)	(5 380)	(117)	(6 863)
Amortisation	(339)	(515)	(279)	(1 134)
Accumulated amortisation and impairment losses at 31 December 2021	(1 706)	(5 895)	(396)	(7 997)

	Property rights	Other intangible assets	Internally developed software	Total
Carrying amount at 1 January 2020	857	1 460	-	2 317
Carrying amount at 31 December 2020	563	1 107	722	2 392
Carrying amount at 31 December 2021	332	1 087	3 106	4 525

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

Depreciation

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

The depreciable amount of an asset is determined as its initial cost minus the residual value if it is material. The Entity 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 |

Items of property, plant and equipment recognised in connection with investments made in rented office spaces are depreciated over the shorter of the two periods: the contract term and useful life of the asset.

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 equipment 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 within 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 an 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 4.1.

The most significant item of the Entity'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 buildings and premises. In vehicles the Entity presents its own car fleet used for business purposes.

At the end of the periods presented in these financial statements, the Entity assessed that there are no objective indications of impairment of non-current assets.

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	4 149	6 996	4 195	1 594	16 933
Additions	4	736	456	273	1 469
Additions - items purchased from leasing	-	-	515	-	515
Disposals / liquidations	-	(151)	(1 704)	-	(1 855)
Cost at 31 December 2020	4 153	7 581	3 462	1 866	17 062
Cost at 1 January 2021	4 153	7 581	3 462	1 866	17 062
Additions	-	1 753	53	27	1 832
Other changes	-	273	-	(273)	-
Disposals / liquidations	-	(885)	(1 132)	-	(2 018)
Cost at 31 December 2021	4 153	8 722	2 382	1 620	16 877

	Buildings and premises	Technical equipment and machinery	Vehicles	Other	Total
Accumulated depreciation at 1 January 2020	(1 458)	(4 329)	(1 701)	(730)	(8 217)
Depreciation	(551)	(1 256)	(478)	(200)	(2 485)
Disposals / liquidations	-	144	1 017	-	1 161
Accumulated depreciation at 31 December 2020	(2 009)	(5 440)	(1 162)	(930)	(9 541)
Accumulated depreciation at 1 January 2021	(2 009)	(5 440)	(1 162)	(930)	(9 541)
Depreciation	(548)	(1 287)	(448)	(190)	(2 473)
Disposals / liquidations	-	885	615	-	1 500
Accumulated depreciation at 31 December 2021	(2 557)	(5 842)	(995)	(1 120)	(10 514)

	Buildings and premises	Technical equipment and machinery	Vehicles	Other	Total
Carrying amount at 1 January 2020	2 691	2 668	2 494	863	8 717
Carrying amount at 31 December 2020	2 145	2 141	2 300	936	7 521
Carrying amount at 31 December 2021	1 597	2 880	1 386	499	6 363

4.3 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 Entity 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 Entity for the own assets.

If, under a lease agreement, at the end of the lease period the Entity obtains ownership of an asset or if the cost of a right-of-use asset takes into account the fact, that the Entity 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 Entity 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.

Significant estimates and judgements

Economic useful life

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

Lease term, discount rate and assessment of exercise of 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 4.13.

At the end of the periods presented in these financial statements, the Entity assessed that there was no objective evidence of impairment of the right-of-use assets.

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

Lease agreements, which in accordance with the previously applied accounting principles were accounted for as finance leases and included in property, plant and equipment, have been presented as right-of-use assets since the Transition Date.

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

	Buildings and premises	Vehicles	Total
Carrying amount at 1 January 2020	20 610	843	21 453
Additions - new contracts	-	150	150
Additions - lease modifications	370	-	370
Decreases – items purchased from leasing	-	(515)	(515)
Depreciation for the period	(4 378)	(125)	(4 503)
Carrying amount at 31 December 2020	16 602	353	16 955
Carrying amount at 1 January 2021	16 602	353	16 955
Additions - new contracts	-	332	332
Additions - lease modifications	744	(6)	738
Depreciation for the period	(4 375)	(186)	(4 561)
Carrying amount at 31 December 2021	12 971	493	13 464

	2021	2020
Depreciation of right-of-use assets	4 560	4 503
Interest on leases	413	499

4.4 Equity-accounted investees

Accounting principles

The Entity has shares in domestic subsidiaries and in foreign subsidiaries. As equity-accounted investees the Entity recognises interests in associates, i.e. entities over which the Entity exercises a significant influence.

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.

The Entity reassesses whether it controls other entities if facts and circumstances indicate that there are changes to one or more of the above-mentioned elements of control.

When the Entity holds less than a majority of the voting rights in a given entity but it has the practical ability to direct the relevant activities unilaterally, this means that the rights are sufficient to give power to the Entity. When assessing whether the voting rights in an entity are sufficient to give it power, the Entity considers all facts and circumstances, including:

- the size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- potential voting rights held by the Entity, other vote holders or other parties,
- rights arising from other contractual arrangements,
- any additional facts and circumstances that indicate the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Interests in subsidiaries are measured at cost less accumulated impairment losses. The purchase price includes the amount due to the seller without deductible VAT. Capital contributions paid by the Entity to subsidiaries are treated as part of the investment, due to the assumption that they are not repayable.

In the event of impairment, the impairment loss is recognized in finance costs. When circumstances that previously caused the investment to be impaired no longer exist, the amount of impairment loss is reversed and recognized in finance income to the extent of the original cost of the investment. The reversal can be full or partial.

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).

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Interests in associates are accounted for using the equity method and 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 Entity's share of 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 Entity'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 Entity's share in the total change in the associate's equity from the date of acquisition. If the Entity's share in losses of an associate, equals or exceeds its interest in the associate, including

any long-term receivables constituting part of the Entity's net investment in this entity, the Entity ceases to recognise further losses.

Significant estimates and judgements

Existence of significant influence and control

The Entity evaluates the status of its investments in other entities from the perspective of their recognition in these 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 Entity's control,
- Investments in associates – in case of significant influence exercised by the Entity,
- Investments that are financial instruments measured in accordance with IFRS 9 – insignificant shares that do not result in control nor significant influence.

Impairment of equity-accounted investees

The Entity tests equity-accounted investees for impairment if there is any factor indicating that they may be impaired. Additionally, for the investments for which goodwill was recognised at initial recognition, the Entity performs impairment tests either (as at the Transition Date this concerned WorkIP Ltd and Resolutio sp. z o.o.).

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 Entity recognizes 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.

A summary of subsidiaries and associates, together with the Entity's share in the equity of these entities for all periods covered by these financial statements, is presented in Note 1.3.

The table below presents the values of investments in subsidiaries measured at historical cost.

	31 December 2021	31 December 2020	1 January 2020
Gross shares in subsidiaries	23 846	22 944	21 344
Foreign entities	14 074	14 074	14 074
Domestic entities	9 772	8 870	7 270
Impairment allowance of shares in subsidiaries	2 360	10 497	8 897
Foreign entities	-	8 897	8 897
Domestic entities	2 360	1 600	-
Total	21 486	12 447	12 447

	31 December 2021	31 December 2020	1 January 2020
Impairment allowance of shares in subsidiaries			
At the beginning of the period	10 497	8 897	8 897
Impairment loss recognized in the period	760	1 600	-
Reversal of impairment allowance in the period	(8 897)	-	-
Impairment allowance at the end of the period	2 360	10 497	8 897

In the first quarter of 2021, the reasons for which the impairment loss on the investment in Robota International TOV was recognised have ceased, therefore the Entity reversed the previously made impairment allowance in the amount of PLN 8,897 thousand.

In accordance with the investment agreements in Robota International TOV and Work Ukraine TOV, the Entity has issued and acquired put and call options for shares in both entities, which are activated after the occurrence of the events specified in the investment agreement. Options are derivative financial instruments and are recognised as financial assets or liabilities with measurement changes recognised in the statement of comprehensive income. Since, in accordance with the investment agreements and the assessment of the Management Board of the Entity as to the value of these entities, the estimated redemption price of the shares does not differ significantly from the fair value of the shares in these entities as at the date of exercise of each option, the Entity has measured the above instruments to a fair value of zero at each presented balance sheet date.

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

	31 December 2021	31 December 2020	1 January 2020
Equity-accounted interests in associates			
WorkIP Ltd	16 390	16 143	15 846
Work Ukraine TOV	2 954	6 321	8 638
Fitqbe sp. z o.o.	13 045	-	-
Other associates	95	1 481	1 378
Total	32 484	23 945	25 862

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

	2021	2020	2019
Equity-accounted investees at opening balance	23 945	25 861	28 214
Acquisition of shares	13 105	-	-
Dividends received	(6 619)	(4 123)	(5 314)
Share of profit of equity-accounted investees	3 133	2 258	7 941
Exchange differences on the translation of the share of profit of equity-accounted investees	(187)	-	-
Impairment allowance	(893)	(51)	(4 979)
Equity-accounted investees at closing balance	32 484	23 945	25 862

On 28 May 2021, an agreement was signed regarding investment in Fitqbe sp. z o.o. (hereinafter: 'Fitqbe'), under which on 2 August 2021, the Entity acquired 44 shares, with a nominal value of PLN 50.00 each. In accordance with the provisions of the agreement, the Entity is entitled to the call option ('Call option') for additional shares. As a consequence, on 7 October 2021, the 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 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 Entity will hold a total of 116 shares representing 35% of the share capital of Fitqbe.

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 Entity's opinion, the operating relationships of both 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).

In the period ended 31 December 2021, the Entity recognized an impairment loss on financial assets measured using the equity method in the amount of PLN 893 thousand due to the failure to achieve the business objectives that were assumed at the time of the Entity's investment in these entities (in the corresponding period of the previous year, an impairment loss in the amount of 51 thousand PLN was recognised). Discount rates adopted by the Entity applied to the current and previous estimates of value in use were in the range of 25-30%.

In the periods covered by these financial statements, there were no indicators affecting the reversal of impairment losses on investments measured using the equity method.

4.5 Trade receivables and other financial assets

Accounting principles

Trade receivables

The Entity'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 Entity 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 6.1.

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 and loans granted.

The Entity 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 6.1 for financial instruments.

Significant estimates and judgements

The significant estimates necessary to measure the allowance for expected credit losses for financial assets is described in Note 6.1.

Valuation of shares not listed on active markets

Shares in entities not listed on active markets are measured by the Entity at fair value classified at the level 3 of the fair value hierarchy. The Entity 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.

Trade receivables

	31 December 2021	31 December 2020	1 January 2020
Trade receivables			
- from related entities	205	51	51
- from other entities	45 782	24 613	32 441
Total	45 987	24 664	32 492

Other financial assets

	31 December 2021	31 December 2020	1 January 2020
Long-term	127 229	34 816	29 206
Unlisted shares	122 172	32 089	26 526
Cash deposits	2 908	2 727	2 680
Other financial assets	2 149	-	-
Short-term	31 801	18 493	16 293
Bonds	24 978	14 997	15 929
Cash deposits	83	86	364
Dividend receivables	6 740	3 110	-
Loans granted	-	300	-
Total	159 030	53 309	45 499

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

	2021	2020
Unlisted shares measured at fair value through profit and 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 and 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 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 Entity revalued the fair value of shares held in this entity and increased it by PLN 86,222 thousand.

Evaluation of the status of the Entity's involvement in Pracuj Ventures

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 Entity 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 Entity'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 article of association of Pracuj Ventures, forming an investment committee. The investment committee does not include Grupa Pracuj S.A. Ownership rights, i.e. voting rights resulting from the 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 the 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 management of the general partner of Pracuj Ventures, i.e. Pracuj Ventures sp. z o.o., with which the Entity has no capital interest.

Other financial assets

In accordance with the provisions of the agreement regarding the investment in Fitqbe (Note 4.4), the Entity is entitled to call options for Fitqbe shares 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 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	-	-	-

4.6 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 Entity.

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 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 Entity recognised assets of the Company's Social Benefits Fund.

	31 December 2021	31 December 2020	1 January 2020
Long-term	-	1	19
Other	-	1	19
Short-term	4 568	2 007	1 835
Prepaid services	2 531	1 455	1 514
Website domains	1	10	9
Prepaid marketing expenses	232	168	61
Prepaid hardware and software maintenance	1 745	970	928
Prepaid other external services	489	296	502
Other	64	11	14
Other assets	2 037	552	321
Advance payments for intangibles and property, plant and equipment	10	22	27
Assets of the Company Social Benefits Fund	310	281	32
Shareholders settlements	1 704	-	-
Other	13	249	262
Total	4 568	2 008	1 854

4.7 Cash and cash equivalents

Accounting principles

Cash and cash equivalents

Cash and cash equivalents reported in the statement of financial position include cash in bank and bank deposits concluded for a period 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 flows consists of the cash and cash equivalents specified below.

Cash and cash equivalents

	31 December 2021	31 December 2020	1 January 2020
Cash in bank accounts	8 752	46 831	17 016
Short-term bank deposits	132 944	50 245	35 358
Cash in transit (transfers between accounts)	119	45	52
Total	141 815	97 121	52 426

4.8 Equity

Accounting principles

Share capital

Share capital is recognised at nominal value of the issued shares, specified in the articles of association of the Entity and entered in the National Court Register.

Reserve capital

The reserve capital comprises the share premium arising from the issue of the 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.

Reserve capital for the acquisition of own shares

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

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

Share-based payments

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

Details of the share-based payment arrangement are presented in Note 4.14.

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 are also recognised as other reserves.

Merger reserve

In this position of the equity, the Entity recognised the effect of the settlement at book values of the 2016 merger (described in Note 1.8).

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	55.63
TCV Luxco Perogie S.à r.l	1 815 586	90 779 300	27.11
Maciej Noga	695 700	34 785 000	10.39
Other members of the Management Board	32 683	1 634 150	0.49
Others	427 168	21 358 400	6.38
Total	6 697 337	334 866 850	100.00

Shareholder	1 January 2020		
	Number of shares owned	Par value of shares (PLN)	Share %
Przemysław Gacek	3 726 200	186 310 000	55.55
TCV Luxco Perogie S.à r.l	1 815 586	90 779 300	27.07
Maciej Noga	695 700	34 785 000	10.37
Other members of the Management Board	20 023	1 001 150	0.30
Others	449 828	22 491 400	6.71
Total	6 707 337	335 366 850	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.

4.9 Changes in equity

Changes in equity in 2021

On 28 June 2021 the Ordinary Meeting of Shareholders of the Entity adopted the Resolution No.6 on a distribution of the net profit 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 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 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 Entity's key management personnel (Note 7.2).

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 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.

4.10 Undistributed profit (loss) and restrictions on dividend payment

In accordance with the requirements of the Commercial Companies Code, the Entity is obliged to create a reserve capital to cover the loss. At least 8% of the net profit for a given financial year reported in the Entity's financial statements is transferred to this category of capital until it reaches at least one third of the share capital. The use of the reserve capital and other reserves shall be decided by the General Meeting, however, a part of the reserve capital amounting to one third of the share capital may be used only to cover the loss reported in the financial statements and shall not be distributed for other purposes.

As at 31 December 2021 there are no other restrictions on dividend payments. The Entity is obliged to meet the capital requirements for a joint-stock company starting from 2021 due to the legal form change.

4.11 Dividends paid

Dividends are recognised when the right of shareholders to receive them is determined.

The dividend for the year ended 31 December 2020 amounted to PLN 103,674,776.76 (Note 4.9) and was paid in full in two tranches, on 28 June 2021 and 30 November 2021.

4.12 Earnings per share

Basic earnings per share is calculated by dividing a net profit for the financial year by the weighted average number of ordinary shares of Grupa Pracuj S.A. outstanding during the period.

Diluted earnings per share is calculated by dividing a net profit for a given period by the weighted average number of ordinary shares outstanding during the 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 Entity from a limited liability entity to a joint stock company (Note 4.14), assuming no concurrent change in resources.

In the periods covered by these 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 (Note 4.14). For purposes of calculating the number of shares that have dilutive effect on the earnings per share ratio, the weighted average prices of the Entity's shares were used, determined by reference to the Entity's actual share purchases in 2020 and 2021 in connection with the Entity's share repurchases for redemption.

	2021	2020
Net profit	266 261	100 245
Continuing operations	266 261	100 245
Net profit adjusted for the effect of dilution	266 261	100 245
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	3.96	1.50
Diluted earnings per share (in PLN) – continuing operations	3.95	1.48

*The number of shares directly after transformation was equal to 66,973,370, which means 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.

4.13 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 Entity 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 according to the value as at the commencement date;
- amounts expected to be payable by the Entity under residual value guarantees;

- the exercise price of a purchase option if the Entity is reasonably certain to exercise that option;
- penalties for early termination of a lease, if the lease agreement includes such an option and the Entity 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 Entity uses its incremental borrowing rate relevant for the given lease agreement. For all lease contracts recognised in the periods covered by the financial statements, the Entity has applied its incremental borrowing rate.

At the end of each reporting period, the Entity 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 a lease liability

The value of a 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 (revaluation using the new discount rate) or the value of lease payments changes as a result of events other than changes in the interest rate and as a result of indexation of rents (revaluation 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 Entity 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 Entity regards as low-value assets those assets whose value do not exceed PLN 20 thousand (value of new assets).

Accounting principles and disclosures relating to the right-of-use assets are presented in Note 4.3.

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 Entity 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 Entity 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 Entity'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 Entity assesses whether it is reasonably certain to exercise the purchase option relating the underlying asset. For this purpose, the Entity 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 Entity's operations. For car leases that were active at the end of 31 December 2021, the Entity 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 Entity does not hold information regarding the interest rate implicit in the lease and uses the incremental borrowing rates. The incremental borrowing rate is the rate the Entity 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 Entity 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 Entity's risk.

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%

Identification of non-lease components

In the lease agreements for office space, the Entity has identified non-lease components related to the provision of services (maintenance charges) and charges for using common parts. The Entity 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	1 January 2020
Bank loans	-	29 294	29 203
- long-term	-	-	28 285
- short-term	-	29 294	918
Lease liabilities	18 298	23 375	26 728
- long-term	11 804	17 121	20 779
- short-term	6 494	6 254	5 949
Total	18 298	52 669	55 931

Bank loans – terms, repayment schedule and carrying amounts at the end of 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%	30.05.2021	-	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 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 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

In addition, the Entity 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 Entity received the banks' statements on the release of collaterals established to secure the term loan whereas with respect to registered pledges the Entity 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	4 560	4 462
Interest on lease liabilities	413	499

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

	Bank loans	Lease liabilities	Total
1 January 2020	29 203	26 728	55 931
Changes from financing cash flows			
Interest paid on loans and credits	(736)	-	(736)
Payment of lease liabilities	-	(5 819)	(5 819)
Interest paid on lease liabilities	-	(502)	(502)
Net cash flows from financing activities	(736)	(6 321)	(7 057)
Other changes			
New lease agreements	-	150	150
Modifications to lease agreements	-	290	290
Accrued interest	827	591	1 418
Effect of changes in foreign exchange rates	-	1 937	1 937
Total of other changes	827	2 968	3 795
31 December 2020	29 294	23 375	52 669

	Bank loans	Lease liabilities	Total
1 January 2021	29 294	23 375	52 669
Changes from financing cash flows			
Repayments of bank loans	(29 181)	-	(29 181)
Interest paid on bank loans	(195)	-	(195)
Payment of lease liabilities	-	(6 043)	(6 043)
Interest paid on lease liabilities	-	(413)	(413)
Net cash flows from financing activities	(29 376)	(6 456)	(35 832)
Other changes			
New lease agreements	-	332	332
Modifications to lease agreements	-	748	748
Accrued interest	82	410	492
Effect of changes in foreign exchange rates	-	(111)	(111)
Total of other changes	82	1 379	1 461
31 December 2021	-	18 298	18 298

Information regarding the Entity's exposure to interest rate risk, currency risk and liquidity risk are described in Note 6.2. Information regarding fair value is contained in Note 6.1.

4.14 Share-based payments and employee incentive programmes

Accounting principles

Share-based payments

The value of an equity-settled share-based payment plan (hereinafter: 'Share-based payment programme') is measured at the fair value of the equity instruments at their grant date, which is the date on which the 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 Entity to vest and for which the Entity'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 have 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 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 Entity. Taking this into account, it should be assumed that such options will be exercised earlier than other types of options. In the case of the Share-based payment programme, on 11 August 2021, all eligible participants exercised all acquired rights in connection with this programme, and the share capital increase in connection with the Entity's shares issued was registered on 5 October 2021 (Note 4.9).

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 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 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 Entity enabled to exercise the programme through the conversion of options into shares (Note 4.14).

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

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 28,002 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 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 Grupa Pracuj S.A. 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 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 Entity and retain an employment relationship with employees who have a key impact on developing and implementing of the 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 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 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 Entity and maintain an employment relationship with employees who have a key impact on developing and implementing the 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 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 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 Entity.

Bonus Shares 2 and Bonus Shares 3 will be subject to lock-up until 9 September 2022. The 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 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 1,112 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 Entity's equity.

The Extraordinary General Meeting of the 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 Entity's share capital for the purposes related to the execution of Incentive Programmes 2 and 3 and the 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 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 pre-emptive 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.

4.15 Employee benefits

Accounting principles

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

Provisions

Provisions are recognised when the Entity 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 Entity 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 entities 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 Entity'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 Entity 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 Entity's historical data and market information.

The Entity 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 7.5).

Employee benefits

	31 December 2021	31 December 2020	1 January 2020
Long-term	1 331	1 419	6 716
Provisions	1 331	1 419	6 716
Post-mortem severance	700	682	617
Retirement benefits	544	651	516
Disability benefits	87	86	78
Bonuses	-	-	5 505
Short-term	11 465	16 336	8 939
Provisions	1 243	9 387	22
Post-mortem severance	19	12	13
Retirement benefits	1	-	-
Disability benefits	10	8	9
Bonuses	1 213	9 367	-
Other employee related liabilities	10 222	6 949	8 917
Liability for unused vacation entitlements	2 382	1 797	2 448
Liabilities for bonuses and commissions for employees	7 840	5 152	6 469
Total	12 796	17 755	15 655

Employee benefits

	Post-mortem severance	Retirement benefit	Disability benefit	Bonuses	Total
1 January 2020	632	514	86	5 505	6 737
Provision made	62	137	8	3 862	4 069
Provision reversal	-	-	-	-	-
Provision used	-	-	-	-	-
31 December 2020	694	651	94	9 367	10 806
<i>Long-term</i>	682	651	86	-	1 419
<i>Short-term</i>	12	-	8	9 367	9 387
1 January 2021	694	651	94	9 367	10 806
Provision made	25	1	5	1 213	1 244
Provision reversal	-	(107)	(2)	-	(109)
Provision used	-	-	-	(9 367)	(9 367)
31 December 2021	719	545	97	1 213	2 574
<i>Long-term</i>	700	544	87	-	1 331
<i>Short-term</i>	19	1	10	1 213	1 243

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

	31 December 2021	31 December 2020	1 January 2020
Discount rate	3.60%	1.10%	2.70%
Future salary growth			
- in the next 1-3 years	7.5%	5.0%	5.0%
- in the next 10 years	5.0%	5.0%	5.0%
- after further 10 years	2.5%	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 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 Entity or engaged in conducting competitive activities. The 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 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 Entity or engaged in conducting a competitive activity. In December 2021, the Management Board of the 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.

4.16 Trade payables and other financial liabilities

Accounting principles

Trade payables and other financial liabilities

The Entity 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 6.1 **Błąd! Nie można odnaleźć źródła odwołania..**

Trade payables

	31 December 2021	31 December 2020	1 January 2020
Trade payables			
- due to related entities	445	77	59
- due to other entities	14 240	12 214	10 040
Total	14 685	12 291	10 099

Other financial liabilities

	31 December 2021	31 December 2020	1 January 2020
Current liability due to acquisition of shares in an associate	7 097	-	-

At the balance sheet date, a liability due to the acquisition of shares in an associate Fitqbe sp. z o.o. represented a deferred payment for the shares acquired in this entity in the amount of PLN 4,507 thousand (Note 7.7). In addition, as a result of the preliminary agreement and the provisions regarding the call option, a liability due to the acquisition of financial assets in the amount of PLN 2,590 thousand was recognized. (Note 4.4).

4.17 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	1 January 2020
Tax liabilities (other than corporate income tax) and social security liabilities	11 870	5 420	6 204
Other payables	383	497	250
Total	12 253	5 917	6 454

5 CAPITAL MANAGEMENT POLICY AND NET DEBT

The purpose of the Entity's capital management policy is to ensure continuous operations of the Entity 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 Entity 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.

As at the balance sheet date, no external capital requirements are imposed on the Entity. As at 31 December 2020, the Entity had additional financial liabilities (covenants) resulting from the bank loan agreement (Note 4.13).

The Entity 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 Entity's equity.

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

The Entity'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 Entity achieved the target level of the ratio. The Entity's credit rating is at the appropriate level, as reflected by the unused limit of the revolving credit facility under the agreement dated 30 May 2016 (note 4.13).

	31 December 2021	31 December 2020	1 January 2020
Total liabilities	185 034	167 740	172 905
Less: cash and cash equivalents	(141 815)	(97 121)	(52 426)
Net debt	43 219	70 619	120 479
Equity	267 138	93 235	51 493
Leverage ratio	0.16	0.76	2.34

6 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

6.1 Financial instruments and fair value

Accounting principles

Initial recognition

The Entity 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 Entity 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 or loss and other financial liabilities.

- Financial assets measured at amortised cost

The Entity classifies financial assets based on the Entity's 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 Entity 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 a principal and interest on the principal amount outstanding (they meet the so-called SPPI test).

The Entity performed business model and contractual cash flow tests ('SPPI test') for all material items of financial assets as at 1 January 2020, based on the facts and circumstances occurring as of that date and in subsequent periods - at initial recognition of a financial asset.

Based on the results of the business model and SPPI tests, the Entity 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 Entity 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 an 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 Entity's shares in entities that are not listed on active markets and that are not subsidiaries nor associates of the Entity.

- 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 Entity 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 shall not be reclassified after initial recognition.

Derecognition

The Entity 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 Entity 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 Entity 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 Entity 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 Entity does not apply hedge accounting.

Impairment of trade receivables and other financial assets

At the end of each reporting period, the Entity 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 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 Entity to make significant estimates.

The Entity is exposed to credit risk and currency risk arising from financial assets. The management of these risks is described in Notes 6.1 and 6.2.

Significant estimates and judgements

Allowance for expected credit losses

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

For trade receivables, the Entity 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 Entity 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 Entity 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 Entity 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 Entity 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 financial statements, the Entity did not recognise expected credit losses in respect of financial assets measured at amortised cost other than trade receivables.

The table below 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	1 January 2020	Fair value hierarchy
Financial assets measured at fair value through profit or loss				
Unlisted shares	122 172	32 088	26 526	Level 3
Other financial assets	2 149	-	-	Level 3
Total	124 321	32 088	26 526	
Financial assets measured at amortised cost				
Trade receivables	45 987	24 664	32 492	
Cash and cash equivalents	141 815	97 121	52 426	
Cash deposits	2 991	2 814	3 044	
Bonds	24 977	14 997	15 929	
Loans granted	-	300	-	Level 2
Total	215 770	139 896	103 891	
Other financial liabilities				
Bank loans	-	29 294	29 203	
Lease liabilities	18 298	23 375	26 728	
Trade payables	14 685	12 291	10 099	
Other financial liabilities	7 097	-	-	Level 3
Total	40 080	64 960	66 030	

According to the Entity's assessment, the reported value of trade receivables, cash and short-term deposits, 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 of the reporting periods covered by these financial statements and at the Transition Date.

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 Entity has assessed that the value of bank loans at the end of each of the presented periods and at the Transition Date is a reliable approximation of their fair value.

6.2 Financial risk management

Principles of financial risk management

The Entity 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 Entity's exposure to each of the risks identified above and describes the 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 Entity's financial results.

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 Entity recognises, in particular, short-term bonds and cash deposits paid.

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

	31 December 2021	31 December 2020	1 January 2020
Trade receivables	45 987	24 664	32 492
Other financial assets	25 060	15 383	16 293
Cash and cash equivalents	141 815	97 121	52 426
Total	212 862	137 168	101 211

Credit risk related to cash balances

The Entity 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 Entity concludes transactions with banks with high rating and stable market position. The expected credit loss estimated by the Entity is close to zero, therefore no allowance for such loss has been recognised.

The maximum exposure to this risk is equal to the carrying amount 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
31 December 2021	3.10%	47 458	1 471
31 December 2020	7.20%	26 578	1 914
1 January 2020	4.68%	34 087	1 595

Gross trade receivables divided by length of time past due

Gross carrying amounts of trade receivables	31 December 2021	31 December 2020	1 January 2020
Not past due	37 612	17 714	23 980
Less than or equal to a year past due	7 149	5 680	7 422
More than a year past due	1 226	1 270	1 090
Total	45 987	24 664	32 492

Due to the nature of its operations, the Entity 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 Entity's established policy, procedures, and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

The Entity'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 Entity 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 industry and the number of days in default. The division into homogeneous portfolios is periodically reviewed for uniformity.

The Entity 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, categorized by employment size, 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 Entity creates additional allowances for individual customers on a case-by-case basis if there is an appropriate indication.

Credit risk related to bonds

The Entity 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 its amount recognised in the statement of financial position. The Entity assesses that the credit risk related to this item of financial assets is low and therefore no loss allowance has been recognised.

Liquidity risk

The Entity is exposed to liquidity risk, i.e. risk of losing its ability to meet its financial obligations on time. The Entity manages the liquidity risk by monitoring payment terms 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 Entity pursues a policy of diversification of financing sources.

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

- current liquidity monitoring,
- 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 based on the maturity date at the reporting date. The amounts presented in the tables 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	18 298	6 602	12 308	19	-	18 929
Trade payables	14 685	14 685	-	-	-	14 685
Option liabilities	2 590	2 590	-	-	-	2 590
Other financial liabilities	4 507	4 507	-	-	-	4 507
Total	40 080	28 384	12 308	19	-	40 711

31 December 2020	Carrying amount	Contractual cash flows				Total
		<1 year	1-3 years	3-5 years	>5 years	
Bank loans	29 294	29 294	-	-	-	29 294
Lease liabilities	23 375	6 318	12 335	5 627	-	24 280
Trade payables	12 291	12 291	-	-	-	12 291
Total	64 960	47 903	12 335	5 627	-	65 865

1 January 2020	Carrying amount	Contractual cash flows				Total
		<1 year	1-3 years	3-5 years	>5 years	
Bank loans	29 203	916	29 631	-	-	30 547
Lease liabilities	26 728	5 802	11 564	10 787	8	28 161
Trade payables	10 099	10 099	-	-	-	10 099
Total	66 030	16 817	41 195	10 787	8	68 807

Working capital, defined as the difference between current assets and current liabilities, at the end of the reporting periods presented in these financial statements and at the Transition Date, is presented in the table below. The ratio has improved significantly over the past years, indicating that the Entity'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	1 January 2020
Current assets	224 171	142 285	103 046
Current liabilities	(152 753)	(146 484)	(114 118)
Working capital	71 418	(4 199)	(11 072)

Currency risk

The Entity is exposed to currency risk from its transactions. Such risk arises as a result of sales or purchases made by the operating unit and financing including leasing in currencies other than PLN.

The Entity seeks to negotiate the terms of the hedging derivatives so that they correspond to the terms of the hedged item and thus ensure maximum hedge effectiveness.

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

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

Amounts in currency	31 December 2021	
	EUR	USD
Trade receivables	535	78
Cash and cash equivalents	930	8
Cash deposits	83	-
Lease liabilities	(3 678)	-
Trade payables	(227)	(35)
Net exposure in original currency	(2 357)	51
Net exposure converted into PLN	(10 843)	207

Amounts in currency	31 December 2020	
	EUR	USD
Trade receivables	294	-
Cash and cash equivalents	2 283	21
Cash deposits	76	-
Lease liabilities	(4 841)	-
Trade payables	(30)	(2)
Net exposure in original currency	(2 218)	19
Net exposure converted into PLN	(10 238)	71

Amounts in currency	1 January 2020	
	EUR	USD
Trade receivables	291	-
Cash and cash equivalents	2 402	8
Cash deposits	72	-
Lease liabilities	(5 922)	-
Trade payables	(40)	(13)
Net exposure in original currency	(3 197)	(5)
Net exposure converted into PLN	(13 615)	(17)

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%	(878)	-10%	878
USD	10%	17	-10%	(17)

	31 December 2020			
	Strengthening	Profit or loss	Weakening	Profit or loss
EUR	10%	(829)	-10%	829
USD	10%	6	-10%	(6)

	1 January 2020			
	Strengthening	Profit or loss	Weakening	Profit or loss
EUR	10%	(1 103)	-10%	1 103
USD	10%	(1)	-10%	1

Interest rate risk

The Entity 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 (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 Entity's exposure to interest rate risk by presenting interest-bearing financial assets and liabilities by fixed and floating interest rates.

An increase in interest rates may lead to higher financing costs, and in consequence, decrease financial results and financial efficiency of investments. The Entity has not applied hedge accounting.

	31 December 2021	31 December 2020	1 January 2020
Interest-bearing financial instruments			
Fixed-rate instruments	6 679	(8 378)	(10 799)
Lease liabilities	(18 298)	(23 375)	(26 728)
Bonds	24 977	14 997	15 929
Variable-rate instruments	144 806	129 529	84 673
Credits and loans	-	29 294	29 203
Cash deposits	2 991	2 814	3 044
Cash and cash equivalents	141 815	97 121	52 426
Loans granted	-	300	-
Interest rate risk exposure (net) (variable-rate instruments)	144 806	129 529	84 673

The table below presents an analysis of the Entity'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	144 806	1 173	(1 173)
31 December 2020	129 529	1 049	(1 049)
1 January 2020	84 673	686	(686)

7 OTHER EXPLANATORY NOTES

7.1 Related party transactions

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

	Receivables		Payables	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Subsidiaries	6 526	49	11	11
Associates	2	2	434	66
Other related parties ¹	4 995	-	2 259	39
Total	11 523	51	2 703	116

	Revenue from contracts with customers		Other external services	
	2021	2020	2021	2020
Subsidiaries	1 152	1 121	264	121
Associates	35	46	1 016	371
Other related parties ¹	3 799	250	78	5
Total	4 986	1 418	1 358	496

	Finance income	
	2021	2020
Subsidiaries	13 735	6 996
Associates	6 618	3 740
Total	20 352	10 736

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

In the periods covered by these financial statements, there were no transactions between the Entity and its related parties concluded on terms other than market terms.

The members of the Entity's Management Board, Supervisory Board and close members of their families have not entered into transactions with the Entity that significantly affected the profit or loss for the reporting period or the financial position of Grupa Pracuj S.A.

7.2 Remuneration and other transactions with key management personnel

Remuneration of key management personnel

The Entity identifies the Management Board and the Supervisory Board 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 Entity'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 Entity

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

7.3 Remuneration of the audit firm

	2021	2020
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	-
Total	1 427	143

7.4 Employment 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	72	85
Other employees	430	411
Total	505	499

7.5 Contingent liabilities

Accounting principles

The Entity 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 Entity;
- 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	1 January 2020
PKO Bank Polski S.A.	EUR	484	473	397
HSBC Bank Polska S.A.	EUR	-	-	17
Total	EUR	484	473	414
HSBC Bank Polska S.A.	PLN	-	193	190
Total	PLN	-	193	190

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

7.6 The impact of the armed conflict in Ukraine on the Entity'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 Entity has not generated significant revenue from contracts with customers from Ukraine, as well as from Russia and Belarus, but it has shares in entities conducting business operations in Ukraine (hereinafter: 'Ukrainian Entities'). The Management Board of the 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. 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 Entity'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 Entity holds shares.

The Entity's assets as at 31 December 2021 related to operations in Ukraine, which are exposed to the risk of impairment, are as follows:

	31 December 2021
Investments in subsidiaries	14 071
Equity-accounted investees	19 344
Dividend receivables from a subsidiary	6 742
Total	40 157

In addition, the Entity recorded a share in the profit of equity-accounted investees, which conduct operating activities in Ukraine, reported in the statement of comprehensive income in the amount of PLN 3,293 thousand.

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

7.7 Subsequent events

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

As at the balance sheet date, the Entity recognized a liability due to the acquisition of shares in an associate Fitqbe in the amount of PLN 4,507 thousand (Note 4.16), 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.

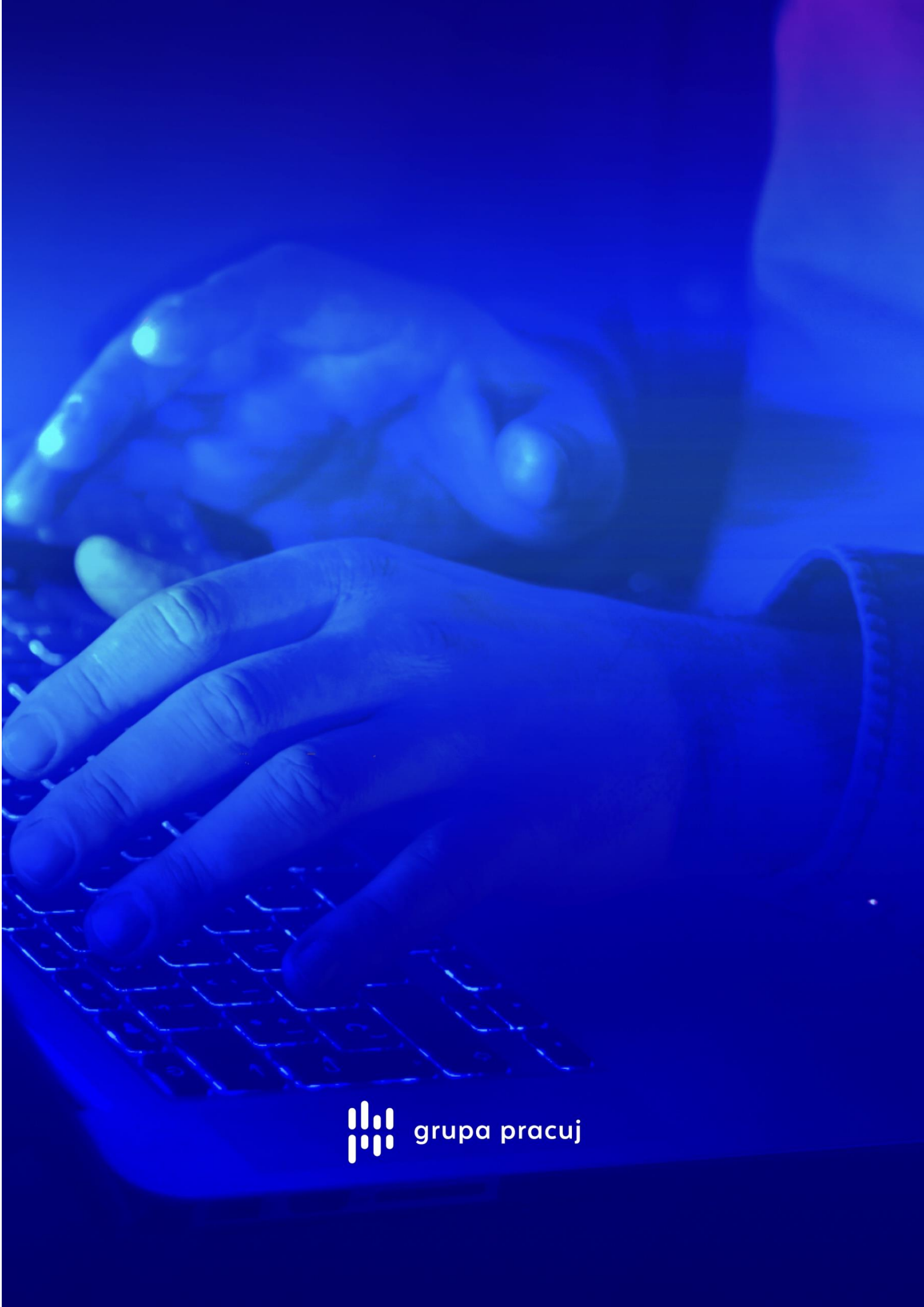
Approval of the separate financial statements for the year ended 31 December 2021

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

.....
Przemysław Gacek
President of the Management Board

.....
Gracjan Fiedorowicz
Member of the Management Board

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



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