INTERIM DIRECTORS' REPORT ON THE OPERATIONS OF THE BENEFIT SYSTEMS GROUP

FOR THE SIX MONTHS ENDED JUNE 30 2020

TABLE OF CONTENTS

SELECTED FINANCIAL DATA FOR THE SIX MONTHS ENDED JUNE 30TH 2020

Table 1: Selected financial data of the Benefit Systems Group for the six months ended June 30th 2020

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019 Restated*
Revenue	547,472	727,583
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	115,580	161,585
including gain/(loss) on change in lease contracts	*3,073*	*0*
Operating profit before depreciation and amortisation (EBITDA), net of Incentive Scheme	116,504	161,995
Operating profit/(loss) (EBIT)	9,066	69,779
including depreciation of right-of-use assets	*66,178*	*60,321*
Profit before tax	(30,370)	70,918
including interest on lease liabilities	*7,496*	*9,940*
Net profit/(loss) attributable to owners of the parent	(38,761)	56,161
Net profit/(loss) attributable to non-controlling interests	1,071	308
Net profit/(loss)	(37,690)	56,469
Net cash flows from operating activities	141,084	148,024
Net cash flows from investing activities	(14,970)	(74,227)
Net cash flows from financing activities	(67,014)	(82,885)
Net change in cash and cash equivalents	59,100	(9,088)
Earnings/(loss) per share attributable to owners of the parent (PLN)	(14.14)	20.03

**Data restated due to the netting of revenue and cost of sales of PLN 7.9m at MultiBenefit Sp. z o.o. in connection with the review of contracts following the application of IFRS 15.*

PLN thousand	As at June 30th 2020	As at December 31st 2019
Non-current assets	1,719,274	1,804,753
including right-of-use assets	*832,213*	*896,838*
Current assets	293,008	274,876
Total assets	2,012,282	2,079,629
including right-of-use assets	*832,213*	*896,838*
Non-current liabilities	949,565	942,704
including leasing liabilities	*795,012*	*810,766*
Current liabilities	487,156	516,665
including leasing liabilities	*162,865*	*145,362*
Equity	575,561	620,260
Equity attributable to owners of the parent	574,194	618,557
Share capital	2,859	2,859
Number of ordinary shares	2,859,142	2,858,842
Diluted number of ordinary shares	2,771,705	2,833,144
Book value per share attributable to owners of the parent (PLN)	200.83	216.37
Book value per share attributable to owners of the parent (diluted, PLN)	207.16	218.33

Unless stated otherwise, all data in this report covers the period from January to June 2020, and the comparative data presents changes over the corresponding period of 2019. All amounts are presented in thousands of PLN, unless stated otherwise.

DEVELOPMENT OF THE BENEFIT SYSTEMS GROUP AND ITS MARKET ENVIRONMENT

The Benefit Systems Group (the "Benefit Systems Group", the "Group") is a specialist provider of effective non-payroll employee benefit solutions to employers. The parent's strategy is closely linked to the Group's strategy. It also proposes to organically grow the Group's business in Poland and in foreign markets, to support sport cards by developing fitness facilities, to increase the number of sport cards in Poland, to significantly increase their number on foreign markets, to sustainably grow the number of users in the Cafeterias segment, and to build the competitive advantage by enhancing the Group's products.

Corporate social responsibility and sustainable development are an inherent part of the Group's business. Benefit Systems S.A. was the first public company in Central and Eastern Europe to have been awarded the B Corp certification (in September 2018). The B Corporation community includes organisations whose business models are consistent with the principles of corporate social responsibility, are involved in solving specific social issues and operate in line with a partnership model of cooperation with all stakeholders, based on the win-win principle.

The tailored MultiSport programme, the Group's flagship product, has been successfully developed in Poland and in foreign markets.

The Benefit Systems Group operates in three segments:

• Poland – responsible for sales of sport cards and building its own infrastructure through managing and investing in fitness clubs in Poland. The sport cards provide their holders with access to a broad range of more than 4,600 sports and recreational facilities, some of which are owned by the parent or its subsidiaries.

• Foreign Markets – responsible for sales of sport cards and building its own infrastructure through managing and investing in fitness clubs abroad.

• Cafeterias – a modern channel for the distribution of non-payroll benefits, not only relating to sports, but also culture, travel, etc.

Market environment

According to a survey by *ARC Rynek i Opinia*, the Polish are among those nations whose physical and mental health suffered the most from social isolation: as many as 37% of Poles admitted that their lifestyles have been adversely affected by the coronavirus pandemic. To compare, 17% of Austrians and only 8% of Chinese people reported a significant change in their lifestyles. Detrimental effects of immobility on their physical health have also been reported by employees – as many as 79.1% of them suffer from pain directly related to their work. They mostly complain of pain in the cervical spine (57.2%), the lumbar spine (51.5%) and in the shoulder blade area (42.3%). According to employees, reduced physical activity during the period of social isolation has mainly impacted their mood (74%), health (65%), and build (61%) (based on the MultiSport Index Pandemia 2020 survey). The survey also shows that prior to the pandemic outbreak, 64% of Poland's professionally active population did exercise at least once a month, including recreational activities such as walking; 55% of professionally active Poles are people who are more knowledgeable about sports and work out on a regular basis, at least once a week, including in sports and recreational facilities, such as gyms, fitness clubs or swimming pools.

Sport has a positive effect on people's mental health.

Polish employees are among the most stressed in Europe: more than 25% of Poles suffer stress at work every day and 28% of them feel stress several times a week (according to ADP's 'The Workforce View Europe 2019' report). Experts believe that regular physical activity can effectively reduce stress levels. Research shows that those who do exercise for at least 150 minutes a week lower their risk of depression by 22%, which means that even a quick 20-minute walk can help reduce stress. What is more, regular physical activity improves employees' performance. According to the Health Enhancement Research Organization (HERO), sport and a healthy diet improve human productivity by as much as 25%, reduce absenteeism by several to several dozen percent, and increase employees' engagement (by about 15%). Interestingly, the Polish are of the opinion that it is the employer's responsibility to ensure its employees' well-being, achieved through, for instance, regular physical activity. According to the most recent edition of Deloitte's 'Human Capital Trends' report, 97% of respondents believe that an organisation is responsible for ensuring its employees' well-being, and in the opinion of 71% of respondents in Poland and 80% of respondents globally, well-being is an important or a very important element of a company's success. Moreover, as many as 78% of young Poles check the range of benefits offered by potential employers before deciding to apply for the job (the 'Młodzi Polacy na rynku pracy w nowej normalności' ['Young Poles on the labour market in the new normality'] report by Well.HR). In addition to improving health and measurably enhancing employee efficiency, benefits that promote active lifestyles are also an important element of employer branding across Poland.

Encouraging user activity

By the Minister of Health's decision of March 13th 2020, all sports and recreational facilities in Poland, including Benefit Systems S.A.'s own and partner facilities, were closed and the new reality made more and more Poles turn to the Internet for motivation to exercise. To ensure that the MultiSport programme users can continue to exercise with professional support, as early as in the second half of March 2020 the MultiSport programme was extended to include online solutions such as training sessions conducted by partners of Benefit Systems S.A., which during the lockdown were settled as part of virtual visits to fitness cubs. The offering also included live training sessions, available on the www.kartmultisport.pl platform, personalised nutrition plans, consultation with dieticians and personal coaches, audiobooks, e-books, challenges promoting healthy habits, English language learning platform, expert materials supporting, for instance, the ergonomics of working from home, or a mindfulness course. During that period, employees holding active cards had also access to cooking workshops and online activities for children, supporting their activity at home. What became crucial in recent months, especially during the period of social isolation and working from home, was the effectiveness of the benefits that support employees in their daily lives and improve their health. Cafeteria programmes prove a source of valuable support for employers, facilitating employees' purchases of interesting products or services via the Internet.

On June 6th 2020, sports and recreational facilities were re-opened and can now be used by MultiSport cardholders. To support the re-start of its partners' operations and increase the sanitary safety of the facilities' users, Benefit Systems S.A. will transfer more than PLN 3m to the facilities which re-opened in accordance with the sanitary guidelines by June 15th 2020. In addition, the parent launched a twice-a-month payment option, the possibility of paying for online and outdoor activities, and has also undertaken marketing and communication activities encouraging people to return to sports facilities. As part of the educational and image-building campaign 'Good to see you again!', the MultiSport brand reminds users that they can safely, and without compromising comfort, resume their training at the sports and recreational facilities, and also encourages them to take part in the summer holiday gamification, rewarding physical activity.

In the MultiSport Index Pandemia survey 75% of respondents who had used sports facilities before the epidemic intended to resume practices and training as soon as the facilities reopen. In the opinion of Benefit Systems S.A., it is the awareness of the positive effect of physical activity on health and immunity that will generate new business opportunities for the entire industry in the long term.

1. MATERIAL INFORMATION ON THE BENEFIT SYSTEMS GROUP

1.1. OVERVIEW AND COMPOSITION OF THE BENEFIT SYSTEMS GROUP

The Benefit Systems Group comprises the parent Benefit Systems S.A., which is responsible for selling sport cards and operating own fitness clubs in Poland, and entities operating in the market for non-payroll employee benefits and in the sports market. At present, the number of the Group's sport card customers in the Poland segment alone exceeds 16.5 thousand companies.

Benefit Systems S.A. has been listed on the main market of the Warsaw Stock Exchange (WSE) since April 2011. The Benefit Systems Group's flagship product is the MultiSport programme, whereby MultiSport cardholders are provided access to over 4,600 sports facilities in around 650 locations across Poland. The Group's offering includes other sport cards, such as FitProfit, described in detail further in this report. According to the most recent data available, the number of active sport cards was 745 thousand in Poland and 287 thousand in foreign markets. The MultiSport programme has supported Poles in living healthy and active lifestyles since 2004 and thanks to its extensive sports offering tailored to various needs it has become a byword for quality and a standard in the market.

Development of this flagship product is consistently supported by investments in the fitness market, to ensure that holders of MultiSport cards have access to appropriate infrastructure. Investments in fitness clubs enable the Benefit Systems Group to provide membership card holders with guaranteed access to modern, well-equipped clubs offering a complete suite of professional services.

The Group also provides cafeteria platforms MyBenefit and MultiKafeteria, enabling employees to choose a non- pay benefit from an employer-approved list. For the Group, the two platforms primarily serve as distribution channels of sport cards, Benefit Systems' main product. The cafeteria systems offer the Group's own products: the MultiBilet culture and entertainment programme for members to see a film of their choice in any of the several hundred cinemas across Poland; the MultiTeatr programme offering tickets to most popular theatre shows; and the BenefitLunch offering staff lunches.

The MultiSport programme concept, supported with investment in fitness facilities, has been replicated to expand the Group's operations in foreign markets. The Benefit Systems Group has been present on the Czech market since 2011, in Slovakia and Bulgaria since 2015 and in Croatia since 2018. These countries' combined potential for business growth (mainly in their respective capital cities) may exceed the potential of the Polish market.

SUBSIDIARIES AND AFFILIATES

COMPANIES OF THE POLAND SEGMENT

Benefit Systems S.A. is responsible for selling MultiSport cards and, through the Fitness Branch, operates own fitness clubs. Benefit Systems S.A. has been listed on the main market of the Warsaw Stock Exchange (WSE) since 2011.

The Warsaw-based Fitness Branch of Benefit Systems S.A. was established through incorporation of Fit Invest Sp. z o.o. into Benefit Systems S.A. and its spin-off (on January 14th 2019) into the Fitness Branch, which is an entity preparing its own financial statements. The Branch manages the Group's investments in fitness clubs operating on the Polish market. In the final stage of restructuring, on November 4th 2019 Fabryka Formy S.A., Fitness Academy BIS Sp. z o.o., Zdrofit Sp. z o.o. and Fitness Place Sp. z o.o. were incorporated into the Fitness Branch. As at the end of June 2020, the Fitness Branch managed 142 own clubs.

FitSport Polska Sp. z o.o. offers sport cards to small and medium-sized enterprises and operates as a distributor of Benefit Systems S.A.'s products.

VanityStyle Sp. z o.o. specialises in offering sports and recreational products. The subsidiary provides small and medium-sized companies with FitProfit and FitSport membership cards, which are similar to the products sold by Benefit Systems S.A. but which, as lower-cost products, typically carry a smaller range of services provided by a smaller number of Benefit System's partners. VanityStyle also offers Kupon CinemaProfit and Qltura Profit products.

The business object of Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k. is centralised management of the marketing activities of the Benefit Systems Group and management of all trademarks and industrial property rights of the companies in the Poland segment (grant of trademark licences). Benefit IP Sp. z o.o. is the general partner and minority shareholder in the company.

FitFabric Sp. z o.o. operates 17 fitness clubs, most of which are located in the Łódź Province. The company has been fully consolidated since October 31st 2018.

Benefit Partners Sp. z o.o. is a subsidiary of Benefit Systems S.A. (prior to January 15th 2019, it was an affiliate). It rents fitness equipment for sports clubs to the Group companies under lease contracts.

COMPANIES IN THE FOREIGN MARKETS SEGMENT

Benefit Systems International Sp. z o.o. is a vehicle used by the Benefit Systems Group to sell sport cards on foreign markets. It is also a majority shareholder in the following international companies: MultiSport Benefit S.R.O. (Czech Republic), Benefit Systems Slovakia S.R.O. (Slovakia), Benefit Systems Bulgaria EOOD (Bulgaria), and Benefit Systems D.O.O. (Croatia), which are responsible for selling sport cards in their respective local markets. The segment also includes Benefit Systems, storitve, D.O.O. (Slovenia), which remains dormant.

Fit Invest International Sp. z o.o. manages Benefit Systems Group's investments in the Foreign Markets segment. Form Factory S. R. O. (Czech Republic) and Fit Invest Bulgaria EOOD (Bulgaria) are companies responsible for investments in fitness clubs abroad, including for the purchase of existing clubs and the opening of new facilities, both of which hold 9 fitness clubs. Beck Box Club Praha S.R.O. operates six fitness clubs in Prague, and Fit Invest Slovakia S.R.O owns one club in Slovakia.

COMPANIES IN THE CAFETERIAS SEGMENT

MyBenefit Sp. z o.o. develops and sells (through MyBenefit, a dedicated cafeteria platform) products that businesses may use as incentives and bonuses for employees. The company's portfolio currently includes bespoke cafeteria systems, including retailer gift cards, cinema and culture programmes, travel vouchers and a leisure subsidy system. Following the merger with MultiBenefit Sp. z o.o. in late December 2019, the company operates also in the area of non-payroll benefits through the MultiKafeteria platform and the MultiBilet, MultiTeatr, MultiMuzeum and BenefitLunch products.

The Group's share in total voting rights in its subsidiaries equals the Group's equity interests held in those companies.

Table 2: Subsidiaries

Operating segment	Subsidiary	Registered address	Group's ownership interest*:	
			June 30th 2020	June 30th 2019
POLAND	FitSport Polska Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
	VanityStyle Sp. z o.o.	ul. Skierniewicka 16/20, 01-230 Warsaw, Poland	100.00%	100.00%
	Benefit IP Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
	Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
	Yes to move Sp. z o.o.1)	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
	Fitness Academy BIS Sp. z o.o.2)	ul. Powstańców Śląskich 95 53-332 Wrocław, Poland	0.00%	100.00%
	AM Classic Sp. z o.o.2)	Plac Dominikański 3, 53-209 Wrocław, Poland	0.00%	100.00%
	Jupiter Sport Sp. z o.o.2)	ul. Żegiestowska 11, 50-542 Wrocław, Poland	0.00%	100.00%
	Fabryka Formy S.A.2)	ul. Rolna 16 Dąbrowa, 62-070 Dopiewo, Poland	0.00%	100.00%
	Fitness Place Sp. z o.o.2)	Plac Europejski 3, 00-844 Warsaw, Poland	0.00%	100.00%
	Zdrofit Sp. z o.o.2)	ul. Mangalia 4, 02-758 Warsaw, Poland	0.00%	100.00%
	Fit Fabric Sp. z o.o.3)	al. 1 Maja 119/121, 90-766 Łódź, Poland	52.50%	52.50%
	Benefit Partners Sp. z o.o.4)	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	95.00%
FOREIGN MARKETS	Benefit Systems International Sp. z o.o.5)	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	100.00%
	Benefit Systems Greece MIKE6)	12 Agias Fotinis Str.Nea Smyrni, 17121, Greece	0.00%	100.00%
	Benefit Systems D.O.O.7)	Zagreb (Grad Zagreb) Heinzelova ulica 44, Croatia	95.74%	100.00%
	Benefit Systems Bulgaria EOOD8)	11-13, Yunak Str., floor 1 Sofia 1612, Bulgaria	93.31%	100.00%
	MultiSport Benefit S.R.O.9)	Lomnickeho 1705/9, 140 00 Praha 4, Czech Republic	93.31%	78.80%
	Benefit Systems Slovakia S.R.O.10)	Ružová dolina 6 Bratislava - mestská časť Ružinov 821 08, Slovakia	93.31%	83.00%
	Fit Invest International Sp. z o.o.	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	100.00%
	Fit Invest Slovakia S.R.O.	Ružová dolina 480/6 Bratislava - mestská časť Ružinov 821 08, Slovakia	97.20%	100.00%
	Form Factory S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	100.00%
	Fit Invest Bulgaria EOOD	Atanas Dukov 32, M-Plaza building, 1407 Sofia, Bulgaria	97.20%	100.00%
	Beck Box Club Praha S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	100.00%
	Benefit Systems, storitve, D.O.O.11)	Trg republike 3, 1000 Ljubljana, Slovenia	92.34%	0.00%
CAFETERIAS	MyBenefit Sp. z o.o.12)	ul. Powstańców Śląskich 28/30, 53-333 Wrocław, Poland	100.00%	100.00%

	MultiBenefit Sp. z o.o.[12)]	Plac Europejski 2, 00-844 Warsaw, Poland	0.00%	100.00%
OTHER	MW Legal Sp. z o.o.[13)]	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%

** Change in the presentation of the Group's ownership interest relative to previous years. As of this report, the Group discloses indirect ownership interest in its subsidiaries.*
1) Yes to move Sp. z o.o. was established as a result of the transformation of Fitness Academy Sp. z o.o. on June 22nd 2020.
2) As a result of the reorganisation process in 2019, the companies were incorporated into the Fitness Branch of Benefit Systems S.A.
3) FitFabric Sp. z o.o. has been consolidated since 2018 based on the assumption that the Group exercises full (100%) control, as agreements have been executed with the minority shareholders committing them to sell their residual interests.
4) On March 2nd 2020, the purchase of 5.00% of shares in Benefit Partners Sp. z o.o. was effected, as a result of which Benefit Systems S.A. holds 100% of shares in the company.
5) On September 30th 2019, the sale of 2.80% of shares in Benefit Systems International Sp. z o.o. was effected, as a result of which Benefit Systems S.A. holds 97.2% of shares in the company.
6) On June 30th 2020, the sale of 96.00% of shares in Benefit Systems Greece MIKE was effected, as a result of which Benefit Systems International Sp. z o.o. sold all its shares in the company.
7) On October 30th 2019, the sale of 1.50% of shares in Benefit Systems International Sp. z o.o. was effected, as a result of which Benefit Systems International Sp. z o.o. holds 98.5% of shares in the company.
8) On April 27th 2020, the sale of 1.50% of shares in Benefit Systems Bulgaria EOOD was effected, as a result of which Benefit Systems International Sp. z o.o. holds 96.00% of shares in the company.
9) On January 20th 2020, the sale of 12.20% of shares in Multisport S.R.O. was effected, as a result of which Benefit Systems International Sp. z o.o. holds 96.00% of shares in the company.
10) On January 20th 2020, the sale of 13.00% of shares in Benefit Systems Slovakia S.R.O. was effected, as a result of which Benefit Systems International Sp. z o.o. holds 96.00% of shares in the company.
11) Benefit Systems, storitve D. O. O., was registered on November 25th 2019. Benefit Systems International Sp. z o.o. holds 95% of shares in the company.
12) On December 31st 2019, MyBenefit Sp. z o.o. merged with MultiBenefit Sp. z o.o.
13) The company is not consolidated as it does not conduct any business activity.

Table 3: Associates and other companies

Operating segment	Associate	Registered address	Group's ownership interest:	
			June 30th 2020	June 30th 2019
POLAND	Baltic Fitness Center Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw, Poland	49.95%	49.95%
	Instytut Rozwoju Fitness Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw, Poland	48.10%	48.10%
	Calypso Fitness S.A.	ul. Puławska 427, 02-801 Warsaw, Poland	33.33%	33.33%
	Get Fit Katowice II Sp. z o.o.	ul. Uniwersytecka 13, 40-007 Katowice, Poland	20.00%	20.00%
OTHER	LangMedia Sp. z o.o.	ul. Skwierzyńska 25/3 53-521 Wrocław, Poland	37.00%	37.00%
	X-code Sp. z o.o.	ul. Klaudyny 21/4 01-684 Warsaw, Poland	31.15%	31.15%

1.2. STATEMENT OF PROFIT OR LOSS

Table 4: Consolidated statement of profit or loss of the Benefit Systems Group

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019 Restated*	Change
Revenue	547,472	727,583	(24.8%)
Revenue from sale of services	541,171	719,025	(24.7%)
Revenue from sale of merchandise and materials	6,301	8,558	(26.4%)
Cost of sales	(432,118)	(543,976)	(20.6%)
Cost of services sold	(427,771)	(538,223)	(20.5%)
Cost of merchandise and materials sold	(4,347)	(5,753)	(24.4%)

Gross profit /(loss)	115,354	183,607	(37.2%)
Selling expenses	(39,815)	(49,345)	(19.3%)
Administrative expenses	(58,377)	(59,417)	(1.8%)
Other income	8,766	3,754	133.5%
Other expenses	(16,862)	(9,760)	72.8%
Gain/(loss) on fair value measurement of previously held interest	0	940	-
Operating profit/(loss)	9,066	69,779	(87.0%)
Finance income, including:	4,038	17,581	(77.0%)
Interest income on loans	*1,231*	*1,615*	(23.8%)
Finance costs, including:	(43,036)	(16,316)	163.8%
Interest expense on lease liabilities	*(7,496)*	*(9,940)*	(24.6%)
Impairment losses on financial assets	(1,242)	(1,158)	7.3%
Share of profit/(loss) of equity-accounted entities	804	1,032	(22.1%)
Profit/(loss) before tax	(30,370)	70,918	-
Income tax	(7,320)	(14,449)	(49.3%)
Net profit/(loss) from continuing operations	(37,690)	56,469	-
Gross margin	21.1%	25.2%	(4.1pp)

**Data restated due to the netting of revenue and cost of sales of PLN 7.9m at MultiBenefit Sp. z o.o. in connection with the review of contracts following the application of IFRS 15.*

1.3. OUTLOOK

The current short and medium-term outlook for the parent and the Group is significantly affected by the COVID-19 epidemic in Poland and the region. In mid-March 2020, fitness clubs and other sports facilities in all of the Group's markets were temporarily closed, which had a major impact on the Group's ability to generate revenue. As the Group expected, the lockdown had a significant adverse effect on the performance in Q2 2020.

In the second half of 2020, the Group's results will depend, among other things, on the macroeconomic effects of the COVID-19 epidemic, their impact on the labour market and on private consumption in the Group's home markets.

As at July 1st 2020, the number of active sport cards at the Group was 1,022.2 thousand (including 710.1 thousand in Poland and 292.1 thousand in foreign markets), i.e. approximately 215 thousand cards more on the end of June 2020. As at the date of issue of this report, the number of active sport cards was: 745 thousand cards in Poland and 287 thousand cards in foreign markets.

The Group expects further growth in the number of users in the second half of 2020 year, especially after the summer season. The Group does not anticipate any adverse effect of the current situation on its ability to continue as a going concern, as described in the Group's interim condensed consolidated financial statements for the six months ended June 30th 2020.

The Group has consistently estimated the long-term potential of the Polish sport card market at 1.8m to 2.2m cards, and has seen a strong growth potential of the MultiSport programme in foreign markets (currently in a relatively early stage of development). Moreover, the COVID-19 epidemic may, in the long term, increase public awareness of matters related to health protection and immunity improvement, which in turn may generate demand for physical activity services, which are the Group's main business area.

2. FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30TH 2020

2.1. INTRODUCTION

As of 2014, the Benefit Systems Group presents its results based on operating segments. The results presented in this report are compared with historical data. In accordance with the thresholds defined in IFRS 8, the Benefit Systems Group is required to present the results of segments whose revenue exceeds the threshold of 10% of the Group's total revenue; however, each year the Group has presented a broader range of segment data to satisfy the needs of various stakeholder groups.

As of 2019, the Group presents the results based on three key reportable segments: Poland, Foreign Markets and Cafeterias, and Corporate (other activities not reported for the segments). Moreover, as of 2020, the segment data are presented down to the level of operating profit as financing decisions are made from the perspective of the Group as a whole. The parent made appropriate restatements of the comparative data disclosed in this report.

Segment revenue comprises revenue from sales to external customers or from intersegment transactions. It can be allocated directly to individual segments. Segment expenses are expenses associated with sales to external customers or with intersegment transactions. They arise from the operations of a given segment and can be allocated to that segment along with the relevant portion of the Group's expenses that can be directly allocated to that segment. Income tax expense is not included in segment expenses. The segment's result is determined at the level of operating profit.

Table 5: Selected financial data of the operating segments for the six months ended June 30th 2020

PLN thousand	Poland	Foreign Markets	Cafeterias	Corporate	Total
Revenue	364,342	171,378	15,556	(3,804)	547,472
Cost of sales	(297,339)	(130,454)	(11,497)	7,172	(432,118)
Gross profit/(loss)	67,003	40,924	4,059	3,368	115,354
Selling expenses	(22,561)	(14,602)	(2,652)	-	(39,815)
Administrative expenses	(36,756)	(17,946)	(2,949)	(726)	(58,377)
including the Incentive Scheme	-	-	-	*(924)*	*(924)*
Other income and expenses	(4,948)	(647)	(2,582)	81	(8,096)
Operating profit/(loss)	2,738	7,729	(4,124)	2,723	9,066
EBITDA	92,585	25,317	(1,263)	(1,059)	115,580
Share of profit/(loss) of equity-accounted entities	0	0	0	804	804
Interest expense on lease liabilities	(6,713)	(833)	(82)	132	(7,496)

Finance income and costs (other than interest expense on lease liabilities)	-	-	-	(32,744)	(32,744)
Profit/(loss) before tax	-	-	-	-	(30,370)
Segment assets	1,793,508	297,080	121,776	(200,082)	2,012,282
including right-of-use assets	*724,164*	*112,052*	*6,150*	*(10,153)*	832,213
Amortisation and depreciation	89,847	17,588	2,861	(3,782)	106,514
including depreciation of right-of-use assets	55,316	11,470	976	(1,584)	*66,178*

Table 6: Selected financial data of the operating segments for the three months ended June 30th 2020

PLN thousand	Poland	Foreign Markets	Cafeterias	Corporate	Total
Revenue	65,004	90,552	6,845	(1,009)	161,392
Cost of sales	(80,063)	(57,665)	(5,773)	2,538	(140,963)
Gross profit/(loss)	(15,059)	32,887	1,072	1,529	20,429
Selling expenses	(9,151)	(5,631)	(1,142)	14	(15,910)
Administrative expenses	(17,746)	(9,215)	(1,151)	107	(28,005)
Other income and expenses	(7,165)	(665)	(2,580)	23	(10,387)
Operating profit/(loss)	(49,121)	17,376	(3,801)	1,673	(33,873)
EBITDA	(4,191)	26,285	(2,274)	(504)	19,316
Share of profit/(loss) of equity-accounted entities	(400)	0	0	320	(80)
Interest expense on lease liabilities	(2,714)	(416)	(41)	42	(3,129)
Finance income and costs (other than interest expense on lease liabilities)	-	-	-	5,178	5,178
Profit/(loss) before tax	-	-	-	-	(31,904)

Table 7: Reconciliation of total revenue, profit or loss and assets of the operating segments to the corresponding items of the Group's consolidated financial statements for the six months ended June 30th 2020

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019 Restated
Segments' revenue		
Total revenue of operating segments	551,276	741,776
Unallocated revenue	654	1,385
Elimination of revenue from intersegment transactions	(4,458)	(15,578)
Revenue	547,472	727,583
Segments' profit/(loss)		
Segments' operating profit/(loss)	6,343	68,906
Elimination of profit/(loss) from intersegment transactions (IFRS 16)	62	591
Unallocated profit/(loss)	2,661	282
Operating profit/(loss)	9,066	69,779
Finance income and costs	(40,240)	107
Share of profit/(loss) of equity-accounted entities (+/-)	804	1,032

Profit/(loss) before tax	(30,370)	70,918
PLN thousand	As at June 30th 2020	As at December 31st 2019
Total assets of operating segments	2,212,364	2,222,139
Unallocated assets	54,007	47,530
Elimination of intersegment transactions	(254,089)	(190,040)
Total assets	2,012,282	2,079,629

In the reporting period, income allocated to the Corporate segment included primarily eliminations of intersegment transactions. Expenses were associated with management and administration activities, strategic activities within the Group, the Incentive Scheme, support functions, and unallocated other activities (including income from profit distributions within the Group).

2.2. OPERATING SEGMENTS

2.2.1. POLAND

The Poland segment comprises sales of sport cards, as well as managing and investing in fitness clubs in Poland.

Sport cards are distributed by: Benefit Systems S.A., FitSport Polska Sp. z o.o. and VanityStyle Sp. z o.o. The following cards are currently on offer:

MultiSport Plus – the card provides unlimited access to over 4,600 sports and recreational facilities across Poland, with access to over 25 types of sport activities;

MultiSport Classic – the card can be used once daily at over 2,600 sports facilities, with access to almost 25 types of sport activities;

MultiActive – the card provides access to over 2,600 sports facilities and over 20 types of sport activities, up to a specified number of visits;

MultiSport Plus Kids / MultiActive Kids – the cards provide children with access to activities such as martial arts, dance classes, fitness, swimming pool, salt caves, ice rinks, etc.; new accessible facilities include selected climbing walls and rope parks;

MultiSport Plus Dziecko / MultiActive Dziecko – the cards provide access to selected swimming pools that recognise the cards;

MultiSport Senior – the card is dedicated to 60+ users, can be used once daily until 4.00 pm at over 3,000 sports facilities, with access to over 25 types of activities;

FitSport – the card provides access to a range of sport services, including fitness clubs, gyms, saunas and swimming pools at VanityStyle Sp. z o.o.'s partner facilities up to a specified number of visits (eight a month);

FitProfit – the card provides access to services offered by VanityStyle Sp. z o.o.'s partner facilities (over 3,500 facilities in about 590 towns and cities across Poland).

Sport cards are among the most popular non-payroll benefits in Poland. They are also among the benefits preferred by employees, with as many as half of candidates expecting future employers to provide a sport card in the remuneration package. Sport cards are unique because they combine, in a single product, benefits to various market participants – they benefit: employers as an effective tool for incentivising employees, cardholders by providing access to numerous facilities and activities, and sports facility operators by generating additional revenue streams.

The market potential remains strong, as many Poles do not practise any sports and employers increasingly appreciate the benefits of their employees staying fit and healthy.

At the end of the six months ended June 30th 2020, the Benefit Systems Group recorded a decline in the number of active sport cards in Poland to 498.9 thousand, and effect of the COVID-19 pandemic, but the Group intends to restore its card base by the end of the year.

The Benefit Systems Group invests in fitness clubs to provide a comprehensive base of sports and recreation facilities. From the fourth quarter of 2018, the Group's operations on the fitness market, including fitness clubs, sports and recreational facilities, and companies managing investments in fitness clubs were gradually reorganised, merged and consolidated into what eventually became the Fitness Branch of Benefit Systems S.A.. The process was completed on November 4th 2019.

As at the end of the first half of 2020, the Benefit Systems Group managed Polish companies operating a total of 159 own fitness clubs. The Group also held interests in companies managing another 48 facilities. Compared with the corresponding period of 2019, six new facilities were fully consolidated in the Group's financial statements. The Group's facilities operate under such known brands (networks) as: Zdrofit, Fabryka Formy, Fitness Academy, My Fitness Place, FitFabric, Step One, S4 or AquaPark Wesolandia.

Table 8: Selected financial data of the Poland segment

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019	Change
Revenue	364,342	580,132	(37.2%)
Cost of sales	(297,339)	(427,545)	(30.5%)
Gross profit/(loss)	67,003	152,587	(56.1%)
Selling expenses	(22,561)	(29,538)	(23.6%)
Administrative expenses	(36,756)	(36,361)	1.1%
Other income and expenses	(4,948)	(5,872)	(15.7%)
including gain/(loss) on fair value measurement of previously held interest	0	940	-
Operating profit/(loss)	2,738	80,816	(96.6%)
EBITDA	92,585	158,577	(41.6%)
Interest expense on lease liabilities	(6,713)	(8,893)	(24.5%)
Gross margin	*18.4%*	*26.3%*	*(7.9pp)*
Number of sport cards	*498.9*	*1,046.5*	*(547.6)*
Number of clubs	*159*	*153*	*6*

As a result of the introduction of restrictions due to the COVID-19 epidemic, mainly the closure of sports facilities since March 14th 2020, the Poland segment's revenue fell 37.2% year on year, despite the high growth rate in January and February, as well as the reopening of facilities on June 6th 2020. Cost of sales decreased by PLN 130.2m and gross profit came in at PLN 67.0m.

In response to the pandemic, steps were taken to reduce direct costs of sports facilities as well as selling expenses (including marketing costs) and administrative expenses. The Group also achieved savings in cost of services, wages and additional employee benefits (as part of the anti-crisis shield solutions). In the six months ended June 30th 2020, as a result of the temporary closure of clubs during the epidemic, a decision was made to reorganise the portfolio of fitness clubs. By June 30th 2020, 135 fitness clubs resumed operations, with more clubs to re-open in the second half of 2020, in accordance with the planned reopening schedule.

In the six months ended June 30th 2020, intensive efforts were also made to deliver online services to holders of sports facility cards and passes/vouchers, including through the establishment of the Yes2Move platform and the launch of an attractive offer for users of active sport cards, including access to an e-book and audiobook library, professional nutrition programmes, online training sessions, podcasts with experts and educational materials.

In April, MultiSport cardholders were also provided with access to personalised coaching and dietary consultations, an English language learning platform, and activities for children. Holders of active cards may also participate in online activities offered by selected partners (offered on a fee-basis to non-Multi-Sport customers). June 2020 also saw the start of activities undertaken as part of the next edition of Gamification, which encourages the card holders to collect points through physical activity. In the six months ended June 30th 2020, additional costs of PLN 3.2m were recognised on account of payments to clubs which met their commitment to reopen in accordance with the applicable sanitary guidelines by June 15th 2020.

In June 2020, four fitness clubs were permanently closed: two in the Fitness Academy network and two in the My Fitness Place network. In consequence, other expenses of PLN 10.4m were recognised, reflecting the adverse effect of the closures on the half-year results; the amount included an impairment loss on property, plant and equipment (PLN -8.8m) and the cost of early termination fee (PLN -4.8m), and was partly offset by the termination of lease contracts (PLN +3.2m). Other income included PLN 2.6m of grants received as part of the anti-crisis shield and impairment losses on receivables.

In the six months ended June 30th 2020, the Poland segment recognised PLN 55.3m in depreciation of right-of-use assets and a PLN 6.7m interest expense on lease liabilities.

2.2.3. FOREIGN MARKETS

The segment comprises companies engaged in the development of the MultiSport programme and companies managing fitness clubs abroad as part of the strategy to support development of the MultiSport card, the Group's main product. In the six months ended June 30th 2020, the companies engaged in the development of the MultiSport programme operated in five European countries: Czech Republic (MultiSport S.R.O.), Bulgaria (Benefit Systems Bulgaria EOOD), Slovakia (Benefit Systems Slovakia S.R.O.), Croatia (Benefit Systems D.O.O.), and Greece (Benefit Systems Greece MIKE). The segment also includes Benefit Systems, storitve, D.O.O. (Slovenia), which remains dormant. The fitness clubs business was conducted in three markets: in the Czech Republic (Beck Box Club S. R. O., Form Factory S. R. O.), Slovakia (Fit Invest Slovakia S. R. O.) and Bulgaria (Fit Invest Bulgaria EOOD).

Benefit Systems International Sp. z o.o. is the parent of the other companies in the segment. All these companies are fully consolidated.

Table 9. Selected financial data of the Foreign Markets segment

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019	Change
Revenue	171,378	151,033	13.5%
Cost of sales	(130,454)	(128,469)	1.5%
Gross profit/(loss)	40,924	22,564	81.4%
Selling expenses	(14,602)	(16,949)	(13.8%)
Administrative expenses	(17,946)	(16,494)	8.8%

Other income and expenses	(647)	(467)	38.5%
Operating profit/(loss)	7,729	(11,346)	-
EBITDA	25,317	2,279	1010.9%
Interest expense on lease liabilities	(833)	(1,152)	(27.7%)
Gross margin	*23.9%*	*14.9%*	*9.0pp*
Number of sport cards	*288.2*	*285.7*	*2.5*
Number of clubs	*25*	*23*	*2*

As at the end of June 2020, the number of cards slightly exceeded the levels reported for the six months ended June 30th 2019, with the rate of increase in the number of cards slowing as a consequence of the COVID-19 pandemic. In March 2020, pursuant to decrees issued by local governments, sports and recreational facilities in the countries where the segment operated were temporarily closed:

- the Czech Republic and Slovakia – as of March 13th 2020,
- Bulgaria – as of March 14th 2020,
- Croatia – as of March 17th 2020,
- Greece – as of March 13th 2020.

Starting from the end of April 2020, restrictions in these countries were gradually eased, enabling users to return to the MultiSport programme and the fitness clubs to resume operations:

- the Czech Republic – April 28th 2020,
- Croatia – May 16th 2020,
- Bulgaria – May 18th 2020,
- Slovakia – June 3rd 2020.

After the end of the lockdown period for fitness facilities in Greece in connection with COVID-19, Benefit Systems Greece Mike did not resume operations, i.e. it did not provide services under the MultiSport programme contracts.

During the month following the lifting of lockdown, there was an increase in MultiSport card deactivations, especially in the Czech, Bulgarian and Croatian markets. However, as at the end of June 2020, the number of cards on the foreign markets returned to 80% of the pre-lockdown levels. The lockdown also affected the operations of fitness clubs in the Czech Republic, Bulgaria and Slovakia. There was a steep decline in the total number of gym-goers after the lockdown, both in the case of MultiSport card users and persons purchasing gym membership cards.

Table 10. Number of sport cards (in thousands), by country in the Foreign Markets segment

Country	Six months ended June 30th 2020	Six months ended June 30th 2019	Change
Czech Republic	157.6	150.9	6.7
Bulgaria	79.5	93.4	(13.9)
Slovakia	37.3	30.5	6.8
Croatia	13.8	10.8	3.0
Greece	0	0.1	(0.1)
Total	288.2	285.7	2.5

Despite the temporary closure of fitness clubs during the lockdown, the Foreign Markets segment's revenue grew by over PLN 19m year on year. In the six months ended June 30th 2020, the revenue included the effect of adjustment of output VAT at MultiSport Benefit S.R.O. for prior years (relating to MultiSport cards on the Czech market), resulting in the recognition of approximately PLN 32.1m in additional revenue in the same period. It was an effect of adoption by the Czech tax authorities of the 'voucher directive' (amendments to Directive 2006/112/WR) and issue of an official interpretation according to which the Czech MultiSport card meets the criteria to be considered a voucher (multi purpose voucher) and therefore it should be exempt from value added tax. The tax adjustment also resulted in a PLN 15.3m increase in H1 2020 costs (input tax), including a PLN 13.8m increase in the cost of sales.

Despite the loss of a significant number of cards due to COVID-19, the Czech Republic remains the second largest market after Poland. As at June 30th 2020, the number of cards on that market was 4% higher year on year. In Bulgaria, at the ned of the six months ended June 30th 2020 the number of cards decreased by nearly 14 thousand year on year. Slovakia was the market in which the Foreign Markets segment recorded the lowest decline in the number of cards compared with the pre-pandemic levels, with a more than 22% year-on-year increase in the number of active cards in the six months ended June 30th 2020. In Croatia, there was a significant decrease in the number of active MultiSport cards in the first month after the easing of the restrictions imposed on fitness clubs, but a bulk of the sport cards became active again over the following month. However, on the foreign markets it was the Croatian company that recorded the strongest decline in the number of cards in the six months ended June 30th 2020, by approximately 60% from the pre-lockdown level.

With the continuous development of the partnership network, it is possible to reach an increasingly wider pool of potential customers. As at June 30th 2020, the number of partners working with the Foreign Markets segment's companies under the MultiSport programme was 4.2 thousand, i.e. 11% more year on year.

In order to ensure the highest quality of services, the Foreign Markets segment also continued development of its own club networks. As at June 30th 2020, the segment managed 25 clubs on three markets.

Table 11: Number of the Group's fitness clubs in foreign markets

Company	Number of fitness clubs		
	June 30th 2020	June 30th 2019	Change
Form Factory S.R.O.	9	9	-
Beck Box Club Praha S.R.O.	6	6	-
Fit Invest Bulgaria EOOD	9	8	1
Fit Invest Slovakia S.R.O.	1	-	1
Total	25	23	2

In the three months ended June 30th 2020, the management of the Foreign Markets segment took a range of measures to mitigate the adverse impact of the COVID-19 pandemic on the segment's financial results. One of the principal objectives of the strategy for Q2-Q4 2020 was to reduce the organic cost base at all segment companies, including Benefit Systems International Sp. z o.o. and Fit Invest International Sp. z o.o. As part of the cost optimisation measures, the marketing spending was reduced by approximately 25% relative to March 2020, both at fitness clubs and the companies involved in the MultiSport programme, new club openings were postponed, video-conferencing solutions were used to replace business travel, and fitness club rent rates were renegotiated.

By decision of the management of the Foreign Markets segment, operations in Greece were discontinued as of June 30th 2020. The decision was made in anticipation of a significant slowdown of the Greek economy brought about by the COVID-19 pandemic, which would in turn delay reaching the break-even point by the company. The Greek company was sold to a third party.

In the six months ended June 30th 2020, the Foreign Markets segment recognised PLN 11.5m in depreciation of right-of-use assets and a PLN 0.8m interest expense on lease liabilities.

2.2.4. CAFETERIAS

The Cafeterias segment is responsible for developing the MyBenefit and MultiKafeteria non-payroll employee benefit platforms, which offer a wide range of products and services, including the Benefit Systems Group's own products. The segment's offering is focused on benefits spanning culture, entertainment, recreation, leisure, as well as domestic and foreign travel. The offering also comprises shopping vouchers that can be used at popular brand store chains in Poland, courses, training, and food offering. The benefits come from proven providers – the partner network, which is being continually expanded, already comprising several thousand entities. In late 2019, there was a formal merger through acquisition effected by MyBenefit Sp. z o.o. (the acquirer) and MultiBenefit Sp. z o.o. (the acquiree).

The MyBenefit and MultiKafeteria cafeteria platforms allow users to choose freely from among a range of available benefits, within the limits and budgets set by their employers. Users can select benefits directly from Cafeteria – an online platform featuring individual user accounts. The solution, which gives employers full control of the benefits selected and simple settlement methods, has been taken up by companies from the manufacturing, services and trade industries, as well as public institutions, with headcounts ranging from several to several dozen thousand employees. The Cafeteria benefits cover sports, health, travel and culture, and include shopping vouchers that can be used at Polish renowned chain retailers and brand stores. The Cafeteria platforms are also an important channel for distributing sport cards offered by the Group.

The MultiBilet Cinema Programme is an independent pillar of the Group's culture and entertainment offering, with tickets available to over 200 partner cinemas across Poland (including Cinema City, Helios and Multikino, in addition to a number of local cinemas).

The QlturaProfit vouchers offered by VanityStyle Sp. z o.o. allow their holders to go to selected plays, films and exhibitions as part of a cultural offering created by about 50 theatres, 190 cinemas, 50 museums and 28 thematic parks across Poland.

In addition to the Cafeteria platforms and the Cinema Programme, the Group offers:

MultiTeatr vouchers redeemable at the most popular theatres;
MultiMuzeum for a museum and art gallery experience in Poland's largest cities;
MultiZoo tickets to zoos (the most recent addition to the portfolio);
BenefitLunch with catering service available from nearly 200 restaurants.

Table 12: Selected financial data of the Cafeterias segment

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019 Restated	Change
Revenue	15,556	10,611	46.6%
Cost of sales	(11,497)	(5,938)	93.6%
Gross profit/(loss)	4,059	4,673	(13.1%)

Selling expenses	(2,652)	(2,893)	(8.3%)
Administrative expenses	(2,949)	(2,273)	29.7%
Other income and expenses	(2,582)	(71)	-
Operating profit/(loss)	(4,124)	(564)	631.2%
EBITDA	(1,263)	1,420	-
Interest expense on lease liabilities	(82)	(121)	(32.2%)
Gross margin	*26.1%*	*44.0%*	*(17.9pp)*
*Turnover (PLNm)**	*150.4*	*158.7*	*(8.3)*
Number of users (in thousands)	*481*	*401*	*81*

**Based on commercial notes, invoices and bills issued by the Cafeteria platforms MultiKafeteria and MyBenefit.*

As at the end of the first half of 2020, the e-platforms MyBenefit and MultiKafeteria registered a total of more than 481 thousand users, representing a year-on-year increase of 80.5 thousand. A strong increase in the number of users did not lead to an increase in sales from the Cafeteria platforms. As cinemas and sports facilities were closed, and concerts, performances and other events were cancelled, sales through the outside platforms in the six months ended June 30th 2020 fell by 7.4% year on year.

The main areas adversely affected by the pandemic include Sport Cards, Cinema, Tourism, Culture and Recreation, as well as Food Services. The loss of revenue from those categories was partially offset by the large volume of point redemptions by users in the Stores category, which was the most popular sales channel in the six months ended June 30th 2020 (turnover of PLN 79.2m vs PLN 60.8m in the corresponding period of 2019).

Higher cost of sales was attributable to increased expenditure on maintaining the cafeteria system. Completion of certain development projects led to a PLN 0.9m increase in depreciation/amortisation expense; the projects involved developing and upgrading the IT components of the cafeteria system to enhance the user experience. A year-on-year decrease in selling expenses was mainly attributable to lower salaries and wages (10%), lower costs of advisory, accounting and legal services (75%), as well as savings on employee training (69%) and business trips (43%). A PLN 0.7m increase in administrative expenses resulted from organisational changes, which increased the cost of salaries and wages allocated to this item vs 2019.

Other income/(expenses) included PLN 0.7m in proceeds under a grant received as part of the anti-crisis shield and a PLN 2.9m write-off of intangible assets.

In the period preceding its acquisition by MyBenefit Sp. z o.o., MultiBenefit Sp. z o.o. re-examined its role in the sale of cafeteria services in the context of the degree of risk incurred by the parties. The re-examination revealed that in a significant part of the transactions (including in sales of MultiBilet and BenefitLunch) the company acts as an agent and therefore, in accordance with IFRS 15, it should disclose only a commission (or margin) on sales of certain benefits in its revenue. Therefore, a presentation adjustment was made to the company's income and expenses for 2019, which did not affect the parent's and the Group's results.

In the six months ended June 30th 2020, the Cafeterias segment recognised close to PLN 1m in depreciation of right-of-use assets and a PLN 0.08m interest expense on lease liabilities.

Table 13: Effect of change in revenue classification at the Cafeterias segment on the segment's comparative data following implementation of IFRS 15

PLN thousand	Cafeterias after restatement	Cafeterias before restatement	Change
Revenue	10,611	18,534	(7,923)
Cost of sales	(5,938)	(13,861)	7,923
Gross profit/(loss)	4,673	4,673	0
Selling expenses	(2,893)	(2,893)	0
Administrative expenses	(2,273)	(2,273)	0
Other income and expenses	(71)	(71)	0
Operating profit/(loss)	(564)	(564)	0
EBITDA	1,420	1,420	0
Interest expense on lease liabilities	(121)	(121)	0
Gross margin	*44.0%*	*25.2%*	*18.8pp*

2.2.5. OTHER ACTIVITIES AND CORPORATE

Other Activities and Corporate include revenue other than from sales of non-payroll incentive or fitness products, as well as indirect costs not allocated to such revenue. This revenue mainly includes amount from elimination of intersegment transactions, with settlements for the provision of cafeteria platforms as sales channels for sport cards being the most significant item. The segment's costs are related to the management and administrative functions, strategic activities at the Benefit Systems Group, the Incentive Scheme, support functions and other activities not allocated to the identified operating segments. The Corporate segment also includes amounts from the elimination of costs, including amortisation of the Group trademark.

Table 14: Other Activities and Corporate

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019	Change
Revenue	(3,804)	(14,193)	(73.2%)
Cost of sales	7,172	17,976	(60.1%)
Gross profit/(loss)	3,368	3,783	(11.0%)
Selling expenses	0	35	-
Administrative expenses	(726)	(4,289)	(83.1%)
including the Incentive Scheme	*(924)*	*(410)*	125.4%
Other income and expenses	81	1,344	(94.0%)
Operating profit/(loss)	2,723	873	211.9%
EBITDA	(1,059)	(691)	53.3%
Interest expense on lease liabilities	132	226	(41.6%)
Gross margin	*(88.5%)*	*(26.7%)*	*(61.8pp)*

The results for the six months ended June 30th 2020 include a PLN 924 thousand difference from remeasurement of the 2019 Incentive Scheme due to marking to market of the Scheme amounts at the share price effective as at the grant date.

2.3. OTHER FINANCIAL DATA

Table 15: Finance income and costs of the Benefit Systems Group

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019	Change
Finance income, including:	4,038	17,581	(77.0%)
Interest income on loans	*1,231*	*1,615*	(23.8%)
Remeasurement of contingent payment liabilities	*2,190*	*9,798*	*(77.6%)*
Foreign exchange gains on measurement of lease liabilities	-	*4,940*	-
Finance costs, including:	(35,540)	(6,376)	457.4%
Foreign exchange losses on measurement of lease liabilities	*(31,715)*	-	-
Credit and bond costs	*(3,000)*	*(3,517)*	*(14.7%)*
Interest expense on lease liabilities	(7,496)	(9,940)	(24.6%)
Impairment losses on financial assets	(1,242)	(1,158)	7.3%
Share of profit/(loss) of equity-accounted entities	804	1,032	(22.1%)

In the reporting period, finance income was significantly affected by the remeasurement of contingent payment liabilities of PLN 2.2m and interest income of PLN 1.2m. In the comparative period, this item also included PLN 4.9m in net foreign exchange gains on measurement of lease liabilities, and the amount of remeasurement of contingent payment liabilities increased by PLN 7.6m. Finance costs in 2020 include exchange differences on translating a number of lease contracts settled in foreign currencies due to a significant increase in the EUR/PLN exchange rate (PLN 31.7m), borrowing costs at the parent and Benefit Partners Sp. z o.o. (PLN 3.0m), and remeasurement of loans at Benefit Systems S.A. (PLN 1.7m).

In the first half of 2020, the Group recognised PLN 0.8m in profit of equity-accounted entities, i.e. Langmedia Sp. z o.o. (PLN 0.5m), and X-Code sp. z o.o. (PLN 0.3m).

Table 16: Consolidated statement of financial position of the Benefit Systems Group

PLN thousand	As at June 30th 2020	As at December 31st 2019	Change	As at June 30th 2019
Non-current assets	1,719,274	1,804,753	(4.7%)	1,733,663
share of total assets	85.4%	86.8%	(1.4pp)	86.9%
Current assets	293,008	274,876	6.6%	261,544
share of total assets	14.6%	13.2%	1.4pp	13.1%
Total assets	2,012,282	2,079,629	(3.2%)	1,995,207
Equity attributable to owners of the parent	574,194	618,557	(7.2%)	621,457
share of total equity and liabilities	28.5%	29.7%	(1.2pp)	31.1%
non-controlling interests	1,367	1,703	(19.7%)	2,722
share of total equity and liabilities	0.1%	0.1%	(0.0pp)	0.1%
Non-current liabilities and provisions	949,565	942,704	0.7%	923,999
share of total equity and liabilities	47.2%	45.3%	1.9pp	46.3%

Current liabilities and provisions	487,156	516,665	(5.7%)	447,029
share of total equity and liabilities	24.2%	24.8%	(0.6pp)	22.4%
Total equity and liabilities	2,012,282	2,079,629	(3.2%)	1,995,207

Non-current assets

As at the end of the first half of 2020, the Group's non-current assets were PLN 1,719.3m, i.e. PLN 85.5m less on December 31st 2019. The amount of right-of-use assets decreased significantly (PLN 64.6m), mainly at the Fitness Branch of Benefit Systems S.A., primarily due to the depreciation of right-of-use assets under lease contracts (PLN 61.3m), with amounts arising under new contracts offset by those arising under the terminated ones. As at the reporting date, the amount of property, plant and equipment decreased by PLN 27.7m, mainly as a result of the closure of four fitness clubs in June 2020 and lower expenditure due to a limited number of new club openings (the amount of the expenditure was less than the depreciation expense in the period).

Exchange rate fluctuations led to an increase in deferred tax assets mainly due to a change in lease assets and liabilities (PLN 12.2m, including PLN 10.3m at Benefit Systems S.A.), while the balance of long-term loans decreased by PLN 7.9m, mainly due to a significant amount of repayments, which exceeded the balance of new loans.

Current assets

The PLN 18.1m increase in current assets on year-end 2019 was mainly attributable to a PLN 59.1m increase in cash and cash equivalents, primarily due to positive cash flows from operating activities generated on the back of measures taken to reduce costs and defer payments. At the same time, there was a significant PLN 26.8m decrease in trade receivables, mainly due to the seasonality of the Cafeterias business, which typically peaks towards the end of the year when the receivables materially increase, coupled with lower sales of sport cards and slower business at fitness clubs. The decrease in prepayments and accrued income (PLN 9.6m), mainly at the parent, resulted primarily from lower number of new club openings.

Non-current and current liabilities and provisions

Relative to December 31st 2019, the Group's total liabilities decreased by PLN 22.7m, mainly due to: a PLN 24.9m decrease in trade and other payables resulting from a decrease in the balance of liabilities at MyBenefit Sp. z o.o. (driven by the seasonality of the Cafeterias business) during the reporting period, and from payment of a liability on purchase of shares in a foreign company; and an increase in a liability on purchase of shares in Fit Fabric Sp. z o.o. (as a result of the transfer of a part of the balance amount from long-term liabilities). As a result of COVID-related deferral of payments, the amount of employee benefit obligations increased by PLN 8.0m and current income tax liabilities increased by PLN 3.9m. Following receipt of external financing by the parent, the balance of bank borrowings increased by PLN 7.6m, while short-term accrued expenses and deferred income fell by PLN 9.4m.

Table 17: Consolidated statement of cash flows of the Benefit Systems Group

PLN thousand	Six months ended June 30th 2020	Six months ended June 30th 2019	Change
Net cash flows from operating activities	141,084	148,024	(4.7%)
Net cash flows from investing activities	(14,970)	(74,227)	(79.8%)
Net cash flows from financing activities	(67,014)	(82,885)	(19.1%)

Total net cash flows	59,100	(9,088)	-
Cash and cash equivalents at end of period	131,150	66,731	96.5%
Net cash/(net debt)*	(54,151)	(136,343)	(60.3%)

**Cash less borrowings and other long- and short-term debt instruments*

As at June 30th 2020, the Benefit Systems Group held cash of PLN 131.2m. The cash was held mainly in bank accounts of the parent Benefit Systems S.A. (PLN 37.8m), the subsidiaries Benefit Systems International Sp. z o.o. (PLN 27.9m) and MyBenefit Sp. z o.o. (PLN 18.4m), and foreign companies (PLN 34.7m). The Benefit Systems Group does not, and in the six months ended June 30th 2020 did not, hold currency options or any other derivative instruments of a hedging or speculative nature.

Due to the ongoing pandemic, a number of measures have been taken to ensure the Group's financial liquidity, such as measures to reduce costs and capital expenditure and to extend payment deadlines for trade liabilities and public charges.

Operating activities

In the six months ended June 30th 2020 cash flows from operating activities were PLN 141.1m, that is only PLN 6.9m less year on year, with a PLN 101.3m decrease in gross profit and a PLN 14.7m increase in depreciation and amortisation expense. Changes in working capital totalled PLN 24.1m, and were mainly due to a significant change in receivables in the period. The amount of income tax paid was PLN 26.1m lower year on year due to the COVID- related deferral in collection of public charges to counteract adverse effects of the pandemic.

Investing activities

In the reporting period, net cash flows from investing activities were PLN 15.0m, which represented a decrease on the corresponding period of 2019, a result of the measures taken to reduce capital expenditure in response to the pandemic. In the six months ended June 30th 2020, expenditure on purchase of property, plant and equipment and intangible assets decreased by PLN 39.7m year on year also as a result of the lower number of new club openings and internal work on development of the existing intangible assets. Expenditure on acquisition of subsidiaries fell to nil, while in the corresponding quarter of 2019 the Group's acquisitions included purchase of two fitness clubs. The amount of new loans to external partners was PLN 5.8m lower year on year, an effect the economic impact of the pandemic and the Group's decisions regarding the financial support.

Financing activities

In the six months ended June 30th 2020 cash flows from financing activities were PLN 67.0m, that is PLN 15.9m less year on year. The effect of PLN 50.0m proceeds from new bank borrowings was offset by outflows on purchase of shares in foreign companies (PLN 36.1m), redemption of debt securities by Benefit Partners Sp. z o.o. (PLN 30.3m), payment of lease liability (PLN 36.0m), and repayment of borrowings with interest (PLN 14.7m).

2.4. SELECTED FINANCIAL RATIOS

Table 18: Financial ratios of the Benefit Systems Group*

Profitability ratios	Six months ended June 30th 2020	Six months ended June 30th 2019 Restated	Change
Gross margin	21.1%	25.2%	(4.1pp)
EBITDA margin	21.1%	22.2%	(1.1pp)
EBIT margin	1.7%	9.6%	(7.9pp)
Pre-tax margin	(5.4%)	9.5%	-
Net margin	(6.7%)	7.5%	-
Return on equity (ROE)	(6.5%)	9.0%	-
Return on assets (ROA)	(1.9%)	2.8%	-
Liquidity ratios	**Six months ended June 30th 2020**	**Six months ended June 30th 2019 Restated**	**Change**
Current ratio	0.60	0.59	1.7%
Quick ratio	0.58	0.52	11.5%

** Including the effect of IFRS 16*

The Group's profitability was assessed based on the following ratios defined below:

- *gross margin: gross profit / revenue,*
- *EBITDA margin: EBITDA / revenue,*
- *EBIT margin: operating profit / revenue,*
- *pre-tax margin: profit before tax / (operating revenue + finance income + extraordinary gains),*
- *net margin: net profit / (operating revenue + finance income + extraordinary gains),*
- *return on equity (ROE): net profit / equity (end of period),*
- *return on assets (ROA): net profit / total assets (end of period),*
- *current ratio: current assets / current liabilities,*
- *quick ratio: (current assets - inventory - current prepayments) / current liabilities.*

3. ADDITIONAL INFORMATION

3.1. SIGNIFICANT EVENTS AT THE GROUP DURING THE REPORTING PERIOD

Execution of credit facility agreement and multi-purpose credit facility agreement with BNP Paribas Bank Polska

On January 24th 2020, the parent and BNP Paribas Bank Polska S.A. of Warsaw executed a PLN 70m non-revolving credit facility agreement and a PLN 30m multi-purpose credit facility agreement. The non-revolving facility will be available for 12 months and may be used for investment purposes consistent with the Group's strategy. The facility term is 48 months. The multi-purpose credit facility may be used to finance current operations and is available for 12 months from the date of the agreement.

COVID-19 epidemic

On March 11th 2020, the World Health Organisation recognised the COVID-19 epidemic as a pandemic, and on March 13th 2020 the Polish government declared the state of epidemic emergency and subsequently – the state of epidemic in the entire country. To mitigate the potentially significant threat to public health posed by COVID-19, the Polish authorities took steps to prevent the spread of the epidemic, including restrictions on cross-border movement of persons, temporary prohibition of foreign nationals entering Poland, and prohibition of activities in certain industries pending further developments, followed by restrictions on freedom of movement. Since April 20th 2020, some of the restrictions have been gradually eased and lifted. The operation of swimming pools, gyms and fitness clubs remained suspended from March 14th to June 5th 2020. For information on the expected effect of the epidemic on the Group's financial condition and results, see Note 6.2.2 to the interim condensed consolidated financial statements of the Benefit Systems Group.

Reduction of Benefit Systems S.A.'s share capital

On June 10th 2020, the Annual General Meeting of Benefit Systems S.A. passed a resolution to reduce the parent's share capital from PLN 2,859,142.00 to PLN 2,795,900.00 through retirement of 63,242 treasury bearer shares re- acquired by the parent. This resolution became effective upon its adoption, however the shares will be retired in accordance with Art. 360.4 of the Commercial Companies Code upon reduction of the parent's share capital, which will take place upon registration of the reduction in the Business Register of the National Court Register. As at the date of issue of these interim condensed consolidated financial statements, no such entry was made in the Business Register.
The purpose of the capital reduction is to adjust the amount of the parent's share capital to the total par value of the shares remaining after the retirement of the shares.

Notification of exceeding the threshold of 10% of total voting rights at the parent

On April 3rd 2020, the parent was notified by Invesco Ltd. of Atlanta that Invesco Ltd. exceeded the 10% threshold of total voting rights at the parent.

Distribution of parent's net profit for 2019

On April 16th 2020, the Management Board of the parent passed a resolution to propose to the Annual General Meeting that the entire amount of profit of PLN 166,342,521.78 disclosed in the parent's financial statements for 2019 be allocated to the parent's statutory reserve funds. The proposal, positively assessed by the Supervisory Board of the parent, is a one-off deviation from Benefit Systems S.A.'s dividend policy for 2020−2023 related to the economic uncertainty caused by the COVID-19 epidemic.

On June 10th 2020, the Annual General Meeting passed a resolution to allocate the entire amount of the net profit to statutory reserve funds.

Benefit Systems Group's decision to withdraw from the Greek market

At its April meeting, the Supervisory Board of Benefit Systems International Sp. z o.o. made a decision to withdraw the Group from the Greek market. On June 30th 2020, Benefit Systems Greece MIKE, established to operate on the Greek market, was sold. The scale of its operations was insignificant for the Group at large: in the period until the date of sale, the company generated revenue of PLN 0.1m and recognised a loss on sales of PLN 0.1m. As at the date of sale, the company held assets of PLN 0.4m.

Amendments to the credit facility agreement and to the bank guarantee limit agreement with Santander Bank Polska S.A.

On May 27th 2020, the Management Board of Benefit Systems S.A. executed an amendment to the multi-purpose and multi-currency credit facility agreement of July 18th 2012 with Santander Bank Polska S.A. of Wrocław and an amendment to the bank guarantee limit agreement of April 2nd 2012 with the same bank. The amendments extend the term of the agreements until May 31st 2021. The bank guarantee limit is PLN 60,000,000.00. On May 27th 2020, the parent and the Bank executed a PLN 5,000,000.00 guarantee limit agreement, with the limit provided to the Company until May 31st 2021.

VAT adjustment at MultiSportBenefit S.R.O.

Following the adoption by the Czech tax authorities of the so-called voucher directive (amendments to Directive 2006/112/WR), under which the Czech Multisport membership card meets the criteria for its recognition as voucher and thus is exempt from value added tax, the financial result of MultisportBenefit S.R.O. for the six months ended June 30th 2020 includes an adjustment to input and output VAT for 2019. As a result of the adjustment, revenue increased by PLN 32.1m, and total costs increased by PLN 15.3m (including cost of sales by PLN 13.8m), and net profit increased by PLN 13.7m.

Closure of four own clubs

In June 2020, four fitness clubs owned by Benefit Systems S.A., i.e. two Fitness Academy clubs and two My Fitness Place clubs, were closed. The closures had a PLN 10.4m adverse effect on the results for the six months ended June 30th 2020; the amount included an impairment loss on property, plant and equipment (PLN 8.8m) and the cost of early termination fee (PLN 4.8m), and was partly offset by the termination of relevant lease contracts (PLN 3.2m).

3.2. SIGNIFICANT EVENTS AT THE GROUP AFTER THE REPORTING DATE

Extension of deadline for closing of antitrust proceedings

On July 30th 2020, the Management Board of the parent received a decision of the President of the Office of Competition and Consumer Protection ("UOKiK"), whereby the antitrust proceedings are expected to be closed on December 29th 2020. As announced in the current report of August 7th 2020, the parent received a statement of objections ("SO") with respect to the antitrust proceedings initiated on June 22nd 2018. By issuing an SO, the President of the UOKiK does not dispose of the case on the merits but instead, as part of an internal procedure at the UOKiK, provides parties, including the parent, with an opportunity to defend the objections raised against them prior to issuing a final decision closing the proceedings. For detailed information on the proceedings, see Note 3.13 to this report.

Extension of the term of the agreement with PKO BP

On August 17th 2020, the parent and Powszechna Kasa Oszczędnościowa Bank Polski S.A. of Warsaw executed an amendment to the multi-purpose credit facility agreement, whereby the term of the PLN 50,000,000 overdraft facility granted to the parent by the bank was extended until August 21st 2021.

Establishment of bond programme and execution of agency agreement

On August 17th 2020, the Management Board of the parent passed a resolution to establish a bond programme for the parent, with a total nominal value of up to PLN 100,000,000 (the "Programme"), and executed an agency agreement for the Programme with Haitong Bank, S.A. Poland Branch ("Haitong Bank"). All bonds issued under the Programme will be secured with shares in selected Group subsidiaries, fitness equipment, and on the Benefit Systems S.A. trademark. The establishment of the Programme was approved by the Supervisory Board of the parent.

The parent intends to issue bonds under the Programme in the third quarter of 2020, subject to appropriate market conditions and upon creation of the security interests provided for in the Programme.

In accordance with the terms and conditions of the Programme, subject to the execution by the parent and Haitong Bank of an underwriting agreement (which will not be an underwriting agreement within the meaning of Art. 14a of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies) and fulfilment of its terms and conditions, Haitong Bank has agreed to subscribe for bonds with a par value of up to PLN 100,000,000. The bonds will be issued in accordance with Art. 33.1 of the Act on Bonds of January 15th 2015, with the proviso that the offering will be addressed only to qualified investors, without the obligation to publish a prospectus or information memorandum pursuant to Article 1(4)(a) of the Prospectus Regulation. The parent will seek the admission of all issued bonds to trading on the multilateral trading facility operated by the Warsaw Stock Exchange.

Under the terms of the Programme, the parent will be allowed to issue two series of bonds (A and B) with respective maturities of eighteen months and four years, with interest rates of 6M WIBOR +225.00 bps (on average over the entire period for 18-month bonds) and 6M WIBOR +368.75 bps (on average over the entire period for 4-year bonds). Interest will be payable on a semi-annual basis.

The Programme provides for amortisation of Series B bonds for a total amount of PLN 20,000,000 in the third year. Both series will be issued with an early redemption option for the parent.

The terms and conditions of the Programme do not specify the issue objectives for the individual series of the bonds, but the objectives may be specified in the terms and conditions of individual series of the bonds. By establishing the Programme, the parent intends to diversify the Group's financing sources amid the heightened market uncertainty in the wake of the COVID-19 pandemic. The issue proceeds may be used to finance the Group's development, including on foreign markets.

3.3. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

As at the date of issue of this report, the Management Board of the parent was composed of four members:

- Bartosz Józefiak – Member of the Management Board,
- Adam Radzki – Member of the Management Board,
- Emilia Rogalewicz – Member of the Management Board,
- Wojciech Szwarc – Member of the Management Board.

In the reporting period, there were no changes in the composition of the Management Board.

As at the date of issue of this report, the Supervisory Board of Benefit Systems S.A. was composed of five persons:

- James van Bergh – Chairman of the Supervisory Board,
- Marcin Marczuk – Deputy Chairman of the Supervisory Board,
- Artur Osuchowski – Member of the Supervisory Board,
- Michael Rohde Pedersen – Member of the Supervisory Board,
- Michael Sanderson – Member of the Supervisory Board.

In the reporting period, there were no changes in the composition of the Supervisory Board.

3.4. SHARES OR OTHER RIGHTS TO SHARES HELD BY MEMBERS OF THE MANAGEMENT BOARD OR THE SUPERVISORY BOARD

The holdings of shares or other rights to shares (options) in Benefit Systems S.A. by members of its Management Board and Supervisory Board as at the issue date of this report were as follows:

Table 19: Shares held by members of the Management Board of Benefit Systems S.A.

	As at the issue date of H1 2020 report		As at the issue date of Q1 2020 report		
Management Board	Number of shares	Ownership interest	Number of shares	Ownership interest	Change
Bartosz Józefiak	-	0.00%	-	0.00%	-
Adam Radzki	3,020	0.11%	3,020	0.11%	-
Emilia Rogalewicz	1,081	0.04%	1,081	0.04%	-
Wojciech Szwarc	-	0.00%	-	0.00%	-
Total	4,101	0.14%	4,101	0.14%	-

Table 20: Benefits of members of the Management Board in the form of Series I and Series J warrants due and potentially due as at the date of issue of the H1 2020 report

Management Board Member	Series I Warrants granted for 2019	Value* (PLN thousand)
Bartosz Józefiak	500	206
Adam Radzki	2,750	1,133
Emilia Rogalewicz	3,250	1,339
Wojciech Szwarc	2,250	927
Total	8,750	3,605

**The benefit under granted subscription warrants is equal to the difference between the option exercise price and the share price as at the valuation date. The measurement of Series I warrants was based on prices and conditions applicable to the pool of warrants in 2019 (February 12th 2019 – PLN 390.07 and December 31st 2019 − PLN 412.07).*

Table 21: Shares held by members of the Supervisory Board of Benefit Systems S.A.

	As at the issue date of H1 2020 report		As at the issue date of Q1 2020 report		
Supervisory Board	Number of shares	Ownership interest	Number of shares	Ownership interest	Change
James van Bergh*	537,195	18.79%	537,195	18.79%	-

Marcin Marczuk	0	0.00%	0	0.00%	-
Artur Osuchowski	0	0.00%	0	0.00%	-
Michael Rohde Pedersen	0	0.00%	0	0.00%	-
Michael Sanderson	0	0.00%	0	0.00%	-
Total	537,195	18.79%	537,195	18.79%	-

**Direct interest; additionally, a person closely related to the Chairman of the Supervisory Board (within the meaning of Art. 160.2.1 of the Act on Trading in Financial Instruments) controls Benefit Invest Ltd. as a shareholder with a 93.3% equity interest, and that company holds 309,221 shares in Benefit Systems S.A., representing 10.82% of its share capital and the same percentage of total voting rights (as at the issue date of the Q1 2020 report). In addition, a person closely related to the Chairperson of the Supervisory Board is the Chairman of the Supervisory Board of the Drzewo and Jutro Foundation (former name: Benefit Systems Foundation) and holds 8.38% of Benefit Systems S.A. share capital*

Members of the parent's Management Board and Supervisory Board do not hold any shares in the subsidiaries.

3.5. SHAREHOLDING STRUCTURE

The equity interests and percentages of total voting rights held in the parent take account of the increase in the parent's share capital made within the limit of its conditional share capital. Series D shares were acquired as part of the conditional share capital by holders of Series D, Series E and Series F subscription warrants granted by the parent in accordance with the terms of the 2014–2016 Incentive Scheme, and Series E shares – by holders of Series H subscription warrants granted by the parent in accordance with the terms of the 2017−2020 Incentive Scheme.

Table 22: Shareholding structure

	As at the issue date of H1 2020 report			As at the issue date of Q1 2020 report			
Shareholder	Number of shares	Ownership interest	Share in total voting rights at GM	Number of shares	Ownership interest	Share in total voting rights at GM	Change
James Van Bergh*	537,195	18.79%	18.79%	537,195	18.79%	18.79%	-
Benefit Invest Ltd.*	309,221	10.82%	10.82%	309,221	10.82%	10.82%	-
Invesco Ltd.**	286,814	10.03%	10.03%	286,814	10.03%	10.03%	-
Marek Kamola	245,000	8.57%	8.57%	245,000	8.57%	8.57%	-
MetLife OFE***	240,000	8.39%	8.39%	267,331	9.35%	9.35%	(27,331)
Fundacja Drzewo i Jutro**	239,628	8.38%	8.38%	239,628	8.38%	8.38%	-
Nationale-Nederlanden OFE***	159,000	5.56%	5.56%	158,408	5.54%	5.54%	592
Other shareholders	842,284	29.46%	29.46%	815,545	28.52%	28.52%	26,739
including Benefit Systems S.A. (treasury shares)	*118,053*	*4.13%*	*4.13%*	*118,053*	*4.13%*	*4.13%*	-
TOTAL	2,859,142	100.00%	100.00%	2,859,142	100.00%	100.00%	-

** Related individuals and/or entities as described in Note 23 'Related-party transactions' in the Group's full-year consolidated financial statements for 2019.*

*** Based on the notifications received on April 3rd 2020 and April 22nd 2020.*
Based on the notification of May 15th 2020, Invesco Canada Ltd. holds 182,191 shares, representing 6.37% of the parent's share capital.

**** Based on registrations at the General Meeting on June 10th 2020.*

As at the date of issue of this report, the parent's share capital was PLN 2,859,142. Number of shares comprising the share capital: 2,859,142: including 2,204,842 Series A shares; 200,000 Series B shares; 150,000 Series C shares; 120,000 Series D shares; 300 Series E shares, and 184,000 Series F shares. The shares of all series have a par value of PLN 1 per share. The total number of voting rights carried by all the shares in issue is 2,859,142. The equity interests held by individual shareholders in Benefit Systems S.A. are equal to their respective shares in the total number of voting rights at the General Meeting. As at the issue date of this report, the parent held 118,053 treasury shares; the parent does not exercise voting rights from the shares.

3.6. DIVIDEND

On December 9th 2019, the Management Board of the parent adopted a dividend policy for 2020-2023, under which the Management Board will recommend to the General Meeting payment of dividend of at least 50% of the Group's consolidated net profit for the previous financial year. The Management Board's recommendation will take into account the financial and liquidity position, growth prospects and investment needs of the parent and the Group. The dividend policy is now effective and applies from the distribution of profit for the financial year ended December 31st 2019; the policy was positively assessed by the Supervisory Board of the parent on December 9th 2019.

On April 16th 2020, the Management Board passed a resolution to propose to the Annual General Meeting that the entire profit of PLN 166,342,521.78 disclosed in the parent's financial statements for 2019 be allocated to the parent's statutory reserve funds.

The proposal, positively assessed by the Supervisory Board of the parent, is a one-off deviation from Benefit Systems S.A.'s dividend policy for 2020−2023 related to the economic uncertainty caused by the COVID-19 epidemic.

On June 10th 2020, the Annual General Meeting passed a resolution to allocate the entire net profit to statutory reserve funds.

3.7. INCENTIVE SCHEME

Pursuant to resolutions of the General Meeting, the Benefit Systems Group operates an Incentive Scheme (the Scheme). On February 10th 2016, the Supervisory Board of the parent approved a draft of the Incentive Scheme for 2017−2020. Eligible to participate in the Scheme are designated employees from among the senior executive and middle management staff. The purpose of the Scheme is to provide an incentive system that would promote employee productivity and loyalty, aimed at achieving strong financial performance and a long-term increase in the parent's value. Under the Incentive Scheme for 2017–2020, eligible employees (up to 149 persons) will be able to receive up to 100 thousand subscription warrants (which, after conversion into shares, would represent 3.38% of the parent's share capital, increased by an amount corresponding to the maximum number of exercised warrants), which will entitle them to subscribe for a specific number of parent shares at par value in four equal tranches.

There are three vesting criteria:

Loyalty – employment must be continuing under an employment contract at the end of the calendar year for which the options are granted,

and the employee must not be on notice period,

Quality – evaluated after the Group reaches the agreed level of adjusted profit before tax adjusted (net of Scheme costs),

Performance – performance of the Scheme participant must be positively assessed, in accordance with internal regulations of the parent and in the context of the set annual targets.

The necessary pre-condition for the Incentive Scheme to operate in a given year is that the Group generates a specific level of profit before tax (for the years 2017–2020) adjusted for the accounting cost of the Scheme attributable to the financial year. The options are exercisable until September 30th 2021.

The key terms and conditions of the Incentive Scheme for 2017–2020 were approved by resolution of the Annual General Meeting held on 15th June 2016.

Table 23: Vesting thresholds for the Incentive Scheme

<table>
<tr><th rowspan="3"></th><th rowspan="3" colspan="2">Share in the maximum number of warrants for the year</th><th colspan="4">Adjusted consolidated profit before tax</th></tr>
<tr><th colspan="4">(PLNm)</th></tr>
<tr><th>2017</th><th>2018</th><th>2019</th><th>2020</th></tr>
<tr><td>Vesting thresholds (PLNm) –</td><td>100%</td><td>25,000</td><td>90</td><td>105</td><td>120</td><td>140</td></tr>
<tr><td>adjusted consolidated profit before tax</td><td>75%</td><td>18,750</td><td>85</td><td>97.5</td><td>110</td><td>130</td></tr>
<tr><td>(net of Scheme costs)</td><td>50%</td><td>12,500</td><td>80</td><td>91</td><td>106</td><td>121</td></tr>
</table>

The fair value of subscription warrants granted to employees was estimated as at the grant date using the Black-Scholes analytical model.

Table 24: Valuation of Incentive Scheme options

	Scheme for 2020
X(t) - share price at the valuation date (PLN)	1,070.00
P – option exercise price (PLN)	491.93
r – risk-free rate for PLN	1.58%
T – expiry date	2021-09-30
t – current day (for pricing purposes)	2020-02-20
Sigma – daily variability (%)	44.87%

The expected volatility of the shares was estimated based on historical trading prices of the shares of the parent on the Warsaw Stock Exchange for the period February 21st 2019–February 20th 2020 (options for 2020).

The parent did not recognise any provision for the cost of the Scheme for 2020 as, in the opinion of the Management Board of the parent, currently no assurance can be given that the 50% consolidated profit before tax threshold (Table 23) would be reached.

In the reporting period, the total cost of the Scheme disclosed in Benefit Systems S.A.'s results was PLN 924 thousand from remeasurement of the second tranche of warrants granted for 2019 as at January 9th 2020 (the difference between the cost recognised in 2019 and the final accounting in 2020).

3.8. MANAGEMENT BOARD'S POSITION REGARDING DELIVERY AGAINST PROFIT FORECASTS

The Benefit Systems Group did not publish any profit forecasts for the first half of 2020.

In Current Report of March 31st 2020 and the Directors' Report on the operations of the Benefit Systems Group in 2019 (section 1.3 *Outlook*), the Group announced the expected negative impact of the COVID-19 pandemic on the results of the second quarter 2020. The closure of sports facilities in the period from March 14th to June 5th 2020 had a significant adverse effect on the number of active sport cards and on the operation of fitness clubs, which led to the expected deterioration in the Group's results both in terms of revenue and profit before tax. The Group took a number of measures to reduce costs and expand its online offering in Poland, which helped partially offset the effects of the pandemic.

3.9. SEASONALITY OF THE BUSINESS

The industry in which the Group operates is subject to seasonal variation. Traditionally, in the third quarter of the calendar year, the activity of holders of sport cards and vouchers is lower than in the first, second and fourth quarters of the year, which affects revenue and profitability of sport card business and the operation of fitness clubs. However, due to the ongoing pandemic and temporary closure of fitness clubs and other sports facilities, this seasonality pattern may change, with effect on the Group's results in 2020.

3.10. BORROWINGS, GUARANTEES AND SURETIES OBTAINED BY THE GROUP

On January 24th 2020, the parent and BNP Paribas Bank Polska S.A. of Warsaw executed a PLN 70m non-revolving credit facility agreement and a PLN 30m multi-purpose credit facility agreement. The non-revolving facility will be available for 12 months and may be used for investment purposes consistent with the Group's strategy. The facility term is 48 months.

On May 27th 2020, the Management Board of Benefit Systems S.A. executed an amendment to the multi-purpose and multi-currency credit facility agreement of July 18th 2012 with Santander Bank Polska S.A. of Wrocław and an amendment to the bank guarantee limit agreement of April 2nd 2012 with the same bank. The amendments extend the term of the agreements until May 31st 2021. The bank guarantee limit is PLN 60,000,000.00. On May 27th 2020, the parent and the Bank executed a PLN 5,000,000.00 guarantee limit agreement, with the limit provided to the Company until May 31st 2021.

3.11.LOANS, SURETIES AND GUARANTEES GRANTED BY THE GROUP

In the six months ended June 30th 2020, the Group advanced loans to third parties for a total amount of PLN 260 thousand. Interest rates and maturities of the loans are presented below.

Table 25: Loans

PLN thousand	Maturity	Interest rate	Loan amount
Loans to unrelated partners of the MultiSport programme	From January 10th 2024 to March 10th 2025	3M WIBOR + margin	260

In the reporting period, the Group also provided surety and guarantees to its associates.

Table 26: Contingent liabilities

PLN thousand	As at the issue date of H1 2020 report	As at the issue date of Q1 2020 report	Change
Sureties and guarantees to associates	9,043	9,107	(64)

In the reporting period, neither Benefit Systems S.A. nor the Group companies provided any sureties for any credit facility or loan or guarantees to a single entity or its subsidiary where the aggregate amount of such instruments would be significant in relation to Benefit Systems S.A.'s equity. The significant amount of equity has been determined in accordance with the Individual Reporting Standards effective since July 2016, and the threshold for recognition of an amount as significant is 10% of the parent's equity based on the most recent published full-year consolidated financial statements. The contingent liabilities relate mainly to the guarantees provided for rent payments.

For information on material proceedings before a court or administrative authority, see Section 3.13 of this report.

3.12. RELATED-PARTY TRANSACTIONS EXECUTED BY THE GROUP ON NON-ARM'S LENGTH TERMS

In the reporting period, the Benefit Systems Group did not enter into any related-party transactions that individually or jointly would be significant or would be concluded on non-arm's length terms.

3.13. PROCEEDINGS BEFORE A COURT OR ADMINISTRATIVE AUTHORITY, AND MATERIAL SETTLEMENTS ARISING IN CONNECTION WITH COURT PROCEEDINGS

Antitrust proceedings against Benefit Systems S.A.

On June 22nd 2018, an investigation carried out by the President of the Polish Office of Competition and Consumer Protection (the "President of UOKiK") from November 2015 was converted into antitrust proceedings against the parent.

On June 29th 2018, the parent received the President of UOKiK's decision notifying it of antitrust proceedings having been initiated against Benefit Systems S.A. and 15 other undertakings in connection with a suspected arrangement that could lead to restricting competition in the local or national market for fitness services or in other relevant markets. The proceedings also involved six managers, one of whom is employed at the Benefit Systems Group.

In accordance with the applicable regulations, a fine that can potentially be imposed on an undertaking involved may equal up to 10% of its revenue for the year preceding the issuance of the relevant decision. Fines may also be imposed on individual former members of the Management Board of the parent.

Disagreeing with the objections raised by the President of UOKiK, on July 27th 2018 the parent submitted its response where, in addition to a detailed position on the respective objections, it described the positive role it has played in the Polish fitness market.

The issuance of a final decision by the President of UOKiK has been postponed five times, with the closing of the antitrust proceedings currently scheduled for December 29th 2020. As announced in Current Report No. 22/2020 of August 7th 2020, the parent received a statement of objections from the President of UOKiK ("SO") with respect to the antitrust proceedings. The SO refers to the suspected establishment by the parent and its subsidiaries of a market sharing cartel for fitness clubs. By issuing an SO, the President of the UOKiK does not dispose of the case on the merits but instead provides parties, including the parent, with an opportunity to defend the objections raised against it prior to issuing a final decision closing the proceedings. The parent disagrees with the objections of the President of UOKIK and will submit its position on the case within the deadlines prescribed by the President of UOKIK. It cannot be ruled out that the proceedings will result in imposition of a fine, the amount of which cannot be reliably estimated at the current stage.The Management Board of the parent analysed the situation and concluded that the parent would appeal against the fine, should any such fine be imposed, to the Court of Competition and Consumer Protection (SOKiK).

The parent responds to all questions and doubts raised by the President of UOKiK on an ongoing basis. In accordance with the applicable provisions of law and good practice, the Management Board of the parent will keep the market informed of any subsequent developments in the proceedings.

Customs and tax inspection at Benefit Systems S.A.

Additionally, a customs and tax inspection is conducted at the parent by the Kraków Province Tax and Customs Office; its purpose is to check the parent's compliance with the Corporate Income Tax Act of February 15th 1992 with respect to taxation of income generated in 2012–2016. By the date of issue of this report, the Head of the Kraków Province Customs and Tax Office presented the findings of the customs and tax inspection in this respect for 2012−2015, indicating that no irregularities were identified.

In response to inquiries received by the parent from the Head of the Kraków Province Tax and Customs Office, at the current stage the parent is presenting its tax ledgers for 2016 along with underlying evidence to the inspectors. As at the date of issue of this half-year report, the inspection continued.

Tax inspection at Benefit Systems Bulgaria EOOD

The tax inspection carried out by the local Revenue Office questioned the right to deduct VAT by Benefit Systems Bulgaria EOOD for the costs of visits generated by holders of trial cards. Trial cards are offered free of charge and may be used user during a trial period of up to one month. The company is of the opinion that a trial period is in fact a rebate offered to customers for a period when they are on fee-based plans and it is therefore reasonable to recognise VAT on trial visits as deductible. An independent tax firm assessed the probability of the tax office recognising the company's arguments at 55%. Therefore, the company decided not to recognise a provision for the disputed amount. The estimated amount of the liability is approximately PLN 1m.

Another area of interest for the Tax Audit was the failure to include in the supplier registers the invoices which were recognised by Benefit Systems Bulgaria as costs, reducing the CIT and VAT base. The Company has obtained from suppliers assurance that the explanation and any missing documents will be delivered to the tax office within the prescribed time limit. An independent tax firm assessed the probability of success in this case at 70%. Therefore, the company decided not to recognise a provision for the disputed amount. The estimated amount of the liability is approximately PLN 0.1m.

In the six months ended June 30th 2020, the Benefit Systems Group was not party to any court proceedings where the amount of claims would exceed 10% of equity.

3.14. SIGNIFICANT RISK FACTORS AND THREATS

Key risks identified by the parent include:

Risk of failure to adapt the business model to the specific activity of an agent in the sports services market

The business model of the Benefit Systems Group consists in providing solutions that support physical activity and provide agency services in the market of non-payroll employee benefits by distributing MultiSport sport cards. The key driver of business growth is a steady increase in the number of sport cards.

In card pricing, the Group companies rely on their own estimates regarding the frequency of cardholders' visits to sports clubs. Payments to partners for cardholders' visits represent the main source of costs for the Group. Accordingly, the Group is exposed to the risk of underestimating the number of visits, which could result in lower than expected profit margins on individual contracts. The risk of decline in the profitability of sport cards is mitigated by entering into contracts with a short notice period and an option to renegotiate unprofitable contracts. The risk is also mitigated by the continuous rise in the number of cards served driven by favourable changes in trends on the labour market and the growing popularity of healthy lifestyles in Poland and in other countries where the Group operates.

As at June 30th 2020, the number of sport cards was 787.1 thousand, including 498.9 thousand in Poland and 288.2 thousand in foreign markets.

On July 1st 2020, the number of active sport cards at the Group was 1,022.2 thousand (including 710.1 thousand in Poland and 292.1 thousand in foreign markets).

At year-end 2019, the number of active sport cards was 1,453.4 thousand (including 1,118.8 thousand in Poland and 334.6 thousand in foreign markets).

The Management Board maintains the objective of restoring by year-end 2020 the number of sport cards in Poland to the level seen in December 2019 (ca. 1.12m), provided that the second wave of the pandemic does not occur.

Risks associated with managing a large corporate group and difficulties in achieving operating performance targets

As at June 30th 2020, the Benefit Systems Group (including the Fitness Branch of Benefit Systems S.A.) comprised 20 subsidiaries and six associates. The Company consistently pursues its investment strategy in the non-payroll employee benefits market, which includes development of its own network of fitness clubs. Currently, the Company owns 207 clubs in Poland (142 are owned by Benefit Systems S.A., 17 by subsidiaries, and 48 by associates) and 25 clubs in foreign markets.

The size of the Group, the planned development of operations on the existing and new markets and the large number of operated clubs drive the complexity and affect management of the Group's business. In order to reduce the attendant risks, the Group needs to commit significant resources and incur additional expenses to integrate new entities, to roll out uniform corporate governance frameworks, and to design and implement elements of an internal control system.

In order to minimise the risks arising from managing a large group, the Group reorganised its structure and the process was completed on November 4th 2019. The objective of the process was, in particular, to simplify the Group's structure. Benefit Systems S.A. established the Fitness Branch (Benefit Systems S.A. Oddział Fitness) with most of the Group companies operating on the Polish market transferred to the Branch.

Risk related to COVID-19

The ongoing COVID-19 epidemic poses a risk of a continuing rise in the number of infections, which, if materialised, may lead to various consequences, including introduction of new restrictricitions and guideliens by the Polish authorities and the authorities of the other countries where the Group operates, with a material adverse effect on the Group's operations and results. In August, certain restrictions were reimposed in counties with an increased incidence of infections (marked as "red" or "yellow" by the authorities). However, these include only occupancy limits for fitness clubs and gyms in the affected communities but not their closure. The additional restrictions apply exclusively to fitness clubs and gyms and do not extend to other recreational facilities that accept sport cards, such as swimming pools or dance schools. The Group is working to mitigate risk on an ongoing basis, including through cooperation with partners in the industry and maintaining safe sanitary conditions in its own clubs.

Regulatory risks, including risks arising from concentration, competition, and tax laws

The regulatory risks include primarily the possibility of non-compliance with applicable laws, financial reporting standards and supervisory regulations concerning a company listed on the Warsaw Stock Exchange and having the status of a public interest entity, and additionally the possibility of unfavourable determinations and rulings in the pending antitrust proceedings.

Regulatory risks are properly managed and monitored and the Benefit Systems Group attaches great importance to the way it treats all trading partners, in particular customers, holders of sports and recreational cards and providers of sports services. However, the risk that an adverse decision will be issued by competent antitrust authorities cannot be ruled out, especially in relation to past events. In the Company's opinion, any decisions issued by the President of the Office of Competition and Consumer Protection ("UOKIK") may have a limited impact on the risk of further operations of Benefit Systems S.A. and, consequently, of the entire Group.

The legal and tax risk relates in particular to the regulations and interpretations of tax laws governing economic activities. Quite often, such regulations are not precise enough and are ambiguously interpreted. Interpretations of legal provisions as delivered by tax authorities and courts tend to vary and lack consistency.

As in the case of other entities conducting business activities, there is a risk for the Benefit Systems Group companies that the tax authorities will interpret the regulations differently from the interpretations applied by the Group companies.

Market risks – risk of emergence of new competitors or expansion of existing ones due to the absence of entry barriers to the markets of non-payroll benefits and sports services

The Group recognises the risk of new entities entering the market or the existing players expanding their business, in particular due to low barriers to entry into that market. Such risk may materialise if a sports and recreation service provider enters the Group's market, if a new entity is established modelled after the Group, or if a large Polish or foreign player, so far absent from the segment of such services offered to corporate customers, enters the market.

The Group identifies a similar risk in relation to new products, whose innovative solutions may in the future be replicated by competitors. To address this risk, the Group has taken appropriate measures, including deployment of distribution platforms and investments in sports clubs.

The Group recognises the risk of potential consolidation on the market for non-payroll employee benefits. The emergence of a large chain of sports clubs, which would be able to compete with the Company's products by offering subscriptions to its own fitness facilities to corporate customers, could exert downward pressure on the prices of the Company's services.

Risks from personal data processing and protection, related in particular to compliance with GDPR, in legal, organisational and technical terms

There is a risk resulting from the process of adapting the Company's operations, including fitness activities, to the guidelines provided for in the GDPR (Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27th 2016).

The Company has taken a number of steps to comply with the requirements of the GDPR regulations, such as process updates, IT systems adjustments and amendments to agreements with the Group customers to the extent they relate to the processing of personal data. However, even the best legal data protection system does not provide full protection against incidents. The changes and adjustments needed to comply with the regulatory requirements continue to be made at various levels of the Group's activities, and include legal, organisational and systemic solutions, with a focus on the security of network resources and IT systems.

Risks related to the conduct of business activity and expansion into foreign markets, including political and currency risks

As part of its business development strategy, the Group has continued to expand in the foreign markets, including in the Czech Republic (MultiSport Benefit s.r.o. (since 2011), Fitness Place s.r.o, Beck Box Club Praha s.r.o. (since 2018)), Slovakia (Benefit Systems Slovakia s.r.o. (since 2015) and Fit Invest Slovakia s.r.o. (since 2019)) and Bulgaria (Benefit Systems Bulgaria eood, Fit Invest Bulgaria eood (since 2015)). Since 2018, the Group has been operating in Croatia (Benefit Systems d.o.o. HR).

In the first half of 2020, the Group decided to withdraw from the Greek market.

In the Czech, Bulgarian and Slovak markets, the Group has seen continued dynamic growth, while in the other markets business development efforts are under way. However, no assurance can be given that the business model adopted by Benefit Systems S.A., which has proved its worth in Poland, will be fully suitable for roll out in new markets given their different legal environments, culture and sports activity levels, as well as differences in non- pay methods of incentivising employees.

Failure to achieve the Group's plans in any of the new markets may have an adverse impact on its financial results. It should, however, be stressed that before making a decision to enter a new market the Group researches its potential, analysing possible threats. In addition, the Group has adopted a strategy of incurring capital expenditures in a gradual process, depending on the prevailing market conditions, currency risk and business growth seen in a given country. All these measures reduce the size of potential losses in the event of an investment failure.

Human resources risk

The factors affecting the Group's business include work and skills of key highly qualified employees, including the management staff. The pace of the Group's development going forward will depend on its ability to recruit and retain highly qualified management staff and key employees. A loss of a substantial part of such personnel could have an adverse effect on the Group's business.

Risks related to human resources include changes in the labour market leading to higher wage expectations and pressures, which may affect the Group's operating expenses.

Risk arising from changing demographics in Poland and other countries where the Group operates

In the long term, the business of the Group may be affected by demographic trends, in particular the aging of the population, in Poland and other countries in which the Group operates. As these trends progresses and the target group (of professionally active people) shrinks, the Group's current product offering may no longer attract so much interest, which may have an adverse long-term effect on the Group's financial results. However, in the Benefit Systems Group's opinion this risk will be mitigated by an upward trend, similar to the one seen in the developed countries of Western Europe, in physical activity levels among older people, offering potential for entry into a new market segment.

Risks associated with the implementation and maintenance of IT systems and cybersecurity

The Group's IT risks are managed by putting in place appropriate procedures and controls, which enable their effective prevention or mitigation.

In particular, the Company has established procedures and mechanisms for developing and maintaining systems, managing changes, and ensuring data security. The Company relies on redundant hardware and system solutions to minimise the risk of disruption to its key IT systems.

Its cybersecurity management efforts include continual updating of network security systems. The Group uses solutions well tried and tested on the market.

Its activities supporting the principal card product are based on an integrated terminal system, enabling registration of club visits by holders of sport cards. The risk of a possible failure of the terminal system is mitigated by means of redundancy solutions and appropriate network safeguards.

Financial risks, including in particular credit, liquidity and currency risks

Financial risks arise predominantly in connection with the Group's debt under bank borrowings. Failure to meet financial targets could entail the risk of non-compliance with relevant covenants set out in the terms and conditions of the Group's credit facility agreements, in particular with respect to the debt ratio level. This could trigger accelerated repayment of liabilities under these agreements, which would affect the Group's liquidity. Seeking to address the risks, as part of the liquidity risk management process, the Group projects its future cash flows and monitors the debt ratios.

Currency risk arises primarily from lease contracts where rental rates are defined as the PLN equivalent of EUR-denominated amounts calculated at exchange rates prevailing on the dates specified in the contracts. The Group monitors exchange rates and rent amounts on an ongoing basis, and the lease contracts are renegotiated to reduce rent payments expressed in PLN.

4. REPRESENTATIONS BY THE MANAGEMENT BOARD OF BENEFIT SYSTEMS S.A.

As required by the Regulation of the Polish Council of Ministers of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, the Management Board of Benefit Systems S.A. represent that:

- to the best of their knowledge, the interim condensed consolidated financial statements and comparative data were prepared in accordance with the applicable accounting standards, and give a true, accurate and fair view of the financial position, assets and financial result of the Benefit Systems Group;
- to the best of their knowledge, the interim condensed separate financial statements and comparative data were prepared in accordance with the applicable accounting standards, and give a true, accurate and fair view of the financial position, assets and financial result of Benefit Systems S.A.;
- the interim consolidated Directors' Report gives a true view of the development, achievements and standing of the Benefit Systems Group, including a description of risk factors and threats;
- the entity qualified to audit financial statements that reviewed the interim separate and consolidated financial statements of the Company and its Group was appointed in compliance with the applicable laws. That entity and certified auditors performing the review on its behalf met the conditions required to issue an impartial and independent report on the reviewed financial statements, in compliance with the applicable provisions of Polish law.

Date	Full name	Position	Signature
August 19th 2020	Bartosz Józefiak	Management Board Member	
August 19th 2020	Adam Radzki	Management Board Member	
August 19th 2020	Emilia Rogalewicz	Management Board Member	
August 19th 2020	Wojciech Szwarc	Management Board Member	