

CONSOLIDATED QUARTERLY REPORT OF THE CAPITAL GROUP OF BENEFIT SYSTEMS

FOR THE PERIOD OF
9 MONTHS ENDED ON
30 SEPTEMBER 2020

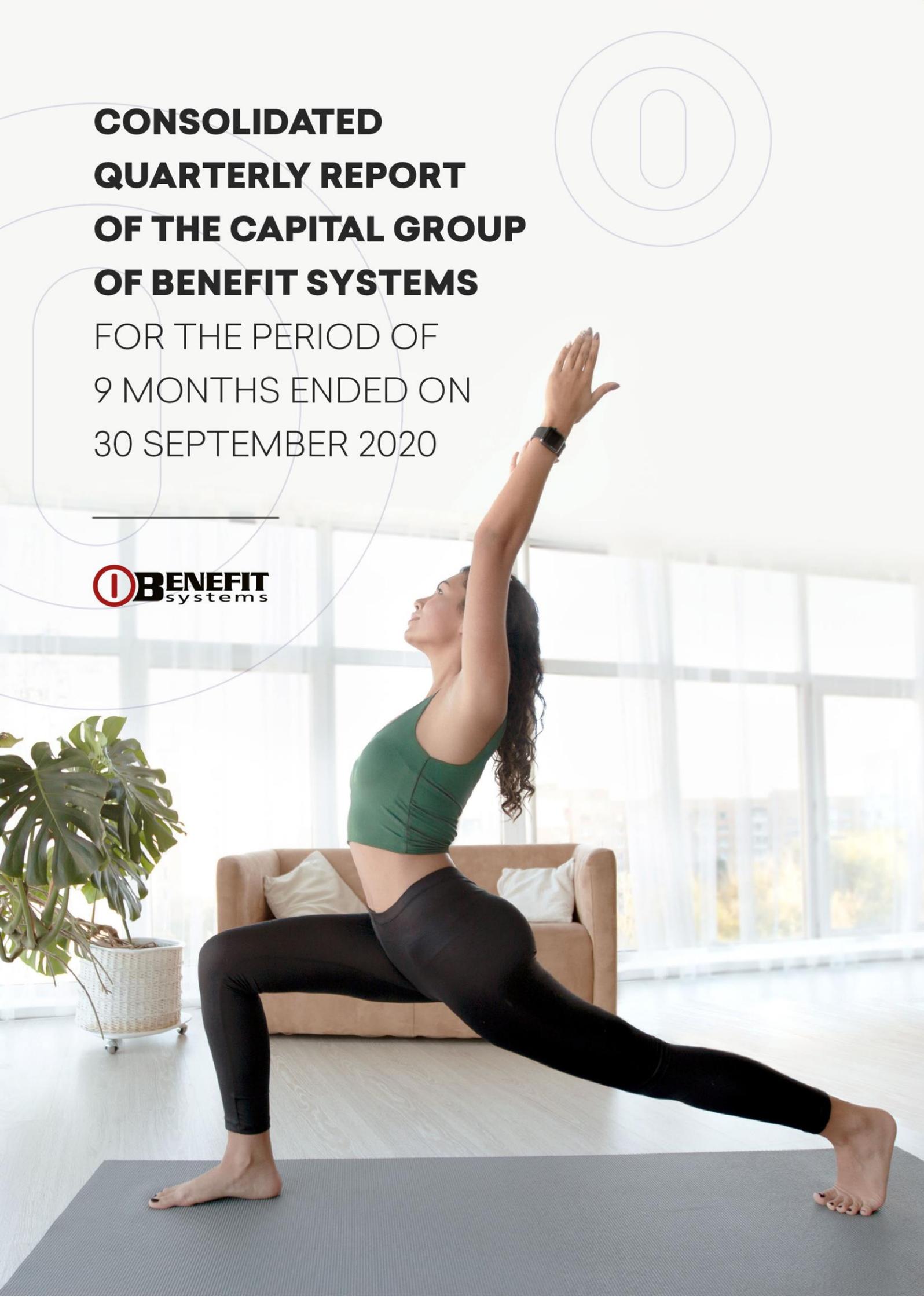


TABLE OF CONTENTS

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BENEFIT SYSTEMS GROUP	4
1.1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
1.2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	6
1.3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
1.4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
1.5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10
2. NOTES	11
2.1. General information	11
2.2. Basis of preparation and accounting policies	13
2.3. Operating segments	14
2.4. Finance income and costs	24
2.5. Leases	25
2.6. Property, plant and equipment	27
2.7. Seasonality of operations	27
2.8. Significant events and transactions in the period	28
2.9. Overview of the Company's material achievements or failures in the period	31
2.10. Outlook	32
2.11. Issue and redemption of debt securities	33
2.12. Share capital	33
2.13. Earnings per share	34
2.14. Share-based payment schemes	34
2.15. Dividend	35
2.16. Shareholding structure	35
2.17. Shares or other rights to shares held by members of the Management Board or the Supervisory Board	36
2.18. Non-compliance with debt covenants	37
2.19. Contingent liabilities and information on proceedings pending before a court or administrative authority	37
2.20. Discontinued operations	38
2.21. Management Board's position regarding delivery against profit forecasts	38
2.22. Related-party transactions executed by the Group on non-arm's length terms	39
2.23. Events after the reporting date	39
3. CONDENSED STANDALONE FINANCIAL STATEMENTS OF BENEFIT SYSTEMS S.A.	40
3.1. CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION	40
3.2. CONDENSED STANDALONE STATEMENT OF PROFIT OR LOSS	42
3.3. CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME	42
3.4. CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY	43
3.5. CONDENSED STANDALONE STATEMENT OF CASH FLOWS	44

SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA OF THE BENEFIT SYSTEMS GROUP	PLN thousand		EUR thousand	
	January 1st to September 30th 2020	January 1st to September 30th 2019	January 1st to September 30th 2020	January 1st to September 30th 2019
Revenue	860,979	1,103,706	193,827	256,163
Operating profit/(loss)	42,487	125,680	9,565	29,170
Profit/(loss) before tax	(5,810)	109,086	(1,308)	25,318
Net profit/(loss) from continuing operations	(18,731)	84,530	(4,217)	19,619
Profit/ (loss) attributable to owners of the parent	(20,626)	83,009	(4,643)	19,266
Net cash from operating activities	234,995	261,578	52,903	60,711
Net cash from investing activities	(28,962)	(109,993)	(6,520)	(25,529)
Net cash from financing activities	(106,803)	(161,876)	(24,044)	(37,571)
Net change in cash and cash equivalents	99,230	(10,291)	22,339	(2,388)
Earnings/(loss) per share attributable to owners of the parent (PLN/EUR)	(7.53)	29.61	(1.69)	6.87
Diluted earnings/(loss) per share attributable to owners of the parent (PLN/EUR)	(7.44)	29.34	(1.68)	6.81

	As at September 30th 2020	As at December 31st 2019	As at September 30th 2020	As at December 31st 2019
Assets	2,024,452	2,079,629	447,215	488,348
Non-current liabilities	879,827	942,704	194,360	221,370
Current liabilities	550,812	516,665	121,678	121,326
Equity attributable to owners of the parent	592,778	618,557	130,949	145,252
Share capital	2,859	2,859	632	671
Number of shares	2,859,142	2,858,842	2,859,142	2,858,842

SELECTED FINANCIAL DATA OF BENEFIT SYSTEMS S.A.	PLN thousand		EUR thousand	
	January 1st to September 30th 2020	January 1st to September 30th 2019	January 1st to September 30th 2020	January 1st to September 30th 2019
Revenue	534,743	667,228	120,383	154,860
Operating profit/(loss)	10,163	110,413	2,288	25,626
Profit/(loss) before tax	(5,486)	164,371	(1,235)	38,150
Net profit/(loss) from continuing operations	(8,708)	134,950	(1,960)	31,321
Net cash from operating activities	137,352	112,895	30,921	26,202
Net cash from investing activities	(67,721)	(66,841)	(15,246)	(15,513)
Net cash from financing activities	297	(62,618)	67	(14,533)
Net change in cash and cash equivalents	69,928	(16,564)	15,742	(3,844)
Earnings/(loss) per share attributable to owners of the parent (PLN/EUR)	(3.18)	48.14	(0.72)	11.17

	As at September 30th 2020	As at December 31st 2019	As at September 30th 2020	As at December 31st 2019
Assets	1,869,325	1,814,175	412,946	426,013
Non-current liabilities	853,206	838,800	188,479	196,971
Current liabilities	372,148	323,766	82,210	76,028
Equity	643,971	651,609	142,257	153,014
Share capital	2,859	2,859	632	671
Number of shares	2,859,142	2,858,842	2,859,142	2,858,842

In the periods covered by this report, the following PLN/EUR exchange rates quoted by the National Bank of Poland were used to convert the key financial data:

	September 30th 2020	September 30th 2019	December 31st 2019
Statement of financial position – exchange rate at end of period	4.5268	4.3736	4.2585
Statement of profit or loss – average exchange rate for period	4.4420	4.3086	

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BENEFIT SYSTEMS GROUP

1.1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	September 30th 2020	December 31st 2019
<i>Non-current assets</i>			
Goodwill		363,330	363,330
Intangible assets		68,375	65,270
Property, plant and equipment	2.6	342,372	378,609
Right-of-use assets	2.5	793,912	896,838
Investments in subsidiaries		0	0
Investments in associates		14,002	13,568
Trade and other receivables		8,769	5,343
Loans		55,973	64,344
Other non-current financial assets		97	97
Non-current prepayments and accrued income		771	2,238
Deferred tax assets		32,496	15,116
Non-current assets		1,680,097	1,804,753
<i>Current assets</i>			
Inventories		3,693	5,559
Trade and other receivables		147,436	167,048
Current tax assets		842	766
Loans		12,924	14,597
Other current financial assets		101	123
Current prepayments and accrued income		8,079	14,733
Cash and cash equivalents		171,280	72,050
Current assets		344,355	274,876
Total assets		2,024,452	2,079,629

EQUITY AND LIABILITIES	Notes	September 30th 2020	December 31st 2019
Equity			
<i>Equity attributable to owners of the parent:</i>			
Share capital	2.12	2,859	2,859
Treasury shares (-)		(118,157)	(118,157)
Share premium		272,107	272,107
Translation reserve		(1,787)	(725)
Capital reserve		(930)	(37,418)
Other components of equity		645,418	491,005
Retained earnings:		(206,732)	8,886
- accumulated profit/(loss) from prior years		(186,106)	(96,448)
- profit/ (loss) attributable to owners of the parent		(20,626)	105,334
Equity attributable to owners of the parent		592,778	618,557
Non-controlling interests		1,035	1,703
Total equity		593,813	620,260
Liabilities			
Non-current liabilities			
Borrowings, other debt instruments		101,428	104,365
Lease liabilities	2.5	762,522	810,766
Other liabilities		9,942	25,015
Deferred tax liabilities		5,596	2,335
Employee benefit obligations and provisions		326	223
Non-current accrued expenses and deferred income		13	0
Non-current liabilities		879,827	942,704
Current liabilities			
Trade and other payables		188,749	179,018
Current tax liabilities		17,106	12,782
Borrowings, other debt instruments		75,125	73,294
Lease liabilities	2.5	161,293	145,362
Employee benefit obligations and provisions		25,857	29,095
Other short-term provisions		3,644	684
Current accrued expenses and deferred income		79,038	76,430
Current liabilities		550,812	516,665
Total liabilities		1,430,639	1,459,369
Total equity and liabilities		2,024,452	2,079,629

1.2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	January 1st to September 30th 2020	July 1st to September 30th 2020	January 1st to September 30th 2019*	July 1st to September 30th 2019*
Continuing operations					
Revenue	2.3	860,979	313,507	1,103,706	376,123
Revenue from sale of services		850,311	309,140	1,091,315	372,290
Revenue from sale of merchandise and materials		10,668	4,367	12,391	3,833
Cost of sales	2.3	(667,724)	(235,606)	(809,751)	(265,775)
Cost of services sold		(662,421)	(234,650)	(801,386)	(263,163)
Cost of merchandise and materials sold		(5,303)	(956)	(8,365)	(2,612)
Gross profit /(loss)		193,255	77,901	293,955	110,348
Selling expenses	2.3	(59,459)	(19,644)	(71,818)	(22,473)
Administrative expenses	2.3	(84,962)	(26,585)	(91,909)	(32,492)
Other income		16,945	8,179	5,970	2,216
Other expenses		(23,292)	(6,430)	(11,458)	(1,698)
Gain/(loss) on fair value measurement of previously held interest		0	0	940	0
Operating profit/(loss)		42,487	33,421	125,680	55,901
Finance income	2.4	9,033	4,995	18,896	1,315
Finance costs	2.4	(57,009)	(13,973)	(37,031)	(20,715)
Impairment losses on financial assets		(1,320)	(78)	0	1,158
Share of profit/(loss) of equity-accounted entities (+/-)		999	195	1,541	509
Profit/(loss) before tax		(5,810)	24,560	109,086	38,168
Income tax		(12,921)	(5,601)	(24,556)	(10,107)
Net profit/(loss) from continuing operations		(18,731)	18,959	84,530	28,061
Net profit/(loss)		(18,731)	18,959	84,530	28,061
Net profit (loss) attributable to:					
- owners of the parent		(20,626)	18,135	83,009	26,848
- non-controlling interests		1,895	824	1,521	1,213

*Data restated due to the netting of revenue and cost of sales of PLN 12m at MultiBenefit Sp. z o.o. in connection with the review of contracts following the application of IFRS 15. The disclosure on a net basis is consistent with the approach applied in the preparation of the Group's full-year consolidated financial statements for 2019. For a description of the restatement, see Note 2.2.4.

EARNINGS/(LOSS) PER ORDINARY SHARE (PLN)

	Notes	January 1st to September 30th 2020	January 1st to September 30th 2019
<i>from continuing operations</i>			
- basic	2.13	(7.53)	29.61
- diluted		(7.44)	29.34
<i>from continuing and discontinued operations</i>			
- basic	2.13	(7.53)	29.61
- diluted		(7.44)	29.34

1.3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	January 1st to September 30th 2020	July 1st to September 30th 2020	January 1st to September 30th 2019	July 1st to September 30th 2019
Net profit/(loss)	(18,731)	18,959	84,530	28,061
Other comprehensive income	0	0	0	0
Items not reclassified to profit or loss	0	0	0	0
Items reclassified to profit or loss	0	0	0	0
- Exchange differences on translation of foreign operations	(1,058)	(62)	(860)	(1,065)
Comprehensive income	(19,789)	18,897	83,670	26,996
Comprehensive income attributable to:				
- owners of the parent	(21,688)	18,034	82,067	25,747
- non-controlling interests	1,899	863	1,603	1,249

1.4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the parent:							Non-controlling interests	Total equity	
	Share capital	Treasury shares	Share premium	Translation reserve	Capital reserve	Other components of equity	Retained earnings			Total
Balance as at January 1st 2020	2,859	(118,157)	272,107	(725)	(37,418)	491,005	8,886	618,557	1,703	620,260
Changes in equity in the period January 1st to September 30th 2020										
Issue of shares	0	0	0	0	0	147	0	147	0	147
Share issue in connection with exercise of options (share-based payment scheme)	0	0	0	0	0	924	0	924	0	924
Changes in Group structure (transactions with non-controlling interests)	0	0	0	0	0	0	903	903	(1,922)	(1,019)
Exercise of options	0	0	0	0	29,553	0	(29,553)	0	0	0
Provision for acquisition of shares	0	0	0	0	(6,065)	0	0	(6,065)	0	(6,065)
Dividends	0	0	0	0	0	0	0	0	(645)	(645)
Transfer of equity	0	0	0	0	13,000	(13,000)	0	0	0	0
Transfer of profit or loss to equity	0	0	0	0	0	166,342	(166,342)	0	0	0
Total transactions with owners	0	0	0	0	36,488	154,413	(194,992)	(4,091)	(2,567)	(6,658)
Net profit/(loss) for the period	0	0	0	0	0	0	(20,626)	(20,626)	1,895	(18,731)
Exchange differences on translation of foreign operations	0	0	0	(1,062)	0	0	0	(1,062)	4	(1,058)
Total comprehensive income	0	0	0	(1,062)	0	0	(20,626)	(21,688)	1,899	(19,789)
Balance as at September 30th 2020	2,859	(118,157)	272,107	(1,787)	(930)	645,418	(206,732)	592,778	1,035	593,813

CONTD.

	Equity attributable to owners of the parent:							Non-controlling interests	Total equity	
	Share capital	Treasury shares	Share premium	Translation reserve	Capital reserve	Other components of equity	Retained earnings			Total
Balance as at January 1st 2019	2,859	(61,157)	272,107	(617)	(31,194)	332,655	50,074	564,727	2,242	566,969
<i>Changes in equity in the period January 1st to September 30th 2019</i>										
Valuation of options (share-based payment scheme)	0	0	0	0	0	689	0	689	0	689
Changes in Group structure (transactions with non-controlling interests)	0	0	0	0	0	0	4,088	4,088	(394)	3,694
Provision for acquisition of shares	0	0	0	0	(17,215)	0	0	(17,215)	0	(17,215)
Share buyback	0	(57,000)	0	0	(57,000)	57,000	0	(57,000)	0	(57,000)
Dividends	0	0	0	0	0	0	0	0	(539)	(539)
Transfer of equity	0	0	0	0	0	147,799	(147,799)	0	0	0
Transfer of profit or loss to equity	0	0	0	0	57,000	(57,000)	0	0	0	0
Total transactions with owners	0	(57,000)	0	0	(17,215)	148,488	(143,711)	(69,438)	(933)	(70,371)
Net profit/(loss) for the period	0	0	0	0	0	0	83,009	83,009	1,521	84,530
Exchange differences on translation of foreign operations	0	0	0	(942)	0	0	0	(942)	82	(860)
Total comprehensive income	0	0	0	(942)	0	0	83,009	82,067	1,603	83,670
Balance as at September 30th 2019	2,859	(118,157)	272,107	(1,559)	(48,409)	481,143	(10,628)	577,356	2,912	580,268

1.5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	January 1st to September 30th 2020	January 1st to September 30th 2019
Cash flows from operating activities		
Profit/(loss) before tax	(5,810)	109,086
Adjustments:		
Depreciation of property, plant and equipment	51,207	42,089
Amortisation of intangible assets	8,596	6,807
Depreciation of right-of-use asset	98,061	92,211
Impairment losses on financial assets	1,052	1,263
Gain/(loss) on disposal of non-financial non-current assets	(468)	272
Profit/(loss) on disposal of non-derivative financial assets	0	(268)
Foreign exchange gains/(losses)	35,479	10,630
Interest expense	14,017	20,566
Interest and dividend income	(1,911)	(1,701)
Cost of share-based payments (Incentive Scheme)	924	690
Share of profit/(loss) of associates	(999)	(1,541)
Impairment losses on property, plant and equipment and intangible assets	12,945	0
Other adjustments	0	435
Total adjustments	218,903	171,453
Change in inventories	1,866	(617)
Change in receivables	16,185	26,725
Change in liabilities	7,991	14,090
Change in provisions, accruals and deferrals	10,567	(15,456)
Changes in working capital	36,609	24,742
Income tax paid	(17,630)	(43,703)
Net cash from operating activities	234,995	261,578
Cash flows from investing activities		
Purchase of intangible assets	(15,052)	(15,588)
Proceeds from sale of intangible assets	(28)	0
Purchase of property, plant and equipment	(23,528)	(80,246)
Proceeds from sale of property, plant and equipment	2,321	1,690
Acquisition of subsidiaries, net of cash acquired	0	(18,294)
Repayments of loans	10,902	9,265
Loans	(5,078)	(9,734)
Interest received	936	2,322
Dividends received	565	592
Net cash from investing activities	(28,962)	(109,993)
Cash flows from financing activities		
Net proceeds from issue of shares	13,662	3,609
Share buyback	0	(57,000)
Transactions with non-controlling entities without loss of control	(39,369)	0
Redemption of debt securities	(30,250)	(74,500)
Proceeds from borrowings	50,000	89,948
Repayment of borrowings	(20,800)	(22,498)
Payment of lease liabilities	(75,808)	(87,844)
Interest paid	(3,593)	(13,052)
Dividends paid	(645)	(539)
Net cash from financing activities	(106,803)	(161,876)
Net change in cash and cash equivalents	99,230	(10,291)
Cash and cash equivalents at beginning of period	72,050	75,819
Cash and cash equivalents at end of period	171,280	65,528

2. NOTES

2.1. General information

The parent of the Benefit Systems Group (the “Group”) is Benefit Systems S.A. (the “parent”). The Group does not form part of another group.

The parent was established through transformation of a limited liability company into a joint-stock company. The transformation was effected pursuant to Resolution No. 2/2010 of the General Meeting of November 3rd 2010. The parent is entered in the Business Register of the National Court Register maintained by the District Court for the Capital City of Warsaw, 12th Commercial Division, under entry No. KRS 0000370919. The parent's Industry Identification Number (REGON) is 750721670. The shares of the parent are listed on the Warsaw Stock Exchange.

The parent's registered office is located at Plac Europejski 2, 00-844 Warsaw, Poland. It is also the principal place of business of the Group.

The Benefit Systems Group is a provider of non-pay employee benefit solutions in the area of sports and recreation offered in the form of MultiSport sport cards, the Group's leading product, and related products with access to sports networks, including facilities owned by the Group companies in Poland and abroad.

The Group offers unique products, such as Cafeterias e-platforms, which allow employees to choose any non-pay benefit from a set of benefits pre-approved by the employer. The Group is also a provider of cultural and entertainment solutions (including the Cinema Programme, MultiTeatr), which are offered mainly through the Cafeterias channel.

The principal business of the parent according to the Polish Classification of Activities (PKD) is: *Other activities not classified elsewhere (PKD 2007) 9609Z.*

These interim condensed consolidated financial statements include the parent and the following subsidiaries:

Subsidiary	Principal place of business and country of registration	Group's ownership interest*:	
		September 30th 2020	December 31st 2019
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%
MyBenefit Sp. z o.o.	ul. Powstańców Śląskich 28/30, 53-333 Wrocław, Poland	100.00%	100.00%
MW Legal Sp. z o.o. ²⁾	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
Benefit Partners Sp. z o.o. ³⁾	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	95.00%
Fit Invest International Sp. z o.o.	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	97.20%
Fit Invest Slovakia S.R.O.	Ružová dolina 480/6 Bratislava - mestská časť Ružinov 821 08, Slovakia	97.20%	97.20%
Form Factory S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	97.20%
Next Level Fitness EOOD ⁴⁾	Krasno Selo district, 11-13 Yunak str., 1612 Sofia, Bulgaria	97.20%	97.20%
Beck Box Club Praha S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	97.20%
Benefit Systems International Sp. z o.o. ⁵⁾	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	97.20%
Benefit Systems D.O.O. ⁶⁾	Zagreb (Grad Zagreb) Heinzelova ulica 44, Croatia	95.74%	95.74%
Benefit Systems, storitve, D.O.O. ⁷⁾	Trg republike 3, 1000 Ljubljana, Slovenia	92.34%	92.34%
Benefit Systems Bulgaria EOOD ⁸⁾	11-13, Yunak Str., floor 1 Sofia 1612, Bulgaria	93.31%	91.85%
MultiSport Benefit S.R.O. ⁹⁾	Lomnickeho 1705/9, 140 00 Praha 4, Czech Republic	93.31%	81.45%
Benefit Systems Slovakia S.R.O. ¹⁰⁾	Ružová dolina 6 Bratislava - mestská časť Ružinov 821 08, Slovakia	93.31%	80.68%
Fit Fabric Sp. z o.o. ¹¹⁾	al. 1 Maja 119/121, 90-766 Łódź, Poland	52.50%	52.50%
Benefit Systems Greece MIKE ¹²⁾	12 Agias Fotinis Str. Nea Smyrni, 17121, Greece	0.00%	93.31%

* Change in the presentation of the Group's ownership interest relative to previous years. As of 2020, the Group discloses indirect ownership interest in its subsidiaries.

1) Yes to move Sp. z o.o. was established by the transformation of Fitness Academy Sp. z o.o. on June 22nd 2020.

2) The company is not consolidated as it does not conduct any business activity.

3) 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.

4) Next Level Fitness EOOD was established by the transformation of Fit Invest Bulgaria EOOD on September 21st 2020.

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 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.

7) 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.

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 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) 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.

12) 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.

In the interim condensed consolidated financial statements prepared as at September 30th 2020, the interests in six associates were accounted for using the equity method.

	Principal place of business and country of registration	Ownership interest/ share in profit/(loss)	September 30th 2020
			Carrying amount
Baltic Fitness Center Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw, Poland	49.95%	0
Instytut Rozwoju Fitness Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw, Poland	48.10%	4,342
LangMedia Sp. z o.o.	ul. Skwierzyńska 25/3, 53-521 Wrocław	37.00%	6,305
Calypso Fitness S.A.	ul. Puławska 427, 02-801 Warsaw, Poland	33.33%	0
X-code Sp. z o.o.	ul. Kludyny 21/4, 01-684 Warsaw	31.15%	3,355
Get Fit Katowice II Sp. z o.o.	ul. Uniwersytecka 13, 40-007 Katowice, Poland	20.00%	0
Total carrying amount			14,002

2.2. Basis of preparation and accounting policies

2.2.1. Basis of preparation

This consolidated quarterly report of the Benefit Systems Group was authorised for issue by the Management Board of the parent on November 4th 2020.

This consolidated quarterly report of the Benefit Systems Group covers the nine months ended September 30th 2020 and has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, as endorsed by the European Union and the requirements laid down in the Regulation of the Minister of Finance 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, dated March 29th 2018 (consolidated text: Dz. U. of 2018, item 757).

The interim condensed consolidated and standalone financial statements have been prepared in a condensed form and do not contain all the information which is typically disclosed in full-year consolidated and standalone financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union. This report should be read in conjunction with the full-year consolidated and standalone financial statements of the Group and the parent for 2019 and with the interim condensed consolidated and standalone financial statements of the Group and the parent for the six months to June 30th 2020.

The functional currency of the parent and the presentation currency for data contained in this report is the Polish złoty, and all amounts are expressed in thousands of Polish złoty (unless indicated otherwise).

The interim condensed consolidated and standalone financial statements have been prepared on the assumption that the Group and the parent will continue as going concerns for the foreseeable future. As at the date of authorisation of this consolidated quarterly report, no circumstances were identified which would indicate any threat to the Group's and the parent's ability to continue as going concerns.

2.2.2. Accounting policies

The interim condensed consolidated and standalone financial statements contained in this report have been prepared in accordance with the accounting policies presented in the most recent consolidated and standalone financial statements for the year ended December 31st 2019, and in accordance with the policies applied in the same interim period of the previous year, except for the application of the new and amended standards described in Note 6.2.4. To the interim condensed consolidated and standalone financial statements for the six months ended June 30th 2020, which did not affect the Group's and the parent's financial statements.

The interim condensed consolidated and standalone financial statements have been prepared on a historical cost basis, except with respect to items measured at fair value, such as a liability arising from contingent payment for acquired shares.

2.2.3. Uncertainty of estimates

When preparing the interim condensed consolidated and standalone financial statements, the Management Board of the parent is guided by its judgement in making numerous estimates and assumptions that affect the accounting policies applied and the disclosed amounts of assets, liabilities, income and expenses. Actual amounts may differ from the estimates prepared by the Management Board of the parent.

For information on the estimates and assumptions relevant to the interim condensed consolidated and standalone financial statements, refer to the full-year financial statements for 2019.

2.2.4. Correction of errors and changes in accounting policies

MultiBenefit Sp. z o.o. in the period preceding its acquisition by MyBenefit 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 analysis showed that in a significant number of such transactions the company acts as an agent (e.g. in sales of BenefitLunch) and therefore the presentation of the company's income and expenses for the nine months ended September 30th 2019 was adjusted. The effect of the adjustment on the Group's income and expenses in the period is PLN 12m.

The effect of the change on the Group's income and expenses for the nine months ended September 30th 2019 is presented below.

	January 1st to September 30th 2019		
	Before	Adjustments	After
Continuing operations			
Revenue	32,415	(11,996)	20,420
Cost of sales	(21,971)	11,996	(9,975)

The corresponding effect for the three months ended September 30th 2019 was PLN 4.1m.

2.3. Operating segments

The Group presents segment information in accordance with IFRS 8 *Operating Segments* for the current reporting period and the comparative period.

The Group presents results by segments reflecting its long-term investment strategy and the business management model, taking into account the nature of its business. The following segments are presented:

1. Poland
2. Foreign Markets

3. Cafeterias

The Group generates income and expenses from the above business lines which are reviewed regularly by the operating decision makers and used to make decisions on resources allocated to each segment and to assess the segments' results. The Group has standalone financial information available for each of the segments. The Group applies the same accounting policies for all operating segments, including the Foreign Markets segment. The Group accounts for intersegment transactions on an arm's length basis.

EBITDA and operating profit/(loss) are key metrics used to evaluate the segments' performance. EBITDA is EBIT before depreciation and amortisation. The Groups defines EBIT as profit/(loss) from continuing operations before tax, finance income and finance costs, i.e. operating profit/(loss).

Reconciliation of the segments' results to the Group's total results in the period from January 1st to September 30th 2020 and in the period from July 1st to September 30th 2020 is presented below.

	Poland	Foreign Markets	Cafeterias	Other	Total
<i>for the period January 1st to September 30th 2020</i>					
Revenue	578,965	262,013	24,988	(4,987)	860,979
<i>including from external customers</i>	577,080	262,013	20,775	1,111	860,979
<i>including intersegment sales</i>	1,885	0	4,213	(6,098)	0
Cost of sales	(463,287)	(197,253)	(17,686)	10,503	(667,724)
Gross profit	115,678	64,760	7,302	5,515	193,255
Selling expenses	(34,784)	(20,851)	(3,827)	3	(59,459)
Administrative expenses	(54,886)	(25,205)	(4,131)	(740)	(84,962)
<i>including the Incentive Scheme</i>	0	0	0	(924)	(924)
Other income and expenses	(5,281)	1,299	(2,398)	33	(6,347)
<i>including impairment loss on intangible assets</i>	0	0	(2,931)	0	(2,931)
<i>including cost of closing fitness clubs</i>	(11,623)	0	0	0	(11,623)
Operating profit/(loss)	20,727	20,003	(3,053)	4,811	42,487
EBITDA	154,159	45,675	1,472	(955)	200,351
Share of profit/(loss) of equity-accounted entities (+/-)	0	0	0	999	999
Interest expense on lease liabilities	(9,930)	(1,193)	(121)	199	(11,045)
Finance income and costs (other than interest expense on lease liabilities)	0	0	0	(38,251)	(38,251)
<i>including foreign exchange losses on remeasurement of lease liabilities</i>	0	0	0	(40,033)	(40,033)
Profit/(loss) before tax	10,797	18,810	(3,174)	(32,242)	(5,810)
Segment assets	1,822,069	292,177	128,195	(217,989)	2,024,452
<i>including right-of-use assets</i>	691,496	107,069	5,659	(10,312)	793,912
Amortisation and depreciation	133,432	25,672	4,526	(5,766)	157,864
<i>including depreciation of right-of-use assets</i>	81,948	17,132	1,471	(2,491)	98,061

<i>for the period July 1st to September 30th 2020</i>	Poland	Foreign Markets	Cafeterias	Other	Total
Revenue	214,623	90,635	9,432	(1,183)	313,507
<i>including from external customers</i>	213,994	90,635	8,421	457	313,507
<i>including intersegment sales</i>	629	0	1,011	(1,640)	0
Cost of sales	(165,948)	(66,799)	(6,189)	3,331	(235,606)
Gross profit	48,675	23,836	3,243	2,147	77,901
Selling expenses	(12,223)	(6,249)	(1,175)	3	(19,644)
Administrative expenses	(18,130)	(7,259)	(1,182)	(14)	(26,585)
<i>including the Incentive Scheme</i>	0	0	0	0	0
Other income and expenses	(333)	1,946	184	(48)	1,749
<i>including impairment loss on intangible assets</i>	0	0	0	0	0
<i>including cost of closing fitness clubs</i>	(1,204)	0	0	0	(1,204)
Operating profit/(loss)	17,989	12,274	1,071	2,088	33,421
EBITDA	61,574	20,358	2,735	104	84,771
Share of profit/(loss) of equity-accounted entities (+/-)	0	0	0	195	195
Interest expense on lease liabilities	(3,217)	(360)	(39)	67	(3,549)
Finance income and costs (other than interest expense on lease liabilities)	0	0	0	(5,507)	(5,507)
<i>including foreign exchange losses on remeasurement of lease liabilities</i>	0	0	0	(8,318)	(8,318)
Profit/(loss) before tax	10,797	18,810	(3,174)	(32,242)	24,560
Amortisation and depreciation	43,585	8,084	1,665	(1,984)	51,350
<i>including depreciation of right-of-use assets</i>	26,632	5,662	495	(907)	31,883

	January 1st to September 30th 2020	July 1st to September 30th 2020	January 1st to September 30th 2019	July 1st to September 30th 2019
Segments' revenue				
Total revenue of operating segments	865,966	314,690	1,115,597	373,821
Unallocated revenue	1,111	457	5,137	3,752
Elimination of revenue from intersegment transactions	(6,098)	(1,640)	(17,028)	(1,450)
Revenue	860,979	313,507	1,103,706	376,123
Segments' profit/(loss)				
Segments' operating profit/(loss)	37,676	31,333	123,665	54,759
Elimination of profit/(loss) from intersegment transactions (IFRS 16)	564	502	(139)	(730)
Unallocated profit/(loss)	4,247	1,586	2,154	1,872
Operating profit	42,487	33,421	125,680	55,901
Finance income	9,033	4,995	18,896	1,315
Finance costs (-)	(58,329)	(14,051)	(37,031)	(19,557)
Share of profit/(loss) of equity-accounted entities	999	195	1,541	509
Profit/(loss) before tax	(5,810)	24,560	109,086	38,168

	September 30th 2020	December 31st 2019
Segments' assets		
Total assets of operating segments	2,242,441	2,222,139
Unallocated assets	51,154	47,530
Elimination of intragroup balances and transactions	(269,143)	(190,040)
Total assets	2,024,452	2,079,629

In the periods covered by the consolidated financial statements, there was no material revenue not allocated to any operating segments. The unallocated expenses are costs of the Group's administrative functions and strategic activities, the Incentive Scheme, support functions and other activities not allocated to any of the defined operating segments. Eliminations of assets mainly include loans and trade receivables.

	Poland	Foreign Markets	Cafeterias	Corporate	Total
for the period January 1st to September 30th 2020					
Revenue from external customers	577,080	262,013	20,775	1,111	860,979
<i>Poland</i>	577,080	142	20,775	1,111	599,108
<i>Czech Republic</i>	-	171,700	-	-	171,700
<i>Bulgaria</i>	-	55,800	-	-	55,800
<i>Other</i>	0	34,371	-	-	34,371
Non-current assets*:	1,338,802	185,618	56,255	2,088	1,582,763
<i>Poland</i>	1,338,802	4,023	56,255	2,088	1,401,168
<i>Czech Republic</i>	0	115,531	0	0	115,531
<i>Bulgaria</i>	0	54,518	0	0	54,518
<i>Other</i>	0	11,546	0	0	11,546
for the period January 1st to September 30th 2019					
Revenue from external customers	854,361	232,443	11,766	5,137	1,103,706
<i>Poland</i>	854,361	134	11,766	5,137	871,397
<i>Czech Republic</i>	-	136,679	-	-	136,679
<i>Bulgaria</i>	-	66,092	-	-	66,092
<i>Other</i>	-	29,538	-	-	29,538
Non-current assets*:	1,418,459	174,402	57,411	752	1,651,023
<i>Poland</i>	1,418,459	4,725	57,411	752	1,481,347
<i>Czech Republic</i>	0	124,690	0	0	124,690
<i>Bulgaria</i>	0	39,819	0	0	39,819
<i>Other</i>	0	5,168	0	0	5,168

* excluding financial instruments and deferred tax assets

Revenue by category:		January 1st to September 30th 2020	January 1st to September 30th 2019
Sale of sport cards in Poland	B2B	469,528	717,056
Sale of sport cards on foreign markets	B2B	241,368	205,706
Sale of cafeteria benefits	B2B	20,775	11,766
Sale of fitness clubs in Poland	B2B/B2C	101,823	131,065
Sale of fitness clubs on foreign markets	B2B/B2C	20,645	26,736
Other settlements	B2B	6,840	11,377
<i>including rental/lease income</i>		5,811	6,318
Revenue		860,979	1,103,706

Rental/lease of fitness equipment:		January 1st to September 30th 2020	January 1st to September 30th 2019
intra-Group		14,212	17,013
outside the Group		5,729	6,240

Rental of space:		January 1st to September 30th 2020	January 1st to September 30th 2019
intra-Group		701	807
outside the Group		82	78

The Group recognises a contract liability if invoicing occurs earlier than the actual date of performance of the service.

2.3.1. 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, MultiSport Classic, MultiSport Light, MultiSport Kids/MultiSport Kids Aqua, MultiSport Student, MultiSport Senior, as well as FitSport and FitProfit.**

Sport cards are among the most popular non-pay 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 reporting period, the number of active cards in Poland was 766.3 thousand.

In addition, the Benefit Systems Group invests in fitness clubs to provide a comprehensive base of sports and recreation facilities. As at the end of the reporting period, the Group had 158 own clubs in Poland, operated by the Fitness Branch of Benefit Systems S.A. and Fit Fabric Sp. z o.o. The Group's facilities operate under the following brands: **Zdrofit, Fabryka Formy, Fitness Academy, My Fitness Place, FitFabric, Step One, S4 and AquaPark Wesolandia.** The Group also held interests in companies managing another 45 facilities.

	January 1st to September 30th 2020	January 1st to September 30th 2019	Change
Revenue	578,965	862,735	(32.9%)
Cost of sales	(463,287)	(626,415)	(26.0%)
Gross profit /(loss)	115,678	236,320	(51.1%)
Selling expenses	(34,784)	(42,340)	(17.8%)
Administrative expenses	(54,886)	(53,844)	1.9%
Other income and expenses	(5,281)	(7,844)	(32.7%)
<i>including gain/(loss) on fair value measurement of previously held interest</i>	0	940	(100.0%)
Operating profit/(loss)	20,727	132,292	(84.3%)
EBITDA	154,159	252,781	(39.0%)
Interest expense on lease liabilities	(9,930)	(14,467)	(31.4%)
Gross margin	20.0%	27.4%	(7.4p.p.)
<i>Number of sport cards</i>	<i>766.3</i>	<i>1,046.5</i>	<i>-280.2</i>
<i>Number of clubs</i>	<i>158</i>	<i>159</i>	<i>-1</i>

As a result of restrictions imposed in response to the COVID-19 epidemic, mainly the closure of sports facilities from March 14th to June 6th 2020, the Poland segment's revenue fell 32.9% year on year in the first three quarters of 2020, despite strong growth recorded in January and February. The three months ended September 30th 2020 saw rebuilding of the customer base and development of new products. However, given the significant market uncertainty, resulting in a lower number of active sports membership cards compared with 2019, as well as early stage of

development of the new projects, sales were lower compared with the same period of the year before. In the nine months ended September 30th 2020, cost of sales decreased by PLN 163.1m year on year, while gross profit came in at PLN 115.7m.

In the nine months ended September 30th 2020, intensive efforts were also continued to deliver online services to holders of sports facility cards and subscriptions, including through the establishment of the Yes2Move platform and launch of an attractive offer for holders of active sport cards. In the second quarter of 2020, MultiSport cardholders were provided with access to personalised coaching and dietary consultation, 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). The three months to September 30th 2020 saw the launch of the Yes2Move online store, offering food supplements, dietetic food, fitness accessories, as well as many other workout supplements and healthy lifestyle products.

In response to the pandemic, steps were also 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 nine months ended September 30th 2020, as a result of the temporary closure of clubs during the state of epidemic, a decision was made to reorganise the portfolio of fitness clubs. By September 30th 2020, 152 fitness clubs resumed operations.

In the three 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 the nine months to September 30th 2020, six of the Group's own fitness clubs, three clubs of the Fitness Academy network, two of the My Fitness Place network and one of the Zdrofit network were closed. In consequence, other expenses of PLN 11.6m were recognised, reflecting an adverse effect of the event on the January–September 2020 results; the amount included an impairment loss on property, plant and equipment (PLN -9.5m) and the cost of early termination fees (PLN -5.7m), and was partly offset by the termination of lease contracts (PLN +3.6m). Other income included government grants received as part of the anti-crisis shield (PLN 4.2m) and impairment losses on receivables.

In the nine months ended September 30th 2020, the Poland segment recognised PLN 81.9m in depreciation of right-of-use assets and a PLN 9.9m interest expense on lease liabilities.

2.3.2. 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 nine months ended September 30th 2020, the companies engaged in the development of the MultiSport programme operated in five European countries: the 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 Group decided to discontinue its operations on the Greek market as from the end of the first half of 2020. 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 (Next Level Fitness EOOD).

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

	January 1st to September 30th 2020	January 1st to September 30th 2019	Change
Revenue	262,013	232,443	12.7%
Cost of sales	(197,253)	(189,514)	4.1%
Gross profit /(loss)	64,760	42,929	50.9%
Selling expenses	(20,851)	(25,147)	(17.1%)
Administrative expenses	(25,205)	(27,332)	(7.8%)
Other income and expenses	1,299	(255)	-
Operating profit/(loss)	20,003	(9,805)	-
EBITDA	45,675	10,599	330.9%
Interest expense on lease liabilities	(1,193)	(1,866)	(36.1%)
Gross margin	24.7%	18.5%	6,2p.p.
<i>Number of sport cards</i>	290.1	289.6	0.5
<i>Number of clubs</i>	25	23	2

At the end of the reporting period, there were 290.1 thousand active MultiSport membership cards on foreign markets, close to the September 2019 level (289.6 thousand cards).

In the reporting period, the number of cards in the Czech Republic, which remains the largest market of the Foreign Markets segment, increased by almost 7 thousand year on year. Until the lifting of lockdown in Bulgaria (on May 18th 2020), the number of cards on that market had gone down by about 14 thousand compared with the same period of the previous year. The trend continued until the end of September 2020. The largest year-on-year increase in the number of cards was recorded in Slovakia, the country which was also the least affected by the COVID-19 pandemic. Following the lifting of lockdown, 85% of the cards remained active relative to the beginning of March. The sharpest decline in the number of cards compared with the pre-lockdown period (March 2020) was recorded in Croatia. After the lifting of lockdown, the number of active cards was down by almost 60%, but still remained close to the previous year's levels. In the reporting period, the number of cards in Croatia rose by approximately 15% on the year before

In the nine months ended September 30th 2020, the Foreign Markets segment's revenue grew by more than 12% year on year. A revenue increase in the three months ended September 30th 2020 was driven, among other things, by changes in VAT rates on the MultiSport product in Bulgaria and the Czech Republic. After the Czech tax authority had issued a private letter ruling according to which the MultiSport service met the criteria for being treated as a voucher (Council Directive (EU) 2016/1065 as regards the treatment of vouchers), the Czech company ceased to be a VAT payer in respect of the MultiSport Programme. As a result, the average selling price of cards increased by the amount of the previously input VAT (21%), delivering a PLN 21.2m increase in revenue and a PLN 9.8m rise in gross profit. Another item charged to the results for the nine months ended September 30th 2020 was an adjustment to VAT for 2019 (effect on revenue: PLN 32.1m, effect on gross profit: PLN 16.9m). Bulgaria's government decided to reduce the VAT rate for fitness services, from 20% to 9%, with effect as of July 2020, which increased the average selling price of cards on the Bulgarian market. The changes in VAT rates in Bulgaria and the Czech Republic were also reflected in selling expenses, which rose year on year. In the reporting period, revenue on the Czech market grew by 23%, while in Bulgaria revenue declined by only 8% year on year despite a 16% decrease in the number of active cards.

Despite unfavourable economic conditions caused by the COVID-19 pandemic, revenue grew by approximately 27% year on year both in Slovakia and Croatia. The number of active cards on those markets rose by 21% and 16%, respectively.

The network of partner facilities abroad continued to be expanded and at the end of September 2020 comprised 4,290 facilities, including: 1,967 in the Czech Republic, 969 in Bulgaria, 888 in Slovakia, and 466 in Croatia. This allows the Group to offer its comprehensive MultiSport product not only to the largest companies located in the vicinity of the capital cities of those countries, but also to those that are based in, and whose staff come from, smaller towns and villages.

As part of the Foreign Markets segment, the Group's own clubs are operated in all of the countries except Croatia. At the end of September 2020, there were 25 investment clubs, their number unchanged quarter on quarter. Revenue earned by investment clubs fell by approximately 7% on a decline in the number of active subscriptions due to the COVID-19 pandemic and lower number of visits generated by MultiSport membership cards.

2.3.3. Cafeterias

The Cafeterias segment is responsible for developing the MyBenefit and MultiKafeteria non-pay 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 enjoy 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, MultiMuzeum, MultiZoo and BenefitLunch, providing access to numerous theatres, museums, zoos and restaurants.

	January 1st to September 30th 2020	January 1st to September 30th 2019	Change
Revenue	24,988	20,419	22.4%
Cost of sales	(17,686)	(9,975)	77.3%
Gross profit /(loss)	7,302	10,444	(30.1%)
Selling expenses	(3,827)	(4,415)	(13.3%)
Administrative expenses	(4,131)	(4,648)	(11.1%)
Other income and expenses	(2,398)	(203)	1081.2%
Operating profit/(loss)	(3,053)	1,178	-
EBITDA	1,472	4,249	(65.3%)
Interest expense on lease liabilities	(121)	(183)	(33.9%)
Gross margin	29.2%	51.1%	(21.9p.p.)
<i>Revenue generated through platforms (PLNm)*</i>	238.9	248.7	-9.8
<i>Number of users (in thousands)</i>	489.6	444.3	45.3

As at the end of September 2020, the MyBenefit and MultiKafeteria e-platforms had registered a total of almost 490 thousand users, an increase of 45.3 thousand year on year. However, the strong increase in the number of users did not drive an increase in revenue from the Cafeteria platforms, as access to cinemas and sports facilities was limited, and as concerts, performances and other events were cancelled. In the reporting period, revenue generated through and outside of platforms fell by 9.8% year on year.

The main areas adversely affected by the pandemic included Sport Cards, Cinema, Travel, Culture and Recreation. The loss of revenue from those categories was partially offset by a large volume of point redemptions in the Stores category, which was the most popular sales channel in 2020 (revenue of PLN 128.5m vs PLN 94.7m 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 1.4m increase in depreciation/amortisation expense; the projects involved developing and upgrading the IT components of the cafeteria system to enhance the user experience. A 13.3% year-on-year drop in selling expenses was mainly attributable to lower salaries and wages, costs of employee training and business trips.

In the nine months ended September 30th 2020, key contributors to net other income included proceeds under government grants received as part of the anti-crisis shield of approximately PLN 1m and the write-off of intangible assets in June 2020 of PLN 2.9m.

Capital expenditure in the period increased by PLN 2m, from PLN 7.8m to PLN 9.8m.

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 such 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 nine months ended September 30th 2020, the Cafeterias segment recognised close to PLN 1.5m in depreciation of right-of-use assets and a PLN 0.12m interest expense on lease liabilities.

2.3.4. Corporate

Other activities and corporate include revenue other than from sales of non-pay incentive or fitness products. Indirect costs not allocated to any of the above activities are also presented under corporate. 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 relevant expenses are associated with the Incentive Scheme, support functions, other activities not allocated to any of the defined operating segments, etc. The Corporate segment also includes amounts from the elimination of costs, including amortisation of the Group trademark.

	January 1st to September 30th 2020	January 1st to September 30th 2019	Change
Revenue	(4,987)	(11,891)	(58.1%)
Cost of sales	10,503	16,153	(35.0%)
Gross profit /(loss)	5,515	4,262	29.4%
Selling expenses	3	84	(96.4%)
Administrative expenses	(740)	(6,085)	(87.8%)
<i>including the Incentive Scheme</i>	<i>(924)</i>	<i>(689)</i>	<i>34.1%</i>
Other income and expenses	33	3,754	(99.1%)
Operating profit/(loss)	4,811	2,015	138.8%
Share of profit/(loss) of equity-accounted entities	999	456	119.1%
EBITDA	(955)	(842)	13.4%
Interest expense on lease liabilities	200	226	(11.5%)
Gross margin	-110.6%	-35.8%	(74,8p.p.)

The results for the nine months ended September 30th 2020 include a PLN 924 thousand difference from remeasurement of the 2019 Incentive Scheme due to revaluation based on the share price effective as at the grant date.

2.4. Finance income and costs

The key items of the Group's finance income and costs are presented below.

	January 1st to September 30th 2020	July 1st to September 30th 2020	January 1st to September 30th 2019	July 1st to September 30th 2019
Finance income, including:	9,033	4,995	18,896	1,315
Interest on loans	1,774	543	1,961	346
Remeasurement of liabilities arising from acquisition of shares	4,579	2,389	9,798	0
Finance costs, including:	(57,009)	(13,973)	(37,031)	(20,715)
Foreign exchange losses on measurement of lease liabilities	(40,033)	(8,318)	(8,341)	(13,281)
Credit and bond costs	(3,837)	(837)	(5,527)	(2,010)
Interest expense on lease liabilities	(11,044)	(3,548)	(16,290)	(6,350)
Total finance income and costs	(47,976)	(8,978)	(18,135)	(19,400)

2.5. Leases

2.5.1. Right-of-use assets

Changes in the carrying amount of the right-of-use assets are presented below.

	Property	Fitness equipment	Other	Total
Net carrying amount as at January 1st 2020	860,118	24,968	11,752	896,838
New lease contracts	23,817	0	3,497	27,314
Modifications, termination of contracts	(28,417)	(2,625)	(2,736)	(33,778)
Amortisation and depreciation	(90,400)	(4,565)	(3,096)	(98,061)
Exchange differences on translation of foreign operations	1,569	0	30	1,599
Net carrying amount as at September 30th 2020	766,687	17,778	9,447	793,912

The modifications of lease contracts in the nine months ended September 30th 2020 were mainly attributable to renegotiation in the second quarter of the year of the terms and conditions of the rental contracts for retail and office space in connection with the COVID-19 pandemic. Lease terminations mainly related to early termination of lease contracts following the closure of four fitness clubs in June 2020 and two more in September 2020.

2.5.2. Lease liabilities

Changes in lease liabilities for the nine months ended September 30th 2020 are presented below.

	January 1st to September 30th 2020
Balance as at January 1st 2020	956,128
New lease contracts	27,314
Modifications, termination of contracts	(36,570)
Accrued interest	11,044
Exchange differences	40,033
Payments	(75,808)
Exchange differences on translation of foreign operations	1,674
Balance as at September 30th 2020	923,815
Non-current	762,522
Current	161,293

The modifications of lease contracts in the nine months ended September 30th 2020 were mainly attributable to renegotiation in the second quarter of the year of the terms and conditions of the rental contracts for retail and office space in connection with the COVID-19 pandemic. Lease terminations mainly related to early termination of lease contracts following the closure of four fitness clubs in June 2020 and two more in September 2020.

Maturities of the lease liabilities as at September 30th 2020 and December 31st 2019 are presented below:

<i>As at September 30th 2020</i>	Lease payments due in:			
	up to 1 year	1 to 5 years	over 5 years	total
Lease payments	161,823	509,816	301,659	973,298
Finance costs (-)	(530)	(21,361)	(27,592)	(49,483)
Present value	161,293	488,455	274,067	923,815

<i>As at December 31st 2019</i>	Lease payments due in:			
	up to 1 year	1 to 5 years	over 5 years	total
Lease payments	146,406	512,820	356,898	1,016,124
Finance costs (-)	(1,044)	(22,851)	(36,101)	(59,996)
Present value	145,362	489,969	320,797	956,128

The Group is a party to lease contracts for fitness clubs whose leases have not yet commenced; the contracts were not recognised in the measurement of the lease liabilities. The potential future cash outflows under these contracts were estimated at PLN 114,340 thousand as at September 30th 2020 (December 31st 2019: PLN 125,420 thousand).

2.5.3. Lease amounts disclosed in the reporting period

Amounts disclosed in the nine months ended September 30th 2020 and 2019 relating to the lease contracts recognised in the statement of financial position are presented below.

	January 1st to September 30th 2020	January 1st to September 30th 2019
Amounts disclosed in the consolidated statement of profit or loss		
Depreciation of right-of-use assets (recognised in cost of sales, selling expenses and administrative expenses)	(98,061)	(92,211)
Gain/(loss) on change in lease contracts (recognised in other income/expenses)	3,083	0
Interest expense on lease liabilities (recognised in finance costs)	(11,044)	(16,290)
Exchange differences on lease liabilities denominated in foreign currencies (recognised in finance income/costs)	(40,033)	(8,341)
Total	(146,055)	(116,842)
Amounts disclosed in the consolidated statement of cash flows		
Lease payments (recognised in cash flow from financing activities)	(75,808)	(87,844)

Cost of short-term lease contracts and leases of low-value assets not recognised in the measurement of the lease liabilities disclosed in the interim consolidated statements of profit or loss for the nine months ended September 30th 2020 and September 30th 2019 was 1,350 thousand and PLN 1,486 thousand, respectively. The cost included mainly lease of advertising space (PLN 477 thousand and PLN 858 thousand, respectively) and lease of assorted equipment for clubs and offices (PLN 873 thousand and PLN 628 thousand, respectively). In the nine months ended September 30th 2020 and September 30th 2019, there were no variable lease payments.

2.5.4. Subleases

The Group is an intermediate lessor with respect to fitness equipment leased to facilities which are the Group's partners, and with respect to office space. The sublease contracts were recognised as operating leases. In the interim consolidated statement of profit or loss for the nine months ended September 30th 2020, the Group recognised income from leases of fitness equipment under an operating sublease of PLN 5,811 thousand and income from sublease of office space of PLN 82 thousand. In the nine months ended September 30th 2019, the amounts were PLN 6,240 thousand and PLN 78 thousand, respectively. These amounts include minimum fixed sublease payments only. In the reporting period, there were no contingent or other payments.

2.6. Property, plant and equipment

As at September 30th 2020, the carrying amount of property, plant and equipment was PLN 342.4m. The PLN 36.2m decrease in property, plant and equipment relative to the end of 2019 was attributable mainly to the closure of six fitness clubs in Poland, of which four were closed in June (down PLN 8.8m) and another two in September (down PLN 0.7m), as well as a lower amount of capital expenditure incurred on new assets (PLN 23.5m) relative to the depreciation expense in the period (PLN 51.2m), due to a limited number of new club openings and temporary suspension of investment into existing clubs.

2.7. Seasonality of operations

The industry in which the Group operates is subject to seasonal variation. Traditionally, in the third quarter of a calendar year, the activity of holders of sport cards and vouchers is lower than in the first, second and fourth quarters of a 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.

2.8. Significant events and transactions in the period

Impact of COVID-19 pandemic on the Group's business

In the nine months ended September 30th 2020, the Group's business was affected by the coronavirus epidemic, with temporary government restrictions imposed in the Group's home markets particularly on the operation of sports facilities. The Group's customers and cardholders opted to suspend their sport cards, and the Group did not charge any fees. The Group companies, both in Poland and abroad, did not record any significant increase in contract terminations, and the proportion of suspended sport cards in Poland in April 2020 was estimated at 70%.

As a result, the management of the Group and its subsidiaries took a number of measures to secure and support revenue streams and reduce operating costs. Managing the Group's liquidity is of the highest priority, and the steps taken by the Group include securing access to various sources of financing, continuous monitoring of debt repayments, reducing capital expenditure, extending payment deadlines in justified cases, and maintaining safe levels of the net debt and liquidity ratios.

The Group is expanding its offering of online products and additional services (advice, diets, urban bicycles, special holiday offers) and is continuing to develop the partnership network, which is of strategic importance to the Group. In addition, optimisation measures have been under way with a focus on: (i) new customer retention processes and sales of services, implementation of subscription contracts better suited to consumer preferences, (ii) implementation of a new management structure and centralisation of functions across all networks (procurement, administration, back office), and (iii) implementation of restructuring plans at sports clubs with the least potential.

In the three months to September 30th 2020, the situation improved, leading to an increase in revenue and gross profit relative to the previous quarter of the year. As at September 30th 2020, the Group recorded a total of 1,056.3 thousand active sport cards, representing 79% of active cards as at the end of the same quarter of 2019 (1,336.1 thousand), including 766.3 thousand cards in Poland and 290.1 thousand on foreign markets, compared with 1,046.1 thousand and 289.6 thousand, respectively, as at the end of September 2019.

Liquidity and debt

Moreover, on June 10th 2020, the General Meeting decided against payment of dividend from the parent's net profit earned in 2019 and for allocation of the entire amount, of PLN 166m, to statutory reserve funds.

As at September 30th 2020, the current and quick liquidity ratios were 0.6, having slightly improved relative to December 31st 2019, when they stood at 0.5. The net debt to EBITDA ratio was 0.02. Net debt is defined as the sum of debt under borrowings and bonds less cash. EBITDA was calculated as operating profit/(loss) for the 12 months ended September 30th 2020, plus depreciation and amortisation for the same period. The Group complied with the covenants under its credit facility agreements.

Despite the net loss posted on continuing operations, in the nine months ended September 30th 2020 the Group generated positive cash flows from operating activities of PLN 235.0m, representing almost 90% of the cash flows generated in the same period of the previous year (PLN 261.6m). Net cash used in investing activities and cash used in financing activities fell by, respectively, PLN 81.0m and PLN 55.1m year on year. As at the end of the reporting period, the Group's cash increased by PLN 99.2m on the end of 2019.

As at September 30th 2020, the Group had approximately PLN 296.3m of funds available in bank accounts (including PLN 125m of available and undrawn overdraft facilities) as well as an undrawn investment facility of PLN 70m.

Other events

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 from the date of the agreement and may be used for investment purposes consistent with the Group's strategy. The facility term is 48 months from the date of the agreement. The multi-purpose credit facility may be used to finance day-to-day operations and is available for 12 months from the date of the agreement.

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 to PLN 2,795,900 through cancellation of 63,242 treasury bearer shares repurchased by the parent. This resolution became effective upon its adoption, however the shares will be cancelled 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 the 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 cancellation 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 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 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 Company did not have any material assets and the scale of its business was limited. 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 the 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 parent 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 MultiSport Benefit S.R.O.

Following 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 a voucher and thus is exempt from value added tax, the financial result of MultiSport Benefit 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, in the six months ended June 30th 2020 additional revenue of PLN 32.1m and costs of PLN 15.3m (including cost of sales of PLN 13.8m) were recognised, while net profit/(loss) increased by PLN 13.7m.

Closure of six 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 fees (PLN -4.8m) and was partly offset by the termination of relevant lease contracts (PLN +3.2m). In September 2020, a decision was made to discontinue operations at two more locations. The closed clubs were part of the Fitness Academy and Zdrofit networks. The closures had a PLN 1.2m adverse effect on the results for the three months ended September 30th 2020; the amount included an impairment loss on property, plant and equipment (PLN -0.7m) and the cost of early termination fees (PLN -0.5m)

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 reported on 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 2.19 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 and executed an agency agreement for the Programme with Haitong Bank, S.A. Poland Branch. On September 21st 2020, the Management Board of the parent passed resolutions on the issue of Series A and Series B bonds by the Company. The Series A and Series B bonds issued by the Company were registered in the depository for securities maintained by Krajowy Depozyt Papierów Wartościowych S.A. on October 7th 2020. For detailed information on the terms of the bond programme, see Note 2.11 to this report.

Capital reserve for loans to employees

On September 14th 2020, the Extraordinary General Meeting passed a resolution to set up a capital reserve of PLN 13m to be earmarked for loans to employees of the parent or its subsidiaries out of which they would be able to acquire parent shares through the exercise of subscription warrants acquired by eligible employees under the share-based payment scheme operated in previous years.

Merger of the parent with FitSport Polska Sp. z o.o.

On September 24th 2020, the Management Board of the parent (the acquirer) announced its intention to merge with FitSport Polska Sp. z o.o. (the acquiree). The merger plan, agreed on by the merging companies, was published in Current Report No. 29/2020 of September 24th 2020. The merger resolution will be presented at the Extraordinary General Meeting, convened for November 16th 2020.

Acquisition by eligible persons of Series E shares in exchange for Series G, Series H and Series I subscription warrants

As at September 30th 2020, the parent received declarations from 35 out of the 48 persons eligible under the 2017–2020 Incentive Scheme on the acquisition of 35,145 Series E ordinary bearer shares and payment of the issue price of PLN 491.93 per share, in the exercise of rights attached to Series G, Series H and Series I subscription warrants. Rights attached to the Series E shares will vest upon registration of the shares in the securities accounts of the eligible persons.

2.9. Overview of the Company's material achievements or failures in the period

Physical activity is gaining importance as a means to combat lifestyle diseases and to build mental and physical resilience, as stressed by the World Health Organization, the Ministry of Health and the National Health Fund, as well as many experts from around the globe. Regular physical activity and healthy lifestyle reduce the risk of arterial hypertension, excess weight and obesity, as well as of type 2 diabetes, that is lifestyle diseases considered a risk factor also when co-occurring with COVID-19. According to experts, people with a high BMI are also at risk of a more severe course of COVID-19 regardless of their age, sex or other health factors. In addition, the prolonged pandemic-induced stress may adversely affect the well-being of Poles and their ability to be effective at work. More and more employers have noticed this problem, understanding that care for mental and physical well-being is a sign of responsibility. This has been confirmed by research: as many as 67% of international companies plan to expand their well-being programmes, including in such areas as stress management, promotion of physical activity and healthy diet, which are already part and parcel of the MultiSport Programme.

Regular physical activity is an integral part of good health, which for 55% of Poles is the most valuable thing in life. As a result of the pandemic-related lockdown, including the closure of sports and recreational facilities in March, 43% of Poles reduced their physical activity levels.

March 14th 2020 marked the temporary closure of sports facilities and fitness clubs, which remained closed until June 6th 2020. Customers of the MultiSport Programme were given the option to temporarily suspend their sport cards as of April 2020. As a result, the number of active cards decreased from 1,548.9 thousand (including 1,177.5 thousand in Poland and 371.4 thousand on foreign markets) at the end of the first quarter of 2020 to 787.1 thousand (including 498.9 thousand in Poland and 288.2 thousand on foreign markets) at the end of the second quarter of 2020.

During the period of stay-at-home orders, the MultiSport Programme was extended to include online workout sessions available on the www.kartamultisport.pl platform and numerous supplements supporting healthy lifestyles, such as personalised nutrition plans, consultation with dieticians and personal coaches, challenges promoting healthy habits and numerous expert materials supporting, for instance, the ergonomics of working from home, or a mindfulness course, which made the MultiSport membership card a valuable tool for building both physical and mental health of employees sent to work from home by many companies.

In response to the growing interest in online physical exercise during the pandemic, the Fitness Branch of Benefit Systems S.A. created the Yes2Move platform, offering access not only to the constantly expanding base of online and live workout sessions led by qualified coaches, but also, starting from the third quarter of the year, to a store selling food supplements, dietetic food, fitness accessories and a range of other workout supplements and healthy lifestyle products.

After the reopening of sports facilities, the number of people resuming regular exercise increased month by month. The number of active sport cards rose significantly from the beginning of July relative to the end of June, to 1,002.2 thousand as at July 1st 2020 (an increase of 27% on the end of June) and to 1,056.3 thousand as at September 30th 2020 (up 34% on the end of June).

In the first six months of the year, the Benefit Systems Group, as an entity sharing responsibility for its sports partners and the entire market, introduced additional solutions supporting the fitness industry: sports and recreational facilities received financial support helping them to reopen their business, including for the necessary disinfection of the facilities; the repayment of loans provided to partners for expanding their sports infrastructure was suspended; and the acceptance of partners' outdoor activities and settlement of virtual visits to online workout sessions began.

The Group also pursued initiatives to educate people on the immunity benefits of physical activity and to raise their awareness of safety and sanitary procedures in place at the reopened sports and recreational facilities. To this end, the 'Good to see you again!' campaign was launched in June, referring to the MultiSport summer holiday gamification which encouraged cardholders to exercise at the facilities during the summer holiday period, with the campaign slogans estimated to have reached nearly 8m people. The wide choice of sports activities available under the MultiSport membership card was also communicated through the 'MultiMożliwości' campaign run both nationwide (through online advertising) and locally (in urban space). To complement health promotion efforts, the 'Improve your immunity' educational campaign was launched in September by six Benefit Systems fitness brands to promote, among other things, regular physical activity, also at home, as a way to strengthen the immune system.

2.10. Outlook

Key factors with bearing on the Group's performance in the last quarter of 2020 will include the spread of the COVID-19 pandemic and related restrictions on the operation of sports facilities, including their temporary closure ordered by the authorities of countries where the Group operates, designed to contain the spread. Pursuant to the Regulation of the Polish Council of Ministers of October 16th 2020, swimming pools, aquaparks, gyms, sports clubs and fitness centres were closed again, as of October 17th 2020. The only exception are facilities operating within medical establishments for patients, as well as those dedicated to people taking part in sporting competitions, sports activities or sports events, and to university and school students – as part of their university or school classes. Among the foreign markets where the Group operates, significant restrictions were introduced in the fourth quarter of 2020 in the Czech Republic and Slovakia. Both countries decided on a temporary full closure of sports facilities – in the Czech Republic from October 9th 2020 and in Slovakia from October 15th 2020.

Moreover, the COVID-19 pandemic has had a major negative impact on the global economy and economies of the countries where the Group companies operate, which is also dampening demand for sport cards among the Group's customers. However, it should be noted that demand for sports activities among sport cardholders, as measured by the number of visits to sports

facilities, was close to that recorded in the previous year, despite the more stringent sanitary measures under which sports facilities operated in the third quarter of 2020.

As at October 1st 2020, the number of active sport cards at the Group was 1,109.2 thousand (including 807.8 thousand in Poland and 301.3 thousand in foreign markets), i.e. approximately 322.1 thousand cards more on the end of June 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.

Additionally, in recent months the Group has begun to expand its offering to include services from outside the markets of non-pay benefits and fitness club operation, where it already enjoys a well-established position. In response to challenges created by the prevailing uncertainty, new online services are being developed, including the Yes2Move workout platform for individual customers, as well as the online store offering food and accessories for athletes.

2.11. Issue and redemption of debt securities

In the nine months ended September 30th 2020, the parent and its subsidiaries did not issue any debt securities.

In March 2020, Benefit Partners Sp. z o.o. redeemed PLN 30.2m-worth of outstanding bonds.

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"). The Programme has been approved by the Supervisory Board of the parent.

On September 21st 2020, the Management Board of the parent passed resolutions on the issue of Series A and Series B bonds by the Company.

The Series A and Series B bonds issued by the Company were registered in the depository for securities maintained by Krajowy Depozyt Papierów Wartościowych S.A. on October 7th 2020. On the same day, pursuant to a resolution of the Management Board of the Warsaw Stock Exchange dated October 5th 2020, the bonds were introduced into the multilateral trading facility on Catalyst. Each issue comprised up to 50,000 bonds with a total value of up to PLN 50m. The Programme provides for amortisation of the 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.

All bonds issued under the Programme were secured on shares in selected subsidiaries of the Group, on fitness equipment and on the Benefit Systems trademark.

The terms and conditions of the Programme do not specify the issue objectives for the 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.

2.12. Share capital

In the nine months ended September 30th 2020, the parent issued 300 Series E ordinary bearer shares with a par value of PLN 1.00 per share as a result of exercise by an Eligible Person of

rights attached to Series H subscription warrants granted to the person under the 2017–2020 Incentive Scheme.

As at September 30th 2020, the parent's share capital was PLN 2,859 thousand (December 31st 2019: PLN 2,859 thousand) and was divided into 2,859,142 shares with a par value of PLN 1 per share. All shares were paid up in full. All shares participate equally in the distribution of profits and each share confers the right to one vote at the General Meeting, with the proviso that the Company does not exercise voting rights attached to 118,053 treasury shares.

Share capital as at the reporting date is presented below.

	September 30th 2020	December 31st 2019
Number of shares	2,859,142	2,858,842
Par value of shares (PLN)	1	1
Share capital (PLN)	2,859,142	2,858,842

2.13. Earnings per share

Basic earnings per share are calculated as the quotient of the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the period.

When calculating diluted earnings per share, the effect of convertible options on the parent shares issued under the Group's incentive schemes is taken into account. The calculation of earnings per share is presented below.

	January 1st to September 30th 2020	January 1st to September 30th 2019
<i>Number of shares used as denominator</i>		
Weighted average number of ordinary shares	2,740,989	2,803,336
Dilutive effect of options convertible into shares	30,716	25,998
Diluted weighted average number of ordinary shares	2,771,705	2,829,334
<i>Continuing operations</i>		
Net profit/(loss) from continuing operations	(20,626)	83,009
Basic earnings/(loss) per share (PLN)	(7.53)	29.61
Diluted earnings/(loss) per share (PLN)	(7.44)	29.34

2.14. Share-based payment schemes

The Group did not recognise any cost of the Scheme for 2020 as, in the opinion of the Management Board of the parent, currently it is not probable that the 50% consolidated profit before tax threshold 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).

2.15. 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 parent's Annual General Meeting resolved to allocate the entire net profit to statutory reserve funds.

2.16. 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, issued in 2016 and 2017, 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 (issued in 2020) – by holders of Series H subscription warrants granted by the parent in accordance with the terms of the 2017–2020 Incentive Scheme.

Shareholder	As at the issue date of the report for nine months ended September 30th 2020			As at the issue date of the report for six months ended June 30th 2020			Change
	Number of shares	Ownership interest	Share in total voting rights at GM	Number of shares	Ownership interest	Share in total voting rights at GM	
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.**	297,798	10.42%	10.42%	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%	240,000	8.39%	8.39%	-
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%	159,000	5.56%	5.56%	-
Other shareholders	831,300	29.08%	29.08%	842,284	29.46%	29.46%	-
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 notification received on November 2nd 2020.

*** 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.

2.17. 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:

	As at the issue date of the report for nine months ended September 30th 2020		As at the issue date of the report for six months ended June 30th 2020		Change
	Number of shares	Ownership interest	Number of shares	Ownership interest	
Bartosz Józefiak	500	0.02%	-	0.00%	500
Adam Radzki	5,020	0.18%	3,020	0.11%	2,000
Emilia Rogalewicz	5,081	0.18%	1,081	0.04%	4,000
Wojciech Szwarc	4,300	0.15%	-	0.00%	4,300
TOTAL	14,901	0.52%	4,101	0.14%	10,800

The increase in the number of shares held by members of the Management Board relative to the date of issue of the report for the six months ended June 30th 2020 resulted from the exercise of rights attached to subscription warrants granted under the Incentive Scheme (as disclosed in Current Report No. 32/2020). As at the date of issue of this report, the shares were not yet admitted to trading on the WSE.

Benefits of members of the Management Board in the form of Series G, H and I warrants due as at the date of issue of the report for the nine months ended September 30th 2020 were as follows:

<i>Management Board Member</i>	Series G, H and I warrants granted for 2017–2019	Unexercised Series G, H and I warrants
Bartosz Józefiak	500	0
Adam Radzki	6,750	4,750
Emilia Rogalewicz	8,000	4,000
Wojciech Szwarc	6,400	2,100
TOTAL	21,650	10,850

The exercise price of the options granted is PLN 491.93.

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

	As at the issue date of the report for nine months ended September 30th 2020		As at the issue date of the report for six months ended June 30th 2020		Change
	Number of shares	Ownership interest	Number of shares	Ownership interest	
<i>Member of the Supervisory Board</i>					
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.

2.18. Non-compliance with debt covenants

In the nine months ended September 30th 2020, the Group did not breach any of its debt covenants.

2.19. Contingent liabilities and information on proceedings pending before a court or administrative authority

Contingent liabilities under sureties as at the end of each reporting period are presented below.

	September 30th 2020	December 31st 2019
Associates		
Guarantees provided / Surety for repayment of liabilities	8,857	8,618

Pending proceedings before administrative authorities

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 Company.

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 Polish 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 allegations 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 allegations, 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 them prior to issuing a final decision closing the proceedings. The parent disagrees with the objections of the President of UOKiK and has submitted its position on the case. 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.

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 EOOD 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 at more than 50%. Therefore, the company decided not to recognise a provision for the disputed amount. The estimated amount of the liability is approximately PLN 0.1m.

2.20. Discontinued operations

On June 30th 2020, the Group sold the company operating on the Greek market. The scale of the divested operations was immaterial for the Group: in the period until the date of the sale, the company generated revenue of PLN 0.1m and recognised a loss on sales of PLN 0.1m. As at the date of the sale, the company held assets of PLN 0.4m.

2.21. Management Board's position regarding delivery against profit forecasts

The Company has not released any profit forecasts for 2020.

2.22. 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 and would be concluded on non-arm's length terms.

2.23. Events after the reporting date

Debt securities issued by Benefit Systems S.A.

On October 7th 2020:

- 50,000 (fifty thousand) series A ordinary bearer bonds issued by the Company with a nominal value of PLN 1,000 (one thousand zlotys) each, for which the ISIN code of PLBNFTS00067 ("Series A Bonds");
- 50,000 (fifty thousand) series B ordinary bearer bonds issued by the Company with a nominal value of PLN 1,000 (one thousand zlotys) each, for with the ISIN code of PLBNFTS00075 ("B series bonds");

have been registered in the securities depository maintained by the National Depository of Securities.

Thus, on October 7, 2020, the unconditional allocation of Series A Bonds and Series B Bonds took place, therefore the issue of Series A Bonds and Series B Bonds was completed.

Statement from the Central Securities Depository of Poland concerning conditional registration of shares

On October 20th 2020, the Central Securities Depository of Poland issued statement No. 1055/2020 concerning conditional registration of 35,145 Series E ordinary bearer shares in the Company, with a par value of PLN 1.00 per share, under ISIN code PLBNFTS00018, on condition that they are introduced to trading on the regulated market on which other Company shares, designated with the same ISIN code, are traded. The registration of Series E shares involves shares issued by the Company as a result of a conditional increase of the Company's share capital to implement the 2017–2020 Incentive Scheme.

Admitting and introducing to trade of 35,145 series E shares on the Warsaw Stock Exchange

On 3rd November 2020, the Management Board of the Warsaw Stock Exchange adopted resolution concerning admitting and introducing to trading in the parallel market on the stock exchange of 35,145 series E ordinary bearer shares of the Company, each with the nominal value of one zloty (PLN 1.00) (the "Shares") on condition that the National Depository of Securities (Krajowy Depozyt Papierów Wartościowych S.A.) registers the shares on 6th November 2020, and marks them with code PLBNFTS00018. The resolution came into force as of the date of its adoption. The issue of the Shares introduced and admitted to trading on the exchange on the basis of the Resolution covers the shares issued by the Company as part of conditional capital increase of the Company with a view to implementing the Incentive Plan for 2017 - 2020.

3. CONDENSED STANDALONE FINANCIAL STATEMENTS OF BENEFIT SYSTEMS S.A.

3.1. CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	September 30th 2020	December 31st 2019
Non-current assets			
Goodwill		217,617	217,617
Intangible assets		38,621	35,735
Property, plant and equipment		218,591	234,322
Right-of-use assets		700,558	795,765
Investments in subsidiaries		83,448	82,959
Investments in associates		8,193	8,192
Long-term receivables		3,980	3,976
Loans		369,379	305,886
Non-current prepayments and accrued income		761	144
Deferred tax assets		24,813	11,339
Non-current assets		1,665,961	1,695,935
Current assets			
Inventories		2,071	4,136
Trade and other receivables		100,010	80,004
Current tax assets		245	245
Loans		13,367	12,399
Other current financial assets		101	123
Current accrued expenses and deferred income		10,404	14,095
Cash and cash equivalents		77,166	7,238
Current assets		203,364	118,240
Total assets		1,869,325	1,814,175

EQUITY AND LIABILITIES	Notes	September 30th 2020	December 31st 2019
Equity			
Share capital		2,859	2,859
Treasury shares (-)		(118,157)	(118,157)
Share premium		211,521	211,521
Capital reserve		22,906	9,906
Other components of equity		537,787	383,375
Retained earnings:		(12,945)	162,105
- accumulated profit/(loss) from prior years		(4,237)	(4,237)
- net profit/(loss)		(8,708)	166,342
Total equity		643,971	651,609
Liabilities			
Non-current liabilities			
Borrowings, other debt instruments		176,621	106,536
Lease liabilities		673,736	724,900
Other liabilities		2,659	7,239
Employee benefit obligations and provisions		177	125
Non-current accrued expenses and deferred income		13	0
Non-current liabilities		853,206	838,800
Current liabilities			
Trade and other payables		66,111	30,563
Current tax liabilities		13,586	5,447
Borrowings, other debt instruments		77,071	85,713
Lease liabilities		142,195	127,394
Employee benefit obligations and provisions		14,600	17,371
Current accrued expenses and deferred income		58,585	57,278
Current liabilities		372,148	323,766
Total liabilities		1,225,354	1,162,566
Total equity and liabilities		1,869,325	1,814,175

3.2. CONDENSED STANDALONE STATEMENT OF PROFIT OR LOSS

Notes	January 1st to September 30th 2020	July 1st to September 30th 2020	January 1st to September 30th 2019	July 1st to September 30th 2019
Continuing operations				
Revenue	534,743	195,713	667,228	223,654
Revenue from sale of services	528,234	193,190	667,228	223,654
Revenue from sale of merchandise and materials	6,509	2,523	0	0
Cost of sales	(444,368)	(159,762)	(505,282)	(160,569)
Cost of services sold	(440,641)	(159,479)	(505,282)	(160,569)
Cost of merchandise and materials sold	(3,727)	(283)	0	0
Gross profit /(loss)	90,375	35,951	161,946	63,085
Selling expenses	(27,846)	(10,118)	(18,630)	(5,053)
Administrative expenses	(46,980)	(15,155)	(32,599)	(10,912)
Other income	11,954	5,284	680	67
Other expenses	(17,340)	(5,572)	(984)	(88)
Operating profit/(loss)	10,163	10,390	110,413	47,099
Finance income	43,096	29,126	63,374	14,763
Finance costs	(51,175)	(11,195)	(9,416)	(4,222)
Impairment losses on financial assets	(7,570)	(8)	0	0
Profit/(loss) before tax	(5,486)	28,313	164,371	57,640
Income tax	(3,222)	(570)	(29,421)	(11,168)
Net profit/(loss) from continuing operations	(8,708)	27,743	134,950	46,472
Net profit/(loss)	(8,708)	27,743	134,950	46,472

3.3. CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	January 1st to September 30th 2020	July 1st to September 30th 2020	January 1st to September 30th 2019	July 1st to September 30th 2019
Net profit/(loss)	(8,708)	27,743	134,950	46,472
<i>Other comprehensive income</i>	0	0	0	0
<i>Items not reclassified to profit or loss</i>	0	0	0	0
<i>Items reclassified to profit or loss</i>	0	0	0	0
Comprehensive income	(8,708)	27,743	134,950	46,472

3.4. CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

	Equity						Total
	Share capital	Treasury shares	Share premium	Capital reserve	Other components of equity	Retained earnings	
Balance as at January 1st 2020	2,859	(118,157)	211,521	9,906	383,375	162,105	651,609
Changes in equity in the period January 1st to September 30th 2020							
Issue of shares	0	0	0	0	147	0	147
Share issue in connection with exercise of options (share-based payment scheme)	0	0	0	0	923	0	923
Transfer of equity	0	0	0	13,000	(13,000)	0	0
Transfer of profit or loss to equity	0	0	0	0	166,342	(166,342)	0
Total transactions with owners	0	0	0	13,000	154,412	(166,342)	1,070
Net profit/(loss) for the period	0	0	0	0	0	(8,708)	(8,708)
Total comprehensive income	0	0	0	0	0	(8,708)	(8,708)
Balance as at September 30th 2020	2,859	(118,157)	211,521	22,906	537,787	(12,945)	643,971

	Equity						Total
	Share capital	Treasury shares	Share premium	Capital reserve	Other components of equity	Retained earnings	
Balance as at January 1st 2019	2,859	(61,157)	211,521	9,906	386,049	141,758	690,936
Changes in equity in the period January 1st to September 30th 2019							
Valuation of options (share-based payment scheme)	0	0	0	0	689	0	689
Merger with subsidiary Fit Invest Sp. z o.o.	0	0	0	0	(32,579)	0	(32,579)
Share buyback	0	(57,000)	0	(57,000)	57,000	0	(57,000)
Transfer of equity	0	0	0	0	145,995	(145,995)	0
Transfer of profit or loss to equity	0	0	0	57,000	(57,000)	0	0
Total transactions with owners	0	(57,000)	0	0	114,105	(145,995)	(88,890)
Net profit/(loss) for the period	0	0	0	0	0	134,950	134,950
Total comprehensive income	0	0	0	0	0	134,950	134,950
Balance as at September 30th 2019	2,859	(118,157)	211,521	9,906	500,154	130,713	736,996

3.5. CONDENSED STANDALONE STATEMENT OF CASH FLOWS

	January 1st to September 30th 2020	January 1st to September 30th 2019
Cash flows from operating activities		
Profit/(loss) before tax	(5,486)	164,371
Adjustments:		
Depreciation of property, plant and equipment	29,638	5,028
Amortisation of intangible assets	4,238	2,917
Depreciation of right-of-use asset	84,026	10,416
Impairment losses on financial assets	8,749	(3,541)
Gain/(loss) on disposal of non-financial non-current assets	(1,136)	(42)
Foreign exchange gains/(losses)	30,565	(998)
Interest expense	14,840	6,638
Interest and dividend income	(38,385)	(46,104)
Cost of share-based payments (Incentive Scheme)	860	690
Impairment losses on property, plant and equipment and intangible assets	9,672	0
Other adjustments	0	436
Total adjustments	143,067	(24,560)
Change in inventories	2,065	0
Change in receivables	(20,010)	932
Change in liabilities	34,784	10,866
Change in provisions, accruals and deferrals	1,675	(665)
Changes in working capital	18,514	11,133
Income tax paid	(8,560)	(38,049)
Net cash from operating activities	147,535	112,895
Cash flows from investing activities		
Purchase of intangible assets	(6,970)	(5,268)
Purchase of property, plant and equipment	(23,566)	(3,635)
Proceeds from sale of property, plant and equipment	838	226
Acquisition of subsidiaries, net of cash acquired	0	(4,190)
Repayments of loans	30,434	13,469
Loans	(95,909)	(94,142)
Interest received	3,368	2,471
Dividends received	27,563	24,228
Net cash from investing activities	(64,242)	(66,841)
Cash flows from financing activities		
Share buyback	0	(57,000)
Transactions with non-controlling entities without loss of control	(2,533)	0
Redemption of debt securities	0	(70,000)
Proceeds from borrowings	124,000	108,947
Repayment of borrowings	(58,571)	(35,342)
Payment of lease liabilities	(67,327)	(4,445)
Interest paid	(8,934)	(4,778)
Net cash from financing activities	(13,365)	(62,618)
Net change in cash and cash equivalents	69,928	(16,564)
Cash and cash equivalents at beginning of period	7,238	18,945
Cash and cash equivalents at end of period	77,166	2,381

AUTHORISATION FOR ISSUE

The consolidated quarterly report of the Benefit Systems Group for the nine months ended September 30th 2020 (including the comparative information) was authorised for issue by the Management Board of the parent on November 4th 2020.

Signatures of all Members of the Management Board

Date	Full name	Position	Signature
November 4th 2020	Bartosz Józefiak	Management Board Member	
November 4th 2020	Adam Radzki	Management Board Member	
November 4th 2020	Emilia Rogalewicz	Management Board Member	
November 4th 2020	Wojciech Szwarc	Management Board Member	