

**CONSOLIDATED  
QUARTERLY REPORT  
OF THE CAPITAL GROUP  
OF BENEFIT SYSTEMS**

FOR THE PERIOD OF NINE  
MONTHS ENDED ON 30  
SEPTEMBER 2018



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## 1. SELECTED FINANCIAL DATA OF THE CAPITAL GROUP OF BENEFIT SYSTEMS

Table 1: Selected financial data of the Capital Group of Benefit Systems

in ths. PLN	3 quarter 2018	3 quarter 2017	3 quarters 2018	3 quarters 2017
Revenues	301 494	240 400	889 604	698 043
Earnings before interest, taxes, depreciation and amortization (EBITDA)	49 364	51 083	133 735	114 232
Earnings before interest, taxes, depreciation and amortization (EBITDA) excl. Incentive Programme	52 445	52 797	142 978	119 374
Operating profit (EBIT)	38 339	42 426	102 931	89 714
Pre-tax profit	35 495	42 237	97 897	88 181
Net profit attributable to shareholders of the Parent Company	27 778	32 870	73 761	70 103
Net profit	28 815	32 548	74 798	68 875
Operating cash flow	30 743	51 050	108 225	105 295
Investing cash flow	(22 751)	(88 894)	(191 446)	(151 416)
Financing cash flow	(56 621)	36 989	214 166	27 244
Total cash flow	(48 629)	(855)	130 945	(18 877)
EPS (attributable to shareholders of the Parent Company) (PLN per share)	9.75	12.63	26.71	26.94

in ths. PLN	30 September 2018	31 December 2017
Non-current assets	626 051	517 998
Current assets	358 371	236 115
Total assets	984 422	754 113
Non-current liabilities	123 982	193 791
Current liabilities	323 092	340 445
Equity	537 348	219 877
Equity attributable to equity holders of the Parent Company	535 274	202 033
Share capital	2 859	2 675
Number of shares	2 858 842	2 674 842
Diluted number of shares	2 782 125	2 608 756
Book value of equity attributable to equity holders of the Parent Company per share (PLN per share)	187.23	75.53
Book value of equity attributable to equity holders of the Parent Company per share (diluted, PLN per share)	192.40	77.44

All data in the report (unless otherwise stated) covers the period January - September, 2018, and the comparative data presents the same period of 2017. All figures are presented in thousands of zloty, unless stated otherwise

## 2. DEVELOPMENT OF THE BENEFIT SYSTEMS CAPITAL GROUP AND ITS MARKET ENVIRONMENT

As at the end of 3Q 2018, the number of the MultiSport cards reached the level of 1,104.2 thousand, thus representing growth in the number of cards by 13.5% in Poland and by 77.0% on foreign markets as compared to 3Q 2017. Card users who took advantage of the MultiSport Programme amounted to 917.2 thousand in Poland and to 187.0 thousand on foreign markets. In the fitness segment, as at the end of September 2018, companies in which the Group is a major shareholder operated 113 facilities in Poland. Users increasingly often choose the MultiSport Card due to its highly attractive offer and favorable locations of the partner facilities. The Group also has 15 clubs in the Czech Republic and 2 in Bulgaria. The entities support product development on new markets.

More than 341 thousand Users are already registered in the Cafeterias segment, with the Sports category of non-payroll benefits being most popular among them.

The Benefit Systems Group specializes in providing effective solutions in the area of non-payroll benefits to employees. A unique business model of the Benefit Systems Group consists in the building and maintaining of sustainable relations with Customers (business entities), Partners (sports and recreation facilities, fitness clubs, restaurants, catering facilities etc.) and Users (the MultiSport cardholders).

The prestigious title of B-Corp (which is awarded by American non-governmental organization: B Lab) only confirmed the responsible approach that the Group takes to the sustainable development in the said areas. Benefit Systems is the Central and Eastern Europe's first and, at the current time, Poland's only business entity with Polish background in the international community of the B-Corp enterprises which, in addition to generating profits also show respect for the social responsibility and act for the benefit of all the stakeholders.

The development of the Benefit Systems Group is primarily attributable to efforts at maintaining an attractive product in Poland and product development abroad, which also includes continued development of the sports and recreation infrastructure for the benefit of sports cards Users, in particular, by investing into fitness clubs.

The Benefit Systems Group operates in four (4) segments:

- Sports Cards, which offer access to a broad offer of over 4,000 sports and recreation facilities.
- Fitness, which comprises companies operating sports clubs from all of Poland which are owned directly or indirectly by the Benefit Systems Group.
- Foreign, which is responsible for sale of sports cards on foreign markets. Starting from 2018, foreign investments into fitness companies are also presented as part of the Foreign segment.
- Cafeterias, a modern channel for distribution of non-payroll benefits not only representing sports, but also cultural, touristic and other types of activities.

Polish market for non-payroll benefits is worth approx. PLN 11.3 billion and is anticipated to grow at the rate of approx. 0.5 billion annually. From year to year, employers have been appropriating increasingly higher sums for non-payroll benefits; at present, it is nearly PLN 1,250 per employee annually; 87% employees have access to benefits offered by dedicated business entities (survey carried out by ARC Rynek i Opinia to the commission of Benefit Systems, December 2017). According to Sedlak&Sedlak ("Additional [non-payroll] Benefits as seen by employees in 2018"), sports cards, which have already

been the most popular employee benefit for a few years, are currently provided to approx. 45% employees.

Being fit has been the in fad worldwide for several years, and European fitness clubs are benefitting from the trend. They already group sixty million people, and the number of their members has grown by 4 percent since last year. In 2017, the revenues of the fitness clubs amounted to EUR 26.6 billion. As much as 2.91 million of Poles attend sports clubs the number of which exceeded 2.6 thousand as at the end of 2017, which represented an increase by 2.5% y-o-y. In Poland, the penetration rate is 7.7 %, which represents y-o-y growth by 0.2% as compared to year 2016. It is still below the level observed in the Western Europe where the same rate is in double digit area ("The European Health & Fitness Market 2018", Vth edition, by Deloitte in collaboration with EuropeActive).

In 2018, Benefit Systems, in collaboration with Kantar TNS, has launched MultiSport Index, an annual survey programme dedicated to sports activities. It appeared from the survey of the first edition that 62% of Poles are physically active and 48% of Poles practice sports at least once a week, running is the most popular sports activity, and the residents of the lubuskie voivodship and of the city of Warsaw are the ones who are most active physically. These figures are still lower than in many Western European countries, which means that the potential for growth of the interest in healthy lifestyle and physical activity is still high.

The Benefit Systems Group launches engaging activities dedicated to individual groups of society with diverse needs and preferences; in 2018, the following projects were intensely developed: The MultiSport Senior Card; and Active School MultiSport Programme which grouped as much as 10 thousand of children of primary school grades 4 - 7.

For a few years, Benefit Systems has been running a number of special activities aimed at engaging the MultiSport cardholders in sports activities in the period of summer holidays. In the third quarter of 2018, a special summer offer was on, allowing Cardholders to take advantage of open-air swimming pools, high rope parks and fitness classes for children. A gamification, which was available at the User Area (<https://www.kartamultisport.pl/>), in which you could collect points and exchange them for attractive awards or support a charitable objective (school starter kits), was a big success. Over one hundred thousand Users of the MultiSport cards participated in it.

### 3. MATERIAL INFORMATION ON THE BENEFIT SYSTEMS CAPITAL GROUP

#### 3.1. GENERAL INFORMATION ON THE GROUP AND MEMBER COMPANIES OF THE GROUP

The Benefit Systems Group consists of Benefit Systems S.A. (the "Dominant Entity"), which is responsible for sale of sports cards in Poland, and of entities operating on the market for non-payroll employee benefits and on the sports market. Currently, customers of the Benefit Systems Group include over 13 thousand business entities and institutions with over 3.3 million employees.

Since April 2011, Benefit Systems S.A. has been quoted in the main list of the Warsaw Stock Exchange (WSE). The flagship product of the Benefit Systems Group: MultiSport Programme provides access to over 4,000 best and most popular sports facilities in approx. 650 locations all over Poland. The MultiSport Programme is one of Poland's most popular non-payroll benefits that allows leading active,

and, therefore healthy, lifestyle. The offer of the Group also includes other sports cards, like e.g. FitProfit. As at the end of 3Q 2018, over 917.2 thousand users in Poland and 187.0 thousand users abroad in aggregate have used the sports products alone that are offered by the Benefit Systems Group.

The Benefit Systems Group also offers cafeteria platforms: MyBenefit and MultiKafeteria, offering employees non-payroll benefits of their choice from a list approved by the employer. The range of products offered by the cafeteria systems include the Group's own products, such as cultural-entertainment programme: MultiBilet, which allows seeing films of choice at one of several hundred cinemas in all of Poland; MultiTeatr, which offers tickets to most popular theatre spectacles; MultiMuzeum, which provides vouchers that can be spent at selected museums; and BenefitLunch, which provides employees with a catering offer.

Investing into the fitness market with a view to ensuring an appropriate infrastructure to the growing community of the MultiSport cardholders is one of the strategic goals of the Benefit Systems Group. Survey carried out by the Group shows that one half of cards issued by the Group will go to new users. This means that fitness clubs and other sports facilities will get several thousand of new members. Thanks to investing into companies operating fitness clubs, the Benefit Systems Group can secure modern, well equipped clubs offering a wide range of professional services to the sports card users.

The concept of the MultiSport Programme also serves the purpose of foreign business development. Since 2011, the Benefit Systems Group has been operating on the Czech market, and since 2015, also on the Slovakian and Bulgarian markets.

In 2018, the Benefit Systems Group launched sale of their cards in Croatia, and starting from April 2018, the Group has been preparing to launch the MultiSport Programme in Greece.

## LIST OF SUBSIDIARIES AND AFFILIATES

### COMPANIES OF THE SPORTS CARDS SEGMENT

**Benefit Systems S.A.** is responsible for sale of the MultiSport cards. Since 2011, Benefit Systems S.A. has been quoted in the main list of the Warsaw Stock Exchange (WSE).

**FitSport Polska Sp. z o.o.** offers sports cards to small and medium enterprises and is a distributor of products of Benefit Systems S.A.

**VanityStyle Sp. z o.o.** specialises in the offering of sports and recreation solutions. The company provides FitProfit and FitSport cards to big and medium enterprises; FitProfit and FitSport are similar to the products of Benefit Systems S.A., however, since, on principle, they are cheaper they have less business Partners and offer smaller range of services. The Group's offer also includes a Prestige edition of sports card, which provides access to the top standard prestigious sports facilities. The sports cards offer of the Company has been expanded with the Bilet CinemaProfit programme that provides access to a network of cinemas.

## COMPANIES OF THE FITNESS SEGMENT

**Fit Invest Sp. z o.o.** manages investments of the Benefit Systems Group into the Fitness segment. The company holds stocks in Fabryka Formy S.A. and Calypso Fitness S.A., and shares in Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA, Zdrofit Sp. z o.o., Fitness Place Sp. z o.o, Wesolandia Sp. z o.o., and Fitness Management Sp. z o.o., as well as minority interests in Baltic Fitness Center Sp. z o.o., Instytut Rozwoju Fitness Sp. z o.o., Fit Fabric Sp. z o.o. and Benefit Partners Sp. z o.o.

The Company also owns the following companies that (as of 30 September 2018) are reported in the Foreign segment: Fitness Place s.r.o, Fit Invest Bulgaria EOOD and Beck Box Club Praha s.r.o., which are responsible for development of fitness clubs abroad.

**Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA** operates 19 fitness clubs in Wrocław, Katowice and Kraków. Fitness Academy Sp. z o.o. is the general partner of the latter company, which holds 100% of shares in AM Classic Sp. z o.o. and Jupiter Sport Sp. z o.o.

**Fabryka Formy S.A.** operates 25 fitness clubs in Poznań and in the neighbouring areas. The Company holds 100% of shares in Fitness za Rogiem Sp. z o.o. which, in turn, has three clubs.

**Zdrofit Sp. z o.o.** operates 31 fitness clubs in Warsaw and in the borough areas, and, as of 1 August 2018, after a merger with **Tiger Sp. z o.o.**, also 9 clubs in the Tricity (Sopot, Gdańsk, and Gdynia).

**Fitness Place Sp. z o.o.** operates 14 fitness clubs under brand name of My Fitness Place, which are predominantly located in the Małopolskie voivodship.

**Wesolandia Sp. z o.o.** is the owner of recreation complex situated in the Wesoła borough of Warsaw: Aquapark Wesolandia, comprising a set of pools, fitness club and tennis court.

**M Group Sp. z o.o.** is 100% controlled by Zdrofit Sp. z o.o. (until 1 August 2018, by Tiger Sp. z o.o.). The company rents out premises at the Alchemia office building in Gdańsk to Zdrofit Sp. z o.o.

**Fitness Management Sp. z o.o.** operates and manages 14 fitness clubs in Warsaw, Toruń, Gdynia and Białystok, which the company acquired from S4 Fitness Club.

## COMPANIES OF THE FOREIGN SEGEMENT

**Benefit Systems International Sp. z o.o.** is a vehicle through which the Benefit Systems Group conducts the foreign activity. Benefit Systems International Sp. z o. o. is a majority shareholder in the following international companies: MultiSport Benefit s.r.o. (Czech Republic), Benefit Systems Slovakia s.r.o. (Slovakia), Benefit Systems Bulgaria EOOD (Bulgaria), Benefit Systems D.O.O. (Croatia) and Benefit Systems Greece MIKE (Greece), which are responsible for sale of sports cards in the countries of their domicile.

**Fitness Place s.r.o.** and **Fit Invest Bulgaria EOOD** are responsible for investments into fitness clubs abroad, in particular for acquisition of the existing and opening of new clubs, in the Czech Republic and in Bulgaria, respectively. Fitness Place s.r.o. operates 9 fitness clubs and Fit Invest Bulgaria EOOD runs 2 clubs.

**Beck Box Club Praha s.r.o.** operates 6 fitness clubs in Prague.

**Fit Invest International Sp. z o.o.** is a recently established (from 30 July 2018) an entity that manages Benefit Systems Group investments in the foreign segment.

#### COMPANIES OF THE CAFETERIAS SEGMENT

**MyBenefit Sp. z o.o.** deals in development and sale (through a special cafeteria platform) of products that business entities may use as incentives and bonuses for employees. Currently, the company's portfolio includes a tailor-made cafeteria system that offers in particular: chain store gift cards, a cinema and/or cultural programmes, touristic vouchers and a system for the subsidizing of leisure activities.

Activity conducted by **MultiBenefit Sp. z o.o.** in the scope of non-payroll benefits includes the MultiKafeteria platform as well as the MultiBilet, MultiTeatr, MultiMuzeum and BenefitLunch programmes.

#### OTHER COMPANIES

The business objective of **Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k.** consists in the management of the marketing activities of the Benefit Systems Group within the framework of a centralized model and in the management (i.e. granting licenses to use trademarks) of all trademarks and industrial property rights belonging to the member companies of the Benefit Systems Group. Benefit IP Sp. z o.o. is the general partner and minority shareholder in the latter company.

The total number of votes held by the Benefit Systems Group in its subsidiaries equals the Group's equity interest in those companies.

Table 2: List of subsidiaries

Operating segment	Subsidiary name	Principal place of business	Group's participation in the equity:	
			30.09.2018	30.09.2017
THE SPORTS CARDS SEGMENT	VanityStyle Sp. z o.o.	ul. Jasna 24 00-054 Warsaw	100.00%	100.00%
	FitSport Polska Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Benefit IP Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Benefit IP Spółka z o.o. raniczoną odpowiedzialnością sp. k.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
THE FITNESS SEGMENT	Fit Invest Sp. z o.o.	Plac Europejski 3 00-844 Warsaw	100.00%	100.00%
	Fitness Academy Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA	ul. Powstańców Śląskich 95 53-332 Wrocław	100.00%	100.00%
	AM Classic Sp. z o.o.	Plac Dominikański 3 53-209 Wrocław	100.00%	100.00%
	Jupiter Sport Sp. z o.o.	ul. Żegiestowska 11 50-542 Wrocław	100.00%	100.00%
	Fitness za Rogiem Sp. z o.o.	ul. Skrajna 1 62-080 Sierosław	100.00%	66.06%



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Operating segment	Subsidiary name	Principal place of business	Group's participation in the equity:	
			30.09.2018	30.09.2017
	Fabryka Formy S.A.	ul. B. Krzywoustego 72 61-144 Poznań	100.00%	66.06%
	Fitness Place Sp. z o.o.	Plac Europejski 3 00-844 Warsaw	100.00%	100.00%
	Wesolandia Sp. z o.o.	ul. Wspólna 4 05-075 Warsaw -Wesoła	100.00%	100.00%
	Zdrofit Sp. z o.o.*	ul. Mangalia 4 02-758 Warsaw	100.00%	55.03%
	Tiger Sp. z o.o.**	Aleja Grunwaldzka 82 80-244 Gdańsk	0.00%	30.00%*
	M Group Sp. z o.o.	ul. Reymonta 16 80-290 Gdańsk	100.00%	-
	Fitness Management Sp. z o.o.	Plac Europejski 3 00-844 Warsaw	99.99%	-
THE FOREIGN SEGMENT	Benefit Systems International Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Benefit Systems Bulgaria EOOD	11-13, Yunak Str., floor. 1, Sofia 1612, Bulgaria	100.00%	100.00%
	Benefit Systems D.O.O.	Zagreb (Grad Zagreb) Strossmayerow trg 8 Croatia	100.00%	-
	Benefit Systems Greece MIKE	Kifissias 332 Ave. 6th floor Halandri, Greece	100.00%	-
	Benefit Systems Slovakia s.r.o.	Karadzicova 8/A 821 08 Bratislava, Slovakia	83.00%	93.00%
	MultiSport Benefit s.r.o.	Lomnickeho 1705/9 140 00 Praha4 Czech Republic	74.00%	74.00%
	Fitness Place s.r.o.	Pižeňská 233/8 150 00 Praha 5 Czech Republic	100.00%	100.00%
	Fit Invest Bulgaria EOOD	8 Tsar Kaloyan Sofia 1000, Bulgaria	100.00%	100.00%
	Beck Box Club Praha s.r.o.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3 Czech Republic	100.00%	-
	Fit Invest International Sp. z o.o.	Plac Europejski 3 00-844 Warsaw	100.00%	-
THE CAFETERIAS SEGMENT	MyBenefit Sp. z o.o.	ul. Powstańców Śląskich 28/30, 53-333 Wrocław	100.00%	100.00%
	MultiBenefit Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%

\* A merger consisting in Tiger Sp. z o.o. being taken over by Zdrofit took place on 1 August 2018.

\*\*The equity interest of the Group was equal to 30%; however, thanks to call options for the remaining 70% of non-controlling interests, the company was consolidated using the full method of consolidation based upon assumption of a 100% equity interest of the Benefit Systems Group in the company.

Table 3: List of affiliates

Operating segment	Affiliate name	Principal place of business	Group's participation in the equity:	
			30.09.2018	30.09.2017
THE FITNESS SEGMENT	Baltic Fitness Center Sp. z o.o.	ul. Puławska 427 02-801 Warsaw	49.95%	49.95%
	Instytut Rozwoju Fitness Sp. z o.o.	ul. Puławska 427 02-801 Warsaw	48.10%	48.10%
	Benefit Partners Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	47.51%	47.51%
	Calypso Fitness S.A.	ul. Puławska 427 02-801 Warsaw	33.33%	33.33%
	Fit Fabric Sp. z o.o.	ul. 1go Maja 119/121 90-766 Łódź	30.00%	30.00%
	Get Fit Katowice II Sp. z o.o.	ul. Uniwersytecka 13 40-007 Katowice	20.00%	20.00%
OTHER	LangMedia Sp. z o.o.	ul. Skwierzyńska 25/3 53-521 Wrocław	37.00%	37.00%
	X-code Sp. z o.o.	ul. Klaudyń 21/4 01-684 Warsaw	31.15%	31.15%

### 3.2. STATEMENT OF FINANCIAL RESULTS

Table 4: Income statement of the Benefit Systems Group

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
Sales revenues	889 604	698 043	27.4%
Revenues from sale of services	877 939	693 647	26.6%
Revenues from sale of goods and materials	11 665	4 396	165.4%
Cost of sales	(649 420)	(508 290)	27.8%
Cost of sold services	(640 542)	(505 438)	26.7%
Cost of sold goods and materials	(8 878)	(2 852)	211.3%
Gross profit on sales	240 184	189 753	26.6%
Selling expenses	(57 899)	(40 338)	43.5%
General and administrative expenses	(76 801)	(57 566)	33.4%
Other operating income	10 816	4 354	148.4%
Other operating costs	(13 369)	(6 489)	106.0%
Operating profit	102 931	89 714	14.7%
Financial income	6 043	2 536	138.2%
Financial costs	(8 678)	(5 722)	51.6%
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	(2 399)	1 653	-
Profit before tax	97 897	88 181	11.0%
Income tax	(23 099)	(19 306)	19.6%
Net profit from continuing operations	74 798	68 875	8.6%
<i>Gross margin on sales %</i>	<i>27.0%</i>	<i>27.2%</i>	<i>(0.2 p.p.)</i>

### 3.3. PROSPECTS

The Benefit Systems Group does not publish either its annual budget or short-term financial projections. The current results of the Group allow implementation of investment plans based on the Group's own and a third-party funding. Funds raised from issuance of stocks will be disbursed by the Company in conformity with Resolutions of the Extraordinary Meeting of Shareholders concerning the objective of share capital increase (by way of issuance of Series F Stocks) by the Company, which is further development of the Group and exploiting its growth potential, in particular on foreign markets, whether in the sports cards segment or supporting investments into the fitness segment.

## 4. FINANCIAL RESULTS FOR THE PERIOD OF 9 MONTHS OF 2018

### 4.1. INTRODUCTION

Starting from 2014, the Benefit Systems Group has been presenting their results on the basis of operating segments. Results presented in the report are comparable to the historical data. In accordance with the thresholds defined in IFRS 8, the Benefit Systems Group is obliged to present results only for segments, revenues of which exceeded 10% of total Group revenues. However, the Group decided to present all the defined segments since their results were approximating the thresholds defined in IFRS 8 which might be even exceeded in the forthcoming reporting periods.

According to the Group, analyzing the results of the Fitness segment jointly with the results of the Sports Cards segment is purposive due to numerous synergies occurring between these types of activity (the supporting function of the Fitness segment with respect to the market for and sales of sports cards). The Group presents all of its operating segments also for the reasons of increased transparency of data and improvement in the quality of information. Since 2015, the Benefit Systems Capital Group has been dividing their operating activity into four core operating segments: Sports Cards, Fitness, Foreign, Cafeterias, and one supplementary segment: Other activity and reconciliations (hereinafter, the "Reconciliations"). As of 2018, the foreign activity of the fitness clubs has been classified differently; currently it belongs to the Foreign segment, whereby before the change, i.e. until the end of 2017, the activity was classified into the Fitness segment). The Company restated the respective data for the purpose of comparability as presented in this Report.

The Reconciliations Segment covers activity related to the management and administration as well as strategic activity within the Group. The segment includes items that are not allocated to the operating segments and exclusions of the intragroup transactions.

The revenues of the Reconciliations Segment consist of the revenues generated from sales to third-party customers or from transactions with other segments. They can be directly attributed to a specific segment. The costs of the Segment include the costs of sales to third-party customers and the costs of transactions executed with the other segments. The costs result from the operating activity of specific segment and are directly attributable to the segment along with the respective portion of the costs of the Capital Group that can be clearly attributed to specific segment. Costs of an operating segment do not include the costs of income tax. The result of the segment is determined at the level of profit before tax.

Table 5: Selected financial data of the operating segments for the period of 9 months of 2018

in ths. PLN	Sports Cards	Fitness	Foreign	Cafeterias	Other	Total
Sales revenues	624 827	177 054	148 005	39 797	(100 079)	889 604
Cost of sales	(440 686)	(162 764)	(122 336)	(27 961)	104 327	(649 420)
Gross profit on sales	184 141	14 290	25 669	11 836	4 248	240 184
Selling expenses	(21 819)	(14 568)	(17 956)	(3 485)	(71)	(57 899)
General and administrative expenses	(23 613)	(15 737)	(20 092)	(4 751)	(12 608)	(76 801)

in ths. PLN	Sports Cards	Fitness	Foreign	Cafeterias	Other	Total
<i>of which Incentive Program</i>	-	-	-	-	(9 243)	(9 243)
Other operating income (costs)	(492)	(1 404)	659	(83)	(1 233)	(2 553)
Operating profit (loss)	138 217	(17 419)	(11 720)	3 517	(9 664)	102 931
Financial income (costs)	-	(9 910)	(1 905)	392	8 788	(2 635)
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	-	(3 244)	-	-	845	(2 399)
Pre-tax profit (loss)	138 217	(30 573)	(13 625)	3 909	(31)	97 897
EBITDA	144 973	216	(7 042)	4 808	(9 220)	133 735
Assets	845 155	433 083	100 973	92 494	(487 283)	984 422

Table 6: Reconciliation of the aggregate values of revenues, the financial result and assets of the operating segments with the analogous items of the consolidated financial statements of the Group.

in ths. PLN	3 quarters 2018	3 quarters 2017
<i>Revenues of the segments</i>		
Total revenues of the operating segments	989 683	771 288
Eliminations of the revenues from intrasegmental transactions	(100 079)	(73 245)
Sales revenues	889 604	698 043
<i>Operating result of the segments</i>		
Operating result of the segments	112 595	94 006
Eliminations of the result from the intrasegmental transactions	(9 664)	(4 292)
Operating profit	102 931	89 714
Financial income (costs)	(2 635)	(3 186)
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	(2 399)	1 653
Pre-tax profit (loss)	97 897	88 181
in ths. PLN	30.09. 2018	31.12. 2017
Aggregate assets of the operating segments	1 471 705	1 168 603
Eliminations of the intrasegmental transactions	(487 283)	(414 490)
Total assets	984 422	754 113

In the period covered by the consolidated report of the Management Board on the activity of the Group, sales revenues presented in the Reconciliations segment primarily include exclusions of the intrasegmental transactions. The costs are attributable to the management and administrative activity, strategic activity within the Group, costs of the Incentive Programme, the support functions and to other activity that has not been attributed to specific operating segments.

## 4.2. INFORMATION ON THE OPERATING SEGMENTS

### 4.2.1. SPORTS CARDS

The Sports Cards segment is responsible for sale of the sports cards on the Polish market. Sports cards are distributed by the following companies: Benefit Systems S.A., FitSport Polska Sp. z o.o. and VanityStyle Sp. z o.o. The current offer includes the following cards:

**MultiSport Plus**, which allows unlimited use of the offer of over 4,000 sports and recreation facilities in all of Poland that allow engaging in over 25 sports disciplines;

**MultiSport Classic**, which allows practicing nearly 25 sports disciplines; the card, which is accepted by nearly 2,000 sports facilities, may only be used once a day;

**MultiActive**, the concept of the card provides its user with access to over 1,700 sports facilities that offer more than 20 sports disciplines by spending specific number of entries recorded on the card;

**MultiSport Plus Kids / MultiActive Kids**, allow kids to attend for example martial arts and dance classes or to regularly go to swimming pool, salt grotto or skating rink;

**MultiSport Plus Dziecko / MultiActive Dziecko**, allow going regularly to the selected swimming pools that accept these cards.

**FitSport**, provides access to many sports activities, such as fitness, gym, sauna, and swimming pool, by spending specific number of entries, e.g. 8 entries monthly, at facilities that are business partners of VanityStyle Sp. z o.o.;

**FitProfit**, allows taking advantage of the offer of the sports facilities that cooperate with VanityStyle Sp. o.o., which include over 3,300 facilities in approx. 590 locations all over Poland.

Sports cards belong to Poland's most popular non-payroll benefit. Concurrently, sports cards are one of the most preferred employee benefits that is expected by as much as one half of job applicants.

Sports cards are unique because this single product represents a combination of gains derived therefrom by multiple market participants: for employers, they are an effective tool providing incentives for their employees; they enable the cardholders to take advantage of the diversified offer of multiple sports facilities and activities; and for the sports facility owners the sports cards represent a good supplementation of their business. As a result of all of this, the growth tendency of active sports cards continues, in particular, given that the market potential remains high since many Poles still do not engage in any sports activity and employers increasingly often can see that they benefit from their employee's care for their physical condition, and, by the same, their health.

As at the end of September 2018, the Benefit Systems Group reported growth in the number of sports cards in Poland which reached the level of 917.2 thousand cards. Over the period of 9 months of this year, the number of sports cardholders grew by 51.7 thousand, i.e. by 6.0%. The continuance of the growing tendency, only confirms attractiveness of the offer presented to the cardholders who become natural ambassadors of sports cards in their communities. This, in turn, generates subsequent growths in the sales to new ones and resales to the existing customers.

The sports cards are still more attractive thanks to seasonal offers. Following the winter campaign, when the cardholders could additionally (apart from the standard offer) take advantage of skating rinks and

activities offered at the National Stadium (training sessions before the ski season, curling and an ice hill) in Warsaw, the offer of the card was yet another time enhanced with city bikes in April 2018. At the end of 2Q 2018, summer holiday campaign was launched, which allowed the cardholders to attend, already in June, high rope parks, trampoline parks and outdoor swimming pools. The summer holiday offer also included beach volleyball courts, a novelty consisting in indoor badminton, as well as fitness for children. Also, gamification that was available at the User Area (<https://www.kartamultisport.pl/>), in which card users could collect points and exchange them for attractive awards or contribute to charitable objective (school starter kits) was a big success. All the activities became very popular and gained recognition among the Cardholders, contributed to increased cardholders' satisfaction from the sports card, which positively translated into Cardholder retention level. Direct costs of the summer holiday campaign of this year stood considerably lower than those in a comparative period.

Table 7: Selected financial data for the Sports Cards segment

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
<b>Sales revenues</b>	<b>624 827</b>	<b>536 661</b>	<b>16.4%</b>
Cost of sales*	(440 686)	(399 010)	10.4%
<b>Gross profit on sales</b>	<b>184 141</b>	<b>137 651</b>	<b>33.8%</b>
Selling expenses	(21 819)	(21 001)	3.9%
General and administrative expenses	(23 613)	(19 909)	18.6%
Other operating income (costs)	(492)	(679)	-27.4%
<b>Operating profit (loss)</b>	<b>138 217</b>	<b>96 062</b>	<b>43.9%</b>
<b>EBITDA</b>	<b>144 973</b>	<b>102 283</b>	<b>41.7%</b>
<i>Gross profit on sales</i>	29.47%	25.65%	+3.8 p.p.
<i>Number of sport cards (in ths.)**</i>	917.2	808.0	13.5%

\* weighted average from the last month of the reporting period in question.

\*\* of which PLN 24.0 million debited to the segment on account of settlement of intrasegmental accounts between the Sports Cards and the Fitness segments over the period of three calendar quarters of 2018. In the comparable period, the said costs amounted to PLN 8.0 million.

Revenues of the Sports Cards Segment grew by PLN 88.2 million y-o-y. In the analogous period, the gross margin grew by PLN 46.5 million. These nominal growths are attributable to a higher number of active sports cards; as at the end of the three quarters of 2018, the number of sports cards was higher by 109.2 thousand cards than in the analogous period of the previous year. A growth of the return on sales by 3.8 p.p. follows from lower (by PLN 13.9 million) costs of the summer holiday campaign and is attributable to a declining share of so-called heavy users, i.e. the most active Cardholders in the Cardholder database over a lengthy period of time. Those who only engage in sports activities occasionally increasingly often become members of MultiSport, since physical activity has become the question of lifestyle and involves such groups of society (in terms of age, residence region, living and work environment) that have not engaged in sports before for a number of reasons. An indirect consequence of the gradual diversification of the group of Cardholders is the growth of the share of limited cards in the portfolio of the Group, which, in turn, has a positive effect on the gross margin on sales.

The overheads grew by PLN 3.7 million, however, their share in the revenues of the segment remained at a nearly unchanged level (3.8%). Costs of sales grew by 3.9% y-o-y (by PLN 817.7 thousand), with the growth rate being well below that of revenues. Growth in the nominal value of the above-described fixed costs is attributable to a gradually increasing scale of operation, which translates into increased number of FTEs supporting this leading business segment of the Group. Seasonal fluctuations in the activity of the Cardholders (lowest during the summer holidays and reaching its peak in the 1Q) also had a significant influence on the level of margin in the Sports Cards segment. These stable trends were additionally modeled by weather factors prevailing in specific months, occurrence of public holidays and extraordinary events (such as e.g. the Football World Cup in June 2018).

Item: Other revenues and operating costs, in the Sports Cards segment primarily consists of write-offs on account of de-activated sports cards and impairment losses on receivables.

#### 4.2.2. FITNESS SEGMENT

Given the continued growth in the number of sports cardholders, the Benefit Systems Group has been investing into fitness clubs of their own with a view to securing an adequate, both in the quantitative and qualitative terms, base of the recreation - and - sports facilities.

The Fitness Segment consists of subsidiaries and affiliates operating on the fitness market. They include both business the entities that run fitness clubs and sport and recreation facilities and those investing into fitness clubs, as specifically described in the chapter: Material Information on the Benefit Systems Capital Group.”

The Fitness Segment is complementary to the Sports Card Segment. A growing number of the sports clubs of the Group is a response to the growing demand from new Cardholders. Due to both the greater number of cardholders and the tendency of an increasing, on average, sports activity among Poles it is necessary to secure an additional space of sports facilities in order to be able to maintain the access to the training base as well as comfort of its users at the same high level.

As of the end of 3Q 2018, companies managed by the Benefit Systems Group operated, in aggregate, 113 their own clubs in Poland. In comparison to the third calendar quarter of 2017, the investment base of fitness clubs (of the Polish subsidiaries) grew by 36 clubs in aggregate (of which, 22 clubs were added as a result of organic growth). Additionally, the Group held (minority) interests in companies managing additional 69 facilities.

The financial result of the Fitness segment consists of the financial results of the following companies that are consolidated using the full consolidation method: Fit Invest Sp. z o.o., Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA, AM Classic Sp. z o.o., Jupiter Sport Sp. z o.o., Fabryka Formy S.A., Fitness za Rogiem Sp. z o.o, Zdrofit Sp. z o.o. (taking into account the merger of Tiger and Zdrofit), Wesolandia sp. z o.o., Fitness Place sp. z o.o., M Group Sp. z o.o. and Fitness Management Sp. z o.o. The results of other companies of the Fitness segment are consolidated using the equity method.

In the third calendar quarter of 2018, three new fitness clubs were launched: one by Fabryka Formy and two by Zdrofit (in addition to clubs newly acquired by the chain as a result of rebranding of former Tiger Gym).



Table 8: Selected financial data for the Fitness segment

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
<b>Sales revenues</b>	<b>177 054</b>	<b>115 307</b>	<b>53.6%</b>
Cost of sales	(162 764)	(96 749)	68.2%
<b>Gross profit on sales</b>	<b>14 290</b>	<b>18 558</b>	<b>(23.0%)</b>
Selling expenses	(14 568)	(8 476)	71.9%
General and administrative expenses	(15 737)	(13 535)	16.3%
Other operating income (costs)	(1 404)	(1 173)	19.7%
<b>Operating loss</b>	<b>(17 419)</b>	<b>(4 626)</b>	<b>276.6%</b>
Financial income (costs)	(9 910)	(5 589)	77.3%
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	(3 244)	1 787	-
<b>Pre-tax loss</b>	<b>(30 573)</b>	<b>(8 428)</b>	<b>262.8%</b>
<b>EBITDA</b>	<b>216</b>	<b>10 938</b>	<b>(98.0%)</b>
<i>Gross margin on sales</i>	8.1%	16.1%	(8.0 p.p.)
<i>Number of clubs*</i>	113	77	36

\* number of clubs that are fully consolidated in the results of the segment

In comparison to the analogous period of 2017, sales revenues of the Fitness segment grew by 53.6%, whereby the fitness entities that are new within the organizational structure (Fitness Place Sp. z o.o. and Fitness Management Sp. z o.o.) generated revenue totaling PLN 23.0 million. The 2018 growth in revenues was also attributable to the settlement of gains between the Fitness and Sports Cards segments that were evaluated at PLN 24.0 million (PLN 16.0mIn more than in comparable period of 2017).

Drop in the gross margin on sales and increase in the general administrative costs (overheads) is partially a consequence of dynamic development of the Fitness segment (in the course of an organic growth in the number of clubs, the network grew by 21 new facilities as compared to 3Q 2017). This segment is characterized by fixed costs that diminish in relation to the revenues in pace with acquisition of regular customers and maturity reached by the clubs. The fact that new clubs (less than 2 years from the opening) have a high share in the total number clubs had a negative influence on the short-term results generated by the segment. The growing fitness market and the consequent infrastructural development boost the competitiveness of the surroundings. In certain agglomerations, the latter results in a drop in the membership fees in fitness clubs and an increased interest in low-cost clubs. The number of active sports cards on the Polish market has been growing from year to year which, however, in the long run, is at the expense of the demand for carnets and membership agreements, the average price of which is higher on principle. The aforementioned tendencies have an impact on y-o-y deterioration of financial results of most of the fitness chains – both fully consolidated and associated.

In the period of nine months of 2018 under review, the costs of sales and the overheads of the Fitness segment were higher by PLN 8.3 million, of which PLN 5.1 million represented the influence of new companies that were included in the consolidation using the full consolidation method for the first time, and the remaining difference mainly accounts for the growing number of processes and FTPs in the

supporting units that are centrally grouped in the holding company (such as the finance, legal, and investment divisions, and the management).

The balance of financial revenues and costs reported a negative movement by PLN 4.3 million, and, consequently, higher costs of new loans and guarantees that Benefit Systems S.A. extended to the companies of the Fitness segment.

In addition, the period of three calendar quarters of 2017 includes PLN 1.4 million of EBITDA generated by Benefit Partners, an entity fully consolidated in 1H 2017. Impact of Benefit Partners on the Group results reached PLN -0.5 million in 3 quarters of 2018, and, due to the minority stake being held in this company, was reported in the net profit/(loss) of entities accounted for using the equity method

*Effect that a change in the classification of the Fitness and Foreign segments had on the historical data (three calendar quarters of 2017).*

Starting from 2018, foreign fitness clubs operated by Fit Invest EOOD, Fitness Place s.r.o. and Beck Box Club Praha s.r.o., are presented as part of the Foreign segment. In line with the changed classification into different segments, the comparable data for the first half of year 2017 were restated.

Table 9: Effect of change in segment classification to the comparable data of the Fitness segment.

in ths. PLN	3 quarters 2017 after change in classification	3 quarters 2017 before change in classification	Change
<b>Sales revenues</b>	<b>115 307</b>	<b>123 475</b>	<b>(8 168)</b>
Cost of sales	(96 749)	(104 293)	7 544
<b>Gross profit on sales</b>	<b>18 558</b>	<b>19 182</b>	<b>(624)</b>
Selling expenses	(8 476)	(9 087)	611
General and administrative expenses	(13 535)	(16 575)	3 040
Other operating income (costs)	(1 173)	(1 075)	(97)
<b>Operating loss</b>	<b>(4 626)</b>	<b>(7 555)</b>	<b>2 930</b>
Financial income (costs)	(5 589)	(6 719)	1 130
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	1 787	1 787	-
<b>Pre-tax loss</b>	<b>(8 428)</b>	<b>(12 487)</b>	<b>4 060</b>
<b>EBITDA</b>	<b>10 938</b>	<b>8 334</b>	<b>2 604</b>
<i>Gross margin on sales</i>	<i>16.1%</i>	<i>15.5%</i>	<i>+0.6 p.p.</i>
<i>Number of clubs*</i>	<i>77</i>	<i>87</i>	<i>(10)</i>

\* fully consolidated in segment results

#### 4.2.3. FOREIGN SEGMENT

Currently, the Foreign segment includes the following companies that deal in the development of the MultiSport programme outside Poland: Benefit Systems International Sp. z o.o., MultiSport Benefit s.r.o., Benefit Systems Bulgaria EOOD, Benefit Systems Slovakia s.r.o., Benefit Systems D.O.O. and Benefit Systems Greece MIKE. Benefit Systems International Sp. z o.o. is the dominant entity that controls other

companies of the segment. Results of all the companies are consolidated using the full consolidation method.

Table 10: Selected financial data of the Foreign segment

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
<b>Sales revenues</b>	<b>148 005</b>	<b>69 406</b>	<b>113.2%</b>
Cost of sales	(122 336)	(55 362)	121.0%
<b>Gross profit on sales</b>	<b>25 669</b>	<b>14 044</b>	<b>82.8%</b>
Selling expenses	(17 956)	(8 649)	107.6%
General and administrative expenses	(20 092)	(11 601)	73.2%
Other operating income (costs)	659	622	5.9%
Operating loss	(11 720)	(5 584)	109.9%
Financial income (costs)	(1 905)	(910)	109.4%
<b>Pre-tax loss</b>	<b>(13 625)</b>	<b>(6 494)</b>	<b>109.8%</b>
<b>EBITDA</b>	<b>(7 042)</b>	<b>(5 369)</b>	<b>31.2%</b>
<i>Gross margin on sales</i>	<i>17,3%</i>	<i>20,2%</i>	<i>(2.9 p.p.)</i>
<i>Number of sport cards (in ths.)</i>	<i>187</i>	<i>106</i>	<i>+81</i>
<i>Number of clubs*</i>	<i>17</i>	<i>11</i>	<i>+6</i>

\* fully consolidated in segment results

As of the end of 3Q 2018, active cards amounted to 187.0 thousand, representing increase by 81.4 thousand cards as compared to the analogous period of year 2017. In the period of 9 months of this year, the number of active sports cards grew by nearly 56 thousand.

All the foreign markets on which the MultiSport programme is sold showed high dynamics of growth in the number of sports cards in the discussed period of 2018. The following table presents number of sports cards active in the foreign markets at the end of September 2018.

Table 11. Number of active sports cards in the Foreign segment (in ths.)\*

Country	3 quarter 2018	3 quarter 2017	Change
Czech Republic	105.1	62.1	69.1%
Bulgaria	63.4	37.7	68.3%
Slovakia	18.1	5.9	207.3%
Croatia	0.5	0.0	-
<b>Total</b>	<b>187.0</b>	<b>105.7</b>	<b>77.0%</b>

\*weighted average number of cards in the last month of the indicated period

In the period under review, particular acceleration of sales could be observed in the Czech Republic and in Slovakia.

In 1Q 2018, one entity was established in Croatia, and in 2Q 2018, another one was established in Greece with a view to developing the MultiSport programme on the local markets. In the first phase of operation, the new entities primarily focus on product development (acquisition of partner facilities).

For the first time, the reported data include the number of active cards on the new Croatian market where the first customers have already been acquired at the stage of partner network development.

An increased number of active sports cards results from the growing number of sales teams and their effective operation, broadly scoped activities aimed at promotion of healthy and active lifestyle as well as new partner facilities and locations joining the brand chain. As at the end of 9 months of 2018, the number of foreign partner outlets amounted to: 1498 in the Czech Republic, 700 in Bulgaria, 537 in Slovakia, and 118 in Croatia, respectively.

The partnership network is continuously developed both in the capital cities and in other locations in individual countries, which allows the Group to also reach the customers from outside of capital cities with the Multisport product.

The Czech market continues to generate the highest value of revenues in the sports cards business of the Foreign segment. As at the end of 3Q 2018, the Czech market was responsible for over 48% of revenues of the aforesaid part of the segment (as compared to 54% as at the end of 3Q 2017). Together with the complementary Slovakian market, they reported a nearly double growth in the sales revenues in comparison with the analogous period (which, partially, is an effect of growth in the average prices of sports cards).

Drop in the level of margin on sales results from inclusion of new companies of the fitness segment in the full consolidation. In the new companies, the scale of sales does not outweigh the high fixed costs which are predominantly reported as the own costs of sales. The margin on sales of sports cards as part of the Foreign segment remained at a stable level of 21.4% as compared to the comparable period, which is a good result at such an early stage of development of the entire foreign business. This part of the Foreign segment only reported a minor loss at the EBITDA level (PLN -0.6 million) which, among other things, is a consequence of reporting of the costs of product development in Croatia and Greece (PLN -2.5 million) where, in pace with development of the scale of sales, the financial result will gradually improve. In the period under review, the costs of sales grew by nearly PLN 7 million, and overheads by PLN 4.6 million. In spite of a phase of robust development of the sales and administrative structures in the new countries, the Group managed to keep the dynamics of the total costs of sales and overheads below the dynamics of the growth of revenues from sales in the part of the segment under review. (22.7% in relation to revenues for 9 months of 2018 and 26.7% in relation to an analogous item in analogous time span in 2017).

## THE FOREIGN SEGMENT – ACTIVITY OF FOREIGN FITNESS CLUBS

Table 12: Number of fitness clubs of the capital group on the foreign markets

Subsidiary name	Group's participation in the equity as of 30 September 2018	Number of fitness clubs		
		30.09.2018	30.09.2017	Change
Fitness Place s.r.o.	100.00%	9	3*	6
Fit Invest Bulgaria	100.00%	2	2	0
Beck Box Club Praha	100.00%	6	6	0
<b>Total</b>	-	<b>17</b>	<b>11</b>	<b>6</b>

\* clubs were owned by Form Factory s.r.o., which was taken over by Fitness Place s.r.o. on 1 September 2017.

The financial results of the Foreign segment, in its part that is attributable to the activity of fitness clubs, were generated by two facilities in Bulgaria (operating under the Top Fit brand), 15 facilities in the Czech Republic (including 6 clubs of the BBC Fitness chain, 5 Jatomi clubs, 1 World Class, 2 Holmes Place clubs and one club belonging to Fabryka Formy). More fitness clubs openings are planned in the foreign markets. Furthermore, the results of this business segment also include the revenues and costs of companies that manage foreign fitness operations: Fit Invest Bulgaria EOOD and Fit Invest International Sp. z o.o.

In the period of 9 months under review, the entities providing the fitness services generated revenues amounting to PLN 30.5 million on sales of services (more by PLN 22.4 million than in the comparable period). Consolidation of the foreign fitness networks has negatively affected the result of the Foreign segment in the three calendar quarters of 2018, thus generating the total loss on EBITDA in the amount of PLN -5.9 million from that part of business. The aforesaid results are attributable to a small base of customers taking advantage of new facilities of the network and to initial costs of launching and administering the new locations.

*The effect of change in the classification of the Fitness and Foreign segments on the historical data (3 calendar quarters of 2017)*

Starting from 2018, foreign fitness clubs operated by Fit Invest EOOD, Fitness Place s.r.o. and Beck Box Club Praha s.r.o., are presented as part of the Foreign segment. In line with the change of classification of the companies into specific segments, the comparable data for the period of 9 months of year 2017 were restated.

Table 13: Effect of change in segment classification to the comparable data of the Foreign segment.

in ths. PLN	3 quarters 2017 after change in classification	3 quarters 2017 before change in classification	Change
<b>Sales revenues</b>	<b>69 406</b>	<b>62 115</b>	<b>7 291</b>
Cost of sales	(55 362)	(48 695)	(6 667)
<b>Gross profit on sales</b>	<b>14 044</b>	<b>13 420</b>	<b>624</b>
Selling expenses	(8 649)	(8 038)	(611)
General and administrative expenses	(11 601)	(8 561)	(3 040)

in ths. PLN	3 quarters 2017 after change in classification	3 quarters 2017 before change in classification	Change
Other operating income (costs)	622	58	564
<b>Operating loss</b>	<b>(5 584)</b>	<b>(3 121)</b>	<b>(2 463)</b>
Financial income (costs)	(910)	(424)	(486)
<b>Pre-tax loss</b>	<b>(6 494)</b>	<b>(3 545)</b>	<b>(2 949)</b>
<b>EBITDA</b>	<b>(5 369)</b>	<b>(2 905)</b>	<b>(2 464)</b>
<i>Gross margin on sales</i>	20.2%	21.6%	(1.4 p.p.)
<i>Number of sport cards (in ths.)</i>	105.6	105.6	-
<i>Number of clubs</i>	11	0	11

\* fully consolidated in segment results

#### 4.2.4. THE CAFETERIAS SEGMENT

The Cafeterias segment is responsible for development of the MyBenefit and MultiKafeteria cafeteria platforms which offer a vast range of products and services, including the Benefit Systems Group's own products. The offer of the cafeteria platforms is focused on non-payroll benefits in the area of culture, entertainment, sports, recreation, catering, education, wellness, leisure, and the domestic and foreign tourism. The benefits are delivered by proven providers, and the partnership network, which continues to develop, already groups a few thousand entities.

MyBenefit and MultiKafeteria allow employee users to freely choose from among the benefits offered by the platforms within limited ranges and budgets as defined by employers. Users can choose benefits directly from Cafeteria - a web platform in which each user has an individual account. The popularity of the solution, which allow full control of the spent benefits and settlement of accounts thereof in a simple manner, ranges from production, service and trade companies to financial and governmental institutions with sizes of employment ranging from fifty to several thousand persons. The Cafeteria programmes include benefits ranging from sports and health to tourism and culture combined with shopping vouchers of Polish renowned chain stores and brands.

A cinema programme: MultiBilet, is an independent part of the cultural and entertainment programme offered by the Group. MultiBilet offers tickets to over 200 partner cinemas in all of Poland (including in particular: Cinema City, Helios and Multikino, in addition to many local cinemas).

Further to the Cafeteria and the Cinema Programme, the offer of the Group also includes:

MultiTeatr, offering vouchers for theatre spectacles at the most popular theatres;

Multimuzeum, offering tickets to museums and art galleries in Poland's most important metropolitan areas;

BenefitLunch, offering lunches at nearly 260 catering facilities.

Table 14: Selected financial data of the Cafeterias segment

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
Sales revenues	<b>39 797</b>	<b>49 914</b>	<b>(20.3%)</b>
Cost of sales	(27 961)	(34 012)	(17.8%)
Gross profit on sales	<b>11 836</b>	<b>15 902</b>	<b>(25.6%)</b>
Selling expenses	(3 485)	(2 266)	53.8%
General and administrative expenses	(4 751)	(4 900)	(3.0%)
Other operating income (costs)	(83)	(116)	(26.8%)
Operating profit (loss)	<b>3 517</b>	<b>8 620</b>	<b>(59.2%)</b>
Financial income (costs)	392	(175)	-
Pre-tax profit (loss)	<b>3 909</b>	<b>8 445</b>	<b>(53.7%)</b>
EBITDA	<b>4 808</b>	<b>9 617</b>	<b>(50.0%)</b>
Gross margin on sales	29.7%	31.9%	(2.2 p.p.)
Turnover on the cafeteria platforms (in PLN mln)*	199.4	164.9	20.9%
Number of users (in ths.)	341.2	275.5	23.8%

\*On the basis of bookkeeping notes, invoices and bills issued by cafeteria platforms: MultiKafeteria and MyBenefit.

The aggregate number of users of MyBenefit and MultiKafeteria amounted to 341 thousand as at the end of September 2018, representing growth by more than 65.8 thousand users y-o-y. The nearly 24% growth translated into the turnovers of similar value generated by the platforms and also contributed to growth in the revenues of the entire segment (commission fees and the value of benefits settled on the basis of accounting documents different from the bookkeeping note). An exceptionally high level of revenues in the comparable period is primarily attributable to sale of cinema and theatre tickets (with the value of PLN 18.9 million) to Benefit Systems as part of the "MultiSport na lato" campaign. The effect of the campaign on the profit on sales before tax of the segment under review amounted to PLN 5.6 million. Even though still other editions of seasonal campaigns addressed to the sports cards users were launched in 2018, they did not have an equally significant impact on the results of the Cafeterias segment (additional revenues of PLN 1.8 million and a respective related margin of PLN 0.7 million were reported in the respective period of 2018 under review).

After elimination of the effects that the special campaigns had on the results of the Cafeterias segment, the revenues from the segment grew by 22.4%, and gross margin on sales grew by nearly 8% (with the profitability lower by 3.9 p.p.).

Increase in fixed portion of costs of goods sold caused by higher labor costs (larger number of FTE's) in MyBenefit and greater scope of investments in technology supporting sales, was the key reason for lower profitability in the analyzed period.

The structure of sales of benefits offered via the Cafeterias distribution channel shows that the Sports category invariably enjoys the greatest success. In the period of 2018 under review, Sports already account for 50% of turnover of the e-platforms (as compared to slightly over 40% in an analogous period of 2017).

More FTS's in sales, marketing and key customer service departments in MyBenefit, higher promotional spend and more expenses in the area of client and user communication translate into 53.8% y-o-y growth in selling costs.

Reduced level of the overheads of the segment is attributable to reporting of a supplementary payment realized on account of sale of shares in MyBenefit Sp. z o.o. in the amount of PLN 0.94 million in the period of 2017 under review, which was partially offset by higher payroll costs attributable to growth of employment in MyBenefit.

In 2018, companies of the Cafeterias segment generated a positive balance of financial income and financial expenses (higher by PLN 556.2 thousand than in the comparable period on the y-o-y basis) as a result of repayment of the segment's own debts and due to a loan extended by MyBenefit Sp. z o.o. to the dominant company.

#### 4.2.5. OTHER ACTIVITY AND RECONCILIATIONS

Other activity and reconciliations represent revenues unrelated to sale of non-payroll incentive products as well as indirect cost that have not been attributed to revenues. The revenues primarily include exclusions of intrasegmental transactions. The costs are attributable to the management and administrative activity, strategic activity within the Group, costs of the Incentive Programme, the support functions and other activity not attributed to separate operation segments.

Table 15: Reconciliation items

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
<b>Sales revenues</b>	<b>(100 079)</b>	<b>(73 245)</b>	<b>36.6%</b>
Cost of sales	104 327	76 843	35.8%
<b>Gross profit on sales</b>	<b>4 248</b>	<b>3 598</b>	<b>18.1%</b>
Selling expenses	(71)	54	-
General and administrative expenses	(12 608)	(7 620)	79.8%
<i>of which Incentive Program</i>	<i>(9 243)</i>	<i>(5 142)</i>	<i>35.8%</i>
Other operating income (costs)	(1 233)	(790)	55.9%
<b>Operating profit (loss)</b>	<b>(9 664)</b>	<b>(4 758)</b>	<b>103.0%</b>
Financial income (costs)	8 788	3 488	152.0%
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	845	(134)	-
<b>Pre-tax profit (loss)</b>	<b>(31)</b>	<b>(1 404)</b>	<b>(98.2%)</b>
<b>EBITDA</b>	<b>(9 220)</b>	<b>(3 235)</b>	<b>185.0%</b>

The increasing values reported in sales revenues and costs of sales are primarily attributable to the growth both of the number of sports card users and of sports facilities operated by the companies of the Group, which translates into a growing number of users' visits at the clubs run by the Group, which consequently results in increasingly higher costs incurred by the Sports Card segment to the benefit of the Fitness segment. An additional factor contributing to increase in the value of exclusions is the



growing share of the cafeteria platforms of the Group as the channel of distribution of sports cards which translates into growth of the remuneration due from the Sports Card to the Cafeterias.

Profit on sales before tax generated in that segment is attributable to the revenues generated by Benefit Intellectual Property Spółka z ograniczoną odpowiedzialnością Sp. k in favor of other member companies of the Group on the marketing activity of the latter company and on the activity that has not been attributed to the operating segments, and also to exclusions of the company's trademarks performed in the consolidation process.

Other operating activity consists in the settlement of accounts for the services shared among the member companies of the Group from different segments. Furthermore, item: Other operating costs, represents the costs of the charitable activity of Benefit Systems (Dobry MultiUczynek).

Increase in net financial income is primarily a result of higher value of loans and guarantees granted by Benefit Systems (or Fit Invest Sp. z o.o.) to its subsidiaries (operating in Fitness and Foreign segments).

Share in a net profit/(loss) of entities accounted for using the equity method is related to Benefit Systems' subsidiaries that cannot be included in any of the operating segments (LangMedia Sp. z o.o. oraz X-Code Sp. z o.o.).

Table 16: Effect of change in segment classification to the comparable data of the Reconciliations segment.

in ths. PLN	3 quarters 2017 after change in classification	3 quarters 2017 before change in classification	Change
<b>Sales revenues</b>	<b>(73 245)</b>	<b>(74 122)</b>	<b>877</b>
Cost of sales	76 843	77 720	(877)
<b>Gross profit on sales</b>	<b>3 599</b>	<b>3 598</b>	<b>0</b>
Selling expenses	54	54	0
General and administrative expenses	(7 620)	(7 621)	0
<i>of which Incentive Program</i>	(5 142)	(5 142)	0
Other operating income (costs)	(791)	(323)	(467)
<b>Operating profit (loss)</b>	<b>(4 758)</b>	<b>(4 292)</b>	<b>(467)</b>
Financial income (costs)	3 488	4 132	(644)
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	(134)	(134)	0
<b>Pre-tax profit (loss)</b>	<b>(1 404)</b>	<b>(294)</b>	<b>(1 111)</b>
<b>EBITDA</b>	<b>(3 235)</b>	<b>(3 097)</b>	<b>(140)</b>

#### 4.3. OTHER FINANCIAL DATA

Table 17: Financial income and costs of the Capital Group of Benefit Systems

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
Financial income	6 043	2 536	3 507
Financial costs	(8 678)	(5 722)	(2 956)
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	(2 399)	1 653	(4 052)

The main impact on the result on the financial operations of the Group in the period of 9 months of 2018 under review was attributable to the costs attributable to the issuance of two (2) series of notes (including cost of interest), increase in overdraft limit and liabilities under financial lease (leaseback for the fitness equipment). Financial revenues, which are higher by nearly 140% in comparison to the comparable period, primarily consist of revenues under loans extended to affiliates and strategic partners of the Group.

As of the date of the report, Dominant Entity: Benefit Systems S.A., extended loans in the total amount, as reported in the balance sheet, of PLN 515.6 million (as of 30 June 2017: PLN 355.1 million), of which lendings to subsidiaries totaled PLN 423.2 million. The above-described capital support is mainly intended for investments into entities operating in the fitness sector. The support is in particular provided as part of a programme of loans extended to independent companies (4.1%). Long-term loans account for eighty-five percent (85%) of the balance-sheet value of the extended loans.

All the loan agreements were concluded on terms not departing from the market terms, and bear variable interest rate dependent on the WIBOR 3M or LIBOR Euro 3M, as the base rate. The latter is aimed at the limiting of the lender's risk in the event of unfavorable change in the interest rates.

As of the date of the report, the Dominant Entity has indebtedness on account of issued three-year notes in the amount of PLN 70.5 million, along with interest, loans from affiliates in the amount of PLN 51.4 million, overdraft investment account of PLN 56.3 million and financial lease of PLN 16.8 million. The increase in the financial costs is mainly attributable to interest on notes amounting to PLN 2.4 million, interest on bank loans in the amount of PLN 1.3 million, interest on loans from affiliates in the amount of PLN 1.7 million, and impairment loss on the extended loans in the amount of PLN 1.9 million. Item: financial costs, also includes the costs of financial lease of the fitness equipment are reported in the amount of PLN 0.6 million.

The result of the affiliates that are accounted for using the equity method dropped in relation to the comparable half-year by PLN 4.1 million. The above item comprises, in the part corresponding to the percentage share, the financial results of four companies: Calypso Fitness S.A. (PLN -3.3 million), Instytut Rozwoju Fitness Sp. z o.o. (PLN 0.5 million), LangMedia Sp. z o.o. (PLN 0.5 million) and X-Code Sp. z o.o. (PLN 0.3 million). The above item also comprises the financial result of Benefit Partners Sp. z o.o. (PLN -0.5 million), which, until 15 May, 2017, was consolidated using the full consolidation method, and, after that date, was accounted for using the equity method.

Table 18: Balance sheet of Benefit Systems Group

in ths. PLN	30.09.2018	31.12.2017	Change	30.09.2017
Non-current assets	626 051	517 998	20.9%	462 148
<i>In balance sheet total</i>	<i>63.6%</i>	<i>68.7%</i>	<i>(5.1 p.p.)</i>	<i>64.5%</i>
Current assets	358 371	236 115	51.8%	254 628
<i>In balance sheet total</i>	<i>36.4%</i>	<i>31.3%</i>	<i>5.1 p.p.</i>	<i>35.5%</i>
Total assets	984 422	754 113	30.5%	716 776
Equity attributable to equity holders of the Parent Company	535 274	202 033	164.9%	204 629
<i>In balance sheet total</i>	<i>54.4%</i>	<i>26.8%</i>	<i>27.6 p.p.</i>	<i>28.5%</i>
Non-controlling interests	2 074	17 844	(88.4%)	15 435
<i>In balance sheet total</i>	<i>0.2%</i>	<i>2.4%</i>	<i>(2.2 p.p.)</i>	<i>2.2%</i>
Non-current liabilities	123 982	193 791	(36.0%)	149 137
<i>In balance sheet total</i>	<i>12.6%</i>	<i>25.7%</i>	<i>(13.1 p.p.)</i>	<i>20.8%</i>
Current liabilities	323 092	340 445	(5.1%)	347 575
<i>In balance sheet total</i>	<i>32.8%</i>	<i>45.1%</i>	<i>(12.3 p.p.)</i>	<i>48.5%</i>
Total liabilities and equity	984 422	754 113	30.5%	716 776

#### *Non-current assets*

Non-current assets of the Benefit Systems Group grew by PLN 108.1 million as compared to December 2017. The highest growth occurred in the long-term receivables on account of granted loans, i.e. by PLN 38.4 million, primarily to Benefit Partners Sp. z o.o. Also, item: Plant, property and equipment reported growth by PLN 29.0 million, which was mainly attributable to the fact that new subsidiaries were consolidated using the full consolidation method, as well as to purchase of the fitness equipment by the subsidiaries. The Deferred income tax asset, also reported growth by PLN 11.2 million, and the Intangible assets by PLN 16.6 million. Additionally, in the first half-year 2018, the Group acquired the assets of the enterprises of Jatomi and Fitness Club S4, the recognized goodwill of which amounted to PLN 10.0 million and to PLN 12.4 million, respectively.

On the other hand, long-term prepayments dropped (by PLN 1.3 million), as well as the value of investments into affiliates (by PLN 2.4 million) due to consolidation of the financial result of affiliates.

#### *Current assets*

During the half-year under review, the total current assets reported growth by PLN 122.3 million, whereby item: *Cash and cash equivalents*, grew by PLN 131.0 million. A so significant growth was mainly attributable to issuance of shares in 2Q 2018 and a sale of the treasury shares, owing to which Benefit Systems jointly acquired PLN 293.9 million (gross).

Item: Other receivables (Trade receivables and other receivables) was reduced by PLN 11.2 million, which was mainly attributable to high balance of receivables due to Benefit Systems S.A. on account of VAT as at the end of 2017 (in the amount of PLN 9.7 million), which resulted from an annual settlement of the services provided by the companies of the Fitness segment in favor of the Sports Cards segment.

Short-term loan level remained at stable level of approx. PLN 23.5 million (the deadline for repayment of the last installment usually falls in the end of a calendar year).

*Long-term liabilities and provisions*

Total long-term liabilities of the Group dropped by PLN 69.8 million as compared to the level as at the end of 2017. The main decrease occurred in item: *Other liabilities*, i.e. by PLN 36.6 million, as a result of reversal of the provision for the put options related to shares in subsidiary Zdrofit Sp. z o. o. Liabilities under financial lease dropped by PLN 5.0 million (leaseback for sports equipment), and the provision for deferred income tax grew by PLN 0.5 million.

The liability on account of bank loans and loans significantly dropped (by PLN 36.3 million). This was in particular attributable to change in the classification of notes of PLN 70 million from the long-, into short-term ones due to their maturity date falling on 30 June 2019.

The liability on account of bank loans and loans significantly dropped (by PLN 36.3 million). This was in particular attributable to change in the classification of notes of PLN 70 million from long-, into short-term ones due to their maturity date falling on 30 June 2019.

*Short-term liabilities and provisions*

During the period of 9 months of 2018, the short-term liabilities dropped in total by PLN 17.4 million (i.e. by 5.1%). This was primarily attributable to the drop in the trade liabilities by PLN 25.4 million, which was partially compensated by a growth, by PLN 23.0 million, of item: bank loans, loans and other debt instruments, which was primarily attributable to a change in the classification of notes issued by Benefit Systems from long-, into short-term notes, in the amount of PLN 50 million, in connection with the forthcoming maturity deadline in the 12-month time horizon. Reduction in the level of the trade liabilities was mainly attributable to purchase of shares in affiliates and liabilities on account of current income tax (by PLN 1.5 million).

Table 19: Cash flow statement of Benefit Systems Group

in ths. PLN	3 quarters 2018	3 quarters 2017	Change
Cash flow from operating activities	108 225	105 295	2.8%
Cash flow from investing activities	(191 446)	(151 416)	26.4%
Cash flow from financing activities	214 166	27 244	686.1%
Net change in cash and cash equivalents	130 945	(18 877)	-
Cash and cash equivalents (end of period)	183 403	46 318	296.0%

As of 30 September, 2018, the Group had cash of PLN 183.4 million at their disposal. The cash was mainly collected in the bank accounts of the Parent Company: Benefit Systems S.A. (PLN 150.6 million).

Neither in 2018 nor in 2017, was the Benefit Systems Group engaged in any currency options or any other derivatives for hedging or for speculation purposes.

As of the date of this report, considering the own funds in the Group's possession (in particular, those coming from issuance of shares in 2Q 2018 and sale of own shares) and the available overdrafts, the

Group does not anticipate any problems with financial liquidity in connection with implementation of the investment plans (including in particular capital investments).

#### *Operating activity*

Cash generated from operating activities amounted to PLN 108.2 million as at 30 September 2018, which was less by PLN 30.9 million as compared to the level from the beginning of the year and higher by 2.9 million as compared to the level as at 30 September, 2019. The main movements recognized in this category of cash flows included: profit higher by PLN 23.6 million (at the level of EBITDA adjusted by the costs of the Incentive Plan) and paid income tax higher by PLN 18.2 million than the said payment in the comparable period, which represented growth by 90%. Furthermore, the Group reported a positive movement of PLN 2.0 million in the working capital.

#### *Investment activity*

Net cash outflows from investment activity amounted to PLN 191.4 million, which highly exceeded the analogous values generated in 1-3Q 2017 (increase by PLN 40.0 million). They consisted in particular of the following: expenses on acquisition of shares in subsidiaries (PLN 62.8 million), expenses on purchase of fixed assets and intangible assets (PLN 95.5 million), including mainly acquisition of the fitness equipment in newly opened clubs (and the Fitness Place s.r.o and Fitness Management Sp. z o.o.'s investments into the clubs of the Jatomi and Fitness Club S4 brands).

The most important expenses on shares in subsidiaries in the period under review included: Zdrofit Sp. z o.o. (PLN 41.1 million), Fabryka Formy SKA (PLN 12.0 million), Tiger Sp. z o.o. (PLN 7.8 million), and MyBenefit Sp. z o.o. (PLN 1.9 million).

In the first half-year of 2018, the Group granted loans for PLN 43.6 million, mainly to subsidiaries and partners of the MultiSport programme.

Revenues from investment activities are related to the received repayments of the loans including interest (PLN 9.2 million) and revenues from sale of tangible fixed assets (PLN 1.0 million).

#### *Financing activity*

Cash flows from financial activities as at 30 September 2018 amounted to PLN 214.2 million and were abnormally high due to issuance of shares in 2Q 2018 and sale of own shares which jointly contributed to cash inflow in the amount of PLN 289.7 million (after deduction of the main costs of share issuance). Furthermore, the period under review saw proceeds on account of bank loans and loans with the value of PLN 50.0 million, mainly attributable to investment loan incurred by Fit Invest Sp. z o.o. for PLN 50.4 million.

In this category of cash flows, the main expenses were attributable to redemption of notes for an amount of PLN 50.0 million, which occurred on 30 May, 2018, and buy-back of own shares in 3Q 2018, which triggered expense of PLN 51.0 million and was incurred as part of implementation of the policy of distribution of profits to the shareholders of Benefit Systems S.A.

#### 4.4. SELECTED FINANCIAL RATIOS

Table 20: Financial ratios of the Benefit Systems Group

Margins	3 quarters 2018	3 quarters 2017	Change
Gross margin	27.0%	27.2%	(0.2 p.p.)
EBITDA margin	15.0%	16.4%	(1.4 p.p.)
Operating (EBIT) margin	11.6%	12.9%	(1.3 p.p.)
Pre-tax margin	10.9%	12.5%	(1.6 p.p.)
Net margin	8.3%	9.8%	(1.5 p.p.)
Return on equity (ROE)	13.9%	31.3%	(17.4 p.p.)
Return on assets (ROA)	7.6%	9.6%	(2.0 p.p.)

  

Liquidity ratios	3 quarters 2018	3 quarters 2017	Change
Current liquidity	1.11	0.73	0.38
Quick ratio	1.01	0.67	0.34

The profitability assessment was carried out on the basis of the following indicators defined below:

- *gross margin: gross profit from sales / revenues from sales,*
- *EBITDA margin: EBITDA / revenues from sales,*
- *operating (EBIT) margin: operating profit / revenues from sales,*
- *pre-tax margin: pre-tax profit / (operating income + financial income + extraordinary profits),*
- *net margin: net profit / (operating income + financial income + extraordinary profits),*
- *return on equity (ROE): net profit / equity (end of period),*
- *return on assets (ROA): net profit / total assets (end of period),*
- *current ratio: current assets / current liabilities,*
- *quick ratio: (current assets – inventories – short-term prepayments) / (current liabilities)*

## 5. SUPPLEMENTARY INFORMATION

### 5.1. MATERIAL EVENTS IN THE GROUP DURING THE REPORTING PERIOD

#### ***Information regarding subsidiaries in the Benefit Systems Group***

*Withdrawal of the application for a concentration consisting in takeover of control of Calypso Fitness S.A.*

On 2 January 2018, the parent company filed, with the Office of Competition and Consumer Protection (hereinafter, the "OCCP"), a letter containing: withdrawal of application of 10 October 2016 concerning concentration consisting in the Issuer's taking over control of Calypso Fitness S.A. with its registered seat in Warsaw, and application for discontinuance of proceedings conducted by the President of the Office of Competition and Consumer Protection in connection with the filed notification.

The said application was filed as a consequence of expiry, on 31 December 2017, of conditional binding agreement for sale of stocks in Calypso Fitness S.A. of 5 October 2016, which was concluded among Issuer's subsidiary: Fit Invest Sp. z o.o., Glastonbury Ventures Limited (Ltd) and Mr. Mikołaj Nawacki.

*Conclusion of agreement concerning division of Calypso Fitness S.A. and future acquisition of shares in companies taking over a portion of assets spun off from Calypso Fitness S.A.*

On 19 February 2018, Benefit Systems S.A. concluded agreement with Fit Invest Sp. z o.o., Glastonbury Ventures Limited (Ltd) (hereinafter, the "GVL"), on behalf of which negotiations were entered into by Mr. Mikołaj Nawacki (hereinafter, "MN") and Fitness Investment Sp. z o.o. The subject matter of the agreement consisted in particular in determination of the terms and conditions of multi-phase procedure that would ultimately lead to transformation of Calypso Fitness S.A., and, subsequently, to conclusion of agreements for sale of shares in the companies controlled by stockholders in Calypso Fitness S.A. other than Fit Invest Sp. z o.o., to whom portions of assets separated from Calypso Fitness S.A. would be transferred.

In accordance with the Agreement, transformation of Calypso Fitness S.A. will involve division of Calypso Fitness S.A. by way of spinning off of a portion of assets of the company and transferring it to three separate entities (hereinafter, the "Spin-off"), which on the date of spin-off, are 100% controlled directly by the existing stockholders of Calypso Fitness S.A., i.e. to subsidiary of GVL (hereinafter, the "NewCo1"), subsidiary of Fit Invest Sp. z o.o. (hereinafter, the "NewCo2") and subsidiary of Fitness Investment (hereinafter, the "NewCo3"). The assets spun off from Calypso Fitness S.A. will include the assets and liabilities that currently make up 10 fitness clubs. According to the parties to the Agreement, the procedure leading to initiation of the Spin-Off process, as well as the Spin-off itself, will have been completed by 31 January 2019, however, an exceeding of the deadline will not constitute a violation of the Agreement.

The Agreement comprises a covenant of GVL and of Fit Invest Sp. z o.o. to conclude, after the transformation of Calypso Fitness S.A. is completed, agreement for sale of all the shares in NewCo1 and in NewCo3 (which will have already been acquired by GVL from Fitness Investment) (hereinafter, the "Shares" and the "Sale Agreement", respectively) at the total price due to GVL (as the seller) from Fit Invest Sp. z o.o. (as the buyer) of PLN 69 million (hereinafter, the "Price"). The Price will be payable once-off within three (3) business days following conclusion of the Sale Agreement to the bank account

of GVL. The ownership title to the Shares will be transferred to Fit Invest Sp. z o.o. on the date when the bank account is credited with the Price. Notwithstanding the amount of the Price, on the basis of the Sale Agreement, Fit Invest Sp. z o.o. will be obliged to pay additional sums to GVL in the total amount not exceeding PLN 37 million which depends on the Issuer's market cap increase.

As a result of the Spin-Off and implementation of the provisions of the Sale Agreement, Fit Invest Sp. z o.o. will become the sole shareholder in NewCo1, NewCo2 and NewCo3

*Execution of an annex to the agreement for division of Calypso Fitness S.A.*

On 9 August, 2018, the Parties to the Agreement executed annex No. 3. The annex changed, in comparison to the status envisaged in the Agreement, the composition of the assets that are to be spun off Calypso Fitness and will consist of the property (assets and liabilities) of thirteen (13) fitness clubs. Moreover, before the procedure of division of Calypso Fitness is initiated, NewCo1 (Glastonbury Ventures Limited (Ltd)) will assume the contractual positions (rights and obligations) of Calypso Fitness under five (5) agreements that provide for lease of the premises where fitness clubs will be conducting their activity in future. Furthermore, Fit Invest will acquire 100% shares in NewCo1 and NewCo3 (Fitness Investment).

*Execution of annex to the Investment Agreement and agreements for sale of shares in Zdrofit Sp. z o.o.*

On 30 January 2018, the Shareholders of Zdrofit Sp. z o.o., the Issuer and Fit Invest Sp. z o.o. executed Annex 2 to Investment Agreement of 2 December 2013. On the basis of the Annex, as of 30 January 2018, the wording of the agreement executed among the said entities was amended.

On the basis of the amendments introduced into the Agreement pursuant to the Annex, on 30 January 2018, Fit Invest Sp. z o.o. entered into conditional agreement for sale of shares in the share capital of Zdrofit Sp. z o.o. with each of the Shareholders. On the basis of the aforesaid agreements, Fit Invest Sp. z o.o. will acquire in aggregate 1 349 Shares accounting for 44.97% of the share capital of Zdrofit Sp. z o.o. at the total price of PLN 52.5 million from the Shareholders. As a result of the transaction, Fit Invest Sp. z o.o. holds 100% of shares in the share capital of Zdrofit Sp. z o.o.

*Consent of the Supervisory Board of the Parent Company for the restructuring of debts of subsidiaries of the Fitness segment*

On 13 February 2018, the Supervisory Board of the Parent Company, acting upon request of the Management Board of the Parent Company, granted consent for performance, by the Parent Company, of the restructuring of debts of selected companies of the Fitness Segment, consisting in increase of the share capital of Fit Invest Sp. z o.o. (Fit Invest Sp. z o.o. is 100% controlled by the Company) from PLN 4 713.6 thousand up to PLN 10 813.6 thousand, i.e. by PLN 6 100 thousand, by way of creating 122 thousand new shares and their taking up by the Parent Company in return for contribution in cash of PLN 61 million, which will be spent on:

- increase of the share capital of Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA,
- increase of the share capital of Fabryka Formy S.A.
- increase of the share capital of Fitness Place Sp. z o.o.



The funds received by the aforementioned subsidiaries will be spent on repayment of liabilities on account of loans granted to them by the Parent Company. The above-described activities were performed during the first six months of 2018.

*Conclusion of agreement for sale of the enterprise of Fitness Club S4 sp. z o.o. sp. k.*

On 4 April 2018, agreement for sale of the business of Fitness Club S4 sp. z o.o. sp. k. was concluded between the Parent Company and Fitness Management sp. z o.o. On the basis of the Agreement, Fitness Management acquired the business of Fitness Club S4 from the latter company, the said business comprising a chain of 14 fitness clubs situated mostly in Warsaw, at the price in the amount of PLN 22.2 million. The price may be reduced subject to the principles set forth in the Agreement.

*Acquisition of Tiger by Zdrofit*

On 1 August, 2018, Zdrofit sp. z o.o. merged with Tiger sp. z o.o. The merger was performed pursuant to Article 492 § 1 Item 1 of the CCC, i.e. by transferring all the assets of the Acquired Company (Tiger sp. z o.o.) to the Acquiring Company (Zdrofit sp. z o.o.) (merger by acquisition) in return for shares in the increased share capital of the Acquiring Company (Zdrofit sp. z o.o.) that were released to the shareholders of the Acquired Company (Fit Invest sp. z o.o.).

*Purchase of the Jatomi clubs by Fitness Place s.r.o.*

On 26 April 2018, Czech company: Fitness Place s.r.o., acquired a part of enterprise consisting of five (5) fitness clubs situated in attractive locations (four (4) in Prague and one (1) in Ostrava) that had been operated as part of international fitness club chain under the Jatomi brand.

The latter investment fits into the strategy pursued by the Benefit Systems Group in Poland and abroad (building, over the long term, of a stable base of cooperating fitness clubs situated in attractive locations for the sports cards users thus ensuring that the offer of the most popular sessions, including in particular gym and fitness sessions remains available to the growing number of sports card users).

*Loan agreements extended within the Benefit Systems Group*

In the reported period of 9 months of 2018, the following loan agreements were executed between Benefit Systems S.A. (the Lender) and affiliates (the Borrowers):

- Fitness Place Sp. z o.o. for PLN 4.0 million, PLN 3.0 million, and for PLN 5 million, as a result of which, the aggregate value of the loan agreements executed between the lender and the borrower reached the value not exceeding PLN 69.2 million during the period of 12 months preceding the date of execution of the agreements. The loans are to be repaid until 31 December 2022;
- Fit Invest Sp. z o.o., for the total amount of PLN 66.0 million, as a result of which, the aggregate value of the loan agreements executed between the lender and the borrower reached the value of PLN 44.9 million during the period of 12 months preceding the date of execution of the agreements. The loans were extended with a view to allowing the Borrower to fulfil their obligation to pay the price for the purchase of shares in Zdrofit Sp. z o.o. in accordance with the agreements for sale of shares in the share capital of Zdrofit Sp. z o.o. executed on 30 January, 2018, and in order to allow the Borrower to finance their current activity, in particular the investment activity into the fitness sector;

- Fitness Place s.r.o. for EUR 4.3 million and for CZK 7 million, as a result of which the total value of the loan agreements made between the Borrower and the Lender reached the value of PLN 32 million during the period of 12 months. The loans are to be repaid until 31 December 2023;
- Benefit Partners Sp. z o.o., for PLN 25 million, as a result of which the total value of the loan agreements made between the Borrower and the Lender reached the value of PLN 25 million during the period of 12 months. The loan is to be repaid until 31 December 2022;
- Fitness Management Sp. z o.o., for PLN 7 million. The loan is to be repaid until 29 February 2024;
- Zdrofit Sp. z o.o., for PLN 18.0 million, as a result of which, the total value of loan agreements entered into between the Parties reached the value of PLN 34.0 million (taking into account the sums already repaid) during the period of 12 months. The loan is to be repaid until 30 September 2023;

The loans bear variable interest rate that was set at market terms. The loan agreements do not contain either conditions precedent or subsequent, or provide for contractual penalties. Other loan agreement terms are not different than the terms generally applied in agreements of this kind.

*Establishing limits for loans as part of the Partner Support Plan at Benefit Systems S.A.*

On 13 February 2018, the Supervisory Board of the Parent Company granted consent to increasing of the limit for loans granted by the Parent Company as part of the Partner Support Plan up to the total amount of PLN 35 million.

The Plan is addressed to entities providing sports-and-recreation services in favor of the users of the MultiSport Programme cards, with whom the Parent Company entered into cooperation agreement (hereinafter the "Partner"). Provided that the Partner has met specific terms stipulated in the principles of the Programme and obtained a positive decision from the Parent Company, the Parent Company will grant the financial support in the form of a loan to Partners intending to open a new or to modernize an existing fitness club.

*Other information*

*Conclusion with Bank Zachodni WBK S.A. of an annex to the agreement for a limit for the bank guarantees and annex to a loan agreement.*

On 6 April 2018, the Parent Company and Bank Zachodni WBK S.A. with its registered seat in Wrocław (hereinafter, the "Bank") executed annex to agreement of 2 April 2012 for a limit for the bank guarantees. The subject-matter of the annex consists in particular of a change of the amount of the Bank's commitment to provide guarantee on the basis of the principal's order/instruction up to the amount of PLN 54 million during the loan availability period until 30 April 2019, for the following guarantee types: guarantees for payment of all kinds of liabilities arising from tenancy agreements and good performance guarantees for tenancy agreements.

On the same day, the Parent Company and Bank Zachodni WBK S.A. with its registered seat in Wrocław (hereinafter, the "Bank") executed annex to agreement for multi-purpose and multi-currency credit facility line. The subject-matter of the annex consists in particular of change of the period of availability of the overdraft limit (up to PLN 41 million) and extending it until 30 April 2019, as well as change of the period of availability of the guarantees extended by the Bank on the basis of the principal's order/instruction and extending it until 30 April 2019.

*Conclusion of investment loan agreement with Powszechna Kasa Oszczędności Bank Polski S.A.*

The Management Board of Benefit Systems S.A. announced that on 19 March 2018, Fit Invest Sp. z o.o., Fitness Place Sp. z o.o and bank Powszechna Kasa Oszczędności Bank Polski S.A. entered into investment loan agreement (the "Agreement").

The scope of the Agreement consists of the granting, to Benefit Systems S.A., Fit Invest Sp. z o.o. and to Fitness Place Sp. z o.o. (the, "Borrowers"), of investment loan up to the total amount of PLN 100 million. In particular, the Borrowers may use the loan for:

- 1) Financing and refinancing of capital expenditures (including acquisition of shares / stocks / enterprises / organized parts of enterprise);
- 2) Financing of loans granted to subsidiaries (in relation to acquisition of shares / stocks / enterprises / organized parts of enterprise);
- 3) Financing of loans granted to subsidiaries and affiliates (in connection with the financing or refinancing of purchase of fitness equipment); and
- 4) Financing of other capital expenditures.

Interest at the WIBOR 1M rate plus bank margin will be charged on the used amount of a loan.

*Extraordinary General Meeting of the Dominant Company*

On 20 April 2018, Extraordinary General Meeting of Benefit Systems S.A. was held. In the meeting, resolution was adopted concerning increase of the share capital of the Parent Company by way of issuance of series F ordinary bearer shares, divesting the existing stockholders in entirety of the preemptive rights to all the series F shares, amendment to the Articles of Association of the Company and application for admission and introduction of the Company's F series shares and allotment certificates to the series F shares to trading on the regulated market maintained by the Warsaw Stock Exchange and dematerialization of the series F shares and allotment certificates to the series F shares. Particulars of the adopted resolution were presented in current report RB No. 28/2018 of 20 April 2018. The Articles of Association were published together with current report RB No. 67/2018 of 23 July 2018.

*Issuance of series F ordinary bearer stocks of the Parent Company*

In March 2018, the Management Board of the Issuer decided to proceed with an increase in the share capital of the Company by way of issuance of up to 184,000 series F ordinary bearer stocks and disposal (resale) of up to 100,000 treasury shares of the Company. The objective of the Company was to procure funds for further development of the Group and taking advantage of the growth potential, in particular on the foreign markets, both in the Sports Card segment and the supporting investments into the fitness sector. The Company received appropriate approvals of the Supervisory Board and Extraordinary General Meeting of the Company.

Series F shares were offered as part of private subscription as part of public offering.

The book-building process was carried out on 8 - 10 May 2018. The subscription covered 184 000 series F shares. Issuance of the series F shares was effected in connection with conclusion of subscription agreements for all the series F shares until 15 May 2018. Series F shares were taken up in return for contributions in cash.

Introduction of the series F shares of the Parent Company into stock exchange listing was preceded by introduction into listing on the parallel market of allotment certificates to series F ordinary bearer stocks on the basis of decision of the Management Board of the Warsaw Stock Exchange of 23 May 2018.

Costs incurred by the Company with reference to the offering reached PLN 4.2mIn and were related to preparing and conducting the offering. The average cost of subscription incurred by the Company per one Series F Share amounted to PLN 23.09.

Costs incurred in relation to the offering were settled and reflected in the accounting records of the Company by way of decreasing the surcharge of the issue value over the nominal value of the issued shares.

#### *Registration of share capital increase*

On 25 May 2018, the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, entered, in the register of business entities that was maintained for the Company, the following: (i) increase of the share capital of the Company from PLN 2 674 842.00 up to PLN 2 858 842.00, i.e. by PLN 184 000, by way of issuance of 184 000 series F ordinary bearer stocks in the Parent Company, each with the nominal value of PLN 1.00; and (ii) respective amendment of the Articles of Association of the Company.

#### *Disposal of treasury stocks by Benefit Systems S.A.*

On 15 May 2018, according to the resolution of the EGM, the Parent Company sold 100 000 treasury shares of the Company in block trades on the regulated market maintained by the Warsaw Stock Exchange. Sold shares represented 3.74% of the share capital of the Company entitling to exercise 3.74% of the total number of votes in the general meeting of the Company. Total value of the transaction reached PLN 103.5mIn. Following the transaction, the Company had 8 448 treasury shares.

#### *Notice of the exceeding of the threshold of 5% of the total number of votes in the Parent Company*

Benefit Systems S.A. received from Invesco (UK) Ltd., who was acting on behalf of the entities controlled thereby: Invesco Canada Ltd. and Invesco Advisers, Inc., notification on exceeding the threshold of 5% of the total number of votes in the Parent Company. In accordance with the notice, the exceeding of the threshold of 5% in the Parent Company occurred as a result of transaction of acquisition of stocks in the Parent Company, which was carried out on 15 May 2018, and was cleared on 17 May 2018. Invesco holds 147 496 stocks in the Parent Company, which account for 5.51% of the share capital of the Parent Company and entitle to 147 496 votes in the General Meeting, which account for 5.51% of the total number of votes in the General Meeting of the Parent Company.

#### *Appointment of members of the Supervisory Board of Benefit Systems S.A.*

Due to the fact that the hitherto term of office of members of the Supervisory Board of the Company has elapsed, on 12 June 2018, the Ordinary General Meeting of the Company appointed the following persons to the Supervisory Board of the Company:

- Mr. James Van Bergh,
- Mr. Marcin Marczuk,
- Mr. Artur Osuchowski,
- Mr. Michael Rohde Pedersen; and
- Mr. Michael Sanderson;

for a joint five-year term of office which will elapse on the date when General Meeting of the Company approving the financial statements for year 2022 will be held.

#### *Notice of initiation of anti-monopoly proceedings*

On 28 June 2018, Issuer's subsidiary: Fit Invest Sp. z o.o., received decision of the President of the Office of Competition and Consumer Protection to initiate antimonopoly proceedings, against, among others, Fit Invest and Benefit Systems S.A., concerning possible violation of provisions of the Competition and Consumer Protection Act and the Treaty on the Functioning of the European Union.

The proceedings were initiated in connection with suspicions that an agreement has been concluded concerning division of the fitness club market, arrangements have been made concerning exclusivity of cooperation with fitness clubs, and the possibility of offering services as part of sports and recreation services packages has been limited.

A business entity that, even unintentionally, has violated the prohibition specified in Article 6 of CCPA may face a financial penalty in an amount not exceeding 10% of the revenue generated in the financial year preceding the year in which the penalty was imposed. The penalty is imposed by the President of the OCCP in a respective decision.

The Company did not agree with the objections of the President of the OCCP (Office of Competition and Consumer Protection) and presented their position in the case at hand within the deadlines as prescribed by the President of OCCP.

The risk that the present explanatory activities conducted by the President of OCCP may be transformed into proceedings against the Company as well as the risk of penalty faced by the Company were announced by the Issuer in interim reports for 1Q 2018 and in annual reports.

#### *Changes to the Management Board*

On 23 July 2018, on the basis of resolution of the Supervisory Board, Mr. Wojciech Szwarc joined the Management Board of Benefit Systems S.A. as the Management Board member responsible for Partner relations.

In the Company's opinion, accession of a new member to the Management Board will improve the effectiveness of management of the entire capital group. Mr. Wojciech Szwarc was appointed to the Management Board of the Company as part of internal promotion with a four-year experience of working for the Company.

#### *Buy-back of own shares of parent company*

On 10 May, 2018, in connection with the Distribution of Profits to Shareholders Policy applicable to the Company in 2016-2019, the Management Board of the Company adopted resolution concerning submission of a proposal to the Ordinary General Meeting regarding appropriation of the entire profit reported in the financial statements of the Company for year 2017, in the amount of PLN 100.2 million, for the supplementary capital of the Company and to recommend it to the Ordinary General Meeting to appropriate the sum of PLN 51.0 million for a dividend-based buy-back of own shares of the Company. On 10 May, 2018, the Supervisory Board of the Company issued a positive opinion on the above-

mentioned motion of the Management Board of the Company concerning distribution of profit of the Company for year 2017.

On 11 September, 2018, further to a notice of buy-back of shares announced by Benefit Systems S.A., the buy-back of own shares was performed.

The settlement of accounts of the share buy-back transaction was performed on 28 September 2018 and showed that Benefit Systems S.A. acquired 46,363 own shares in aggregate, each with the nominal value of PLN 1.00, in total, accounting for 1.62% of the share capital of the Company and entitling to 46.363 votes, thus representing 1.62% votes at the General Meeting of the Company. The purchase price was equal to PLN 1,100.00 per share and totaled PLN 50,999,300.00.

The transaction was performed outside the regulated market, through the mediation of Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna Oddział – Dom Maklerski PKO Banku Polskiego w Warszawie, as a result of settlement of accounts for the placed offer.

The total number of shares offered for sale by shareholders in response to the Offer amounted to 2,504,600. The number of shares acquired from individual shareholders was calculated using the average reduction of 98.15%.

Prior to settlement of accounts of the Offer, the Company held 8,448 own shares. After settlement of accounts of the Offer, the Company now holds 54,811 own shares, each with the nominal value of PLN 1.00, which, in total, account for 1.92% of the share capital. For the sake of compliance with laws, the Company does not exercise the shareholder's rights from its treasury shares, i.e. its own shares that are in its possession.

#### *Material contracts - Poczta Polska S.A.*

On 12 September, 2018, Benefit Systems S.A. entered into agreement with Poczta Polska S.A. (which was also acting in the name and on behalf of Pocztove Towarzystwo Ubezpieczeń Wzajemnych and Pocztove Towarzystwo Ubezpieczeń na Życie). The subject-matter of the agreement was to make services in the field of sports and recreation available to the employees of Poczta Polska S.A., the employees of the Poczta Polska Capital Group, as well as to their family members and close persons.

The Agreement was concluded as part of a public contract awarding procedure. The maximum remuneration of Benefit Systems S.A. for performance of the agreement amounts to PLN 51mln (including VAT) and covers the period of 26 months starting from 10 November, 2018.

#### *Material contracts – Ghelamco GP 15 Sp. z o.o.*

As a result of execution, as of 30 August, 2018 (date of receipt), of an annex to agreement of 23 January 2015 for lease of office building at Plac Europejski in Warsaw that had been made between Benefit Systems S.A. and Ghelamco GP 15 Sp. z o.o., the term of lease was extended by 36 months, i.e. until 1 January 2024. In accordance with the estimations of the Management Board of the Issuer, the annual value of the Agreement amounts to approximately PLN 6.8 million (plus VAT).

## 5.2. MATERIAL EVENTS IN THE GROUP AFTER THE BALANCE SHEET DATE

### *Decision about reorganisation of the Capital Group*

On the basis of resolutions of the Supervisory and the Management Boards of the Issuer of 4 October, 2018, process of reorganisation of the structure of the capital group of Benefit Systems was started. The objective of the reorganisation was to simplify the structure of the group so that the Dominant Entity would take over the businesses of most of the member companies of the Capital Group that conduct business activity in the segment of fitness services on the Polish market.

The reorganisation will be carried out in two main phases:

Phase I: acquisition of Fit Invest by Benefit Systems S.A. while, concurrently, certain indirect subsidiaries will merge with their subsidiaries, along with transformation of company under the business name of Fitness Academy spółka z ograniczoną odpowiedzialnością S.K.A. into a limited liability company;

Phase II: merger by acquisition, by Benefit Systems S.A., of the entities with respect to which, as a result of the steps performed in Phase I, Benefit Systems S.A. has directly become a dominant entity.

As a result of the reorganisation, Benefit Systems S.A. will assume all the rights and obligations of the acquired companies. As a consequence of the latter, the Issuer will, among other things, take over all the assets of the acquired companies. Also, the loan agreements made between the Issuer, as the lender, and the acquired companies, as the borrowers, will expire.

The reorganisation process is expected to be completed by the end of September 2019.

### *Execution of annex to the investment agreement and agreements for acquisition of shares in Fit Fabric sp. z o.o.*

On 11 October, 2018, Fit Invest Sp. z o.o., Fit Fabric Sp. z o.o. and the existing shareholders in the latter company (4 natural persons) executed an annex to investment agreement and agreement for sale of shares in Fit Fabric.

On the basis of the agreements, Fit Invest acquired a block of 22.5% shares in the share capital of Fit Fabric at the price of PLN 9.6 million. After the transaction, Fit Invest's shareholding in Fit Fabric increased up to 52.5%. Acquisition of the aforesaid block of shares did not require a clearance for merger from the President of OPCC.

The execution of the annex changed the terms of acquisition of the remaining shares in the share capital of Fit Fabric. Further to the execution and in performance of the above-described agreements, the remaining 47.5% shares in the share capital of Fit Fabric will be acquired by 31 July 2021 at the latest, at a price not higher than PLN 30.9 million. The ultimate price will be established on the basis of the financial results of Fit Fabric.

The Group implements the investment activities with a view to providing the sports cards users with broad access to the offer of attractive sports and recreation facilities and to the most popular sports and fitness sessions.

On 4 October, 2018, plan for merger of Benefit Systems S.A. (the Acquiring Company) with Fit Invest sp. z o.o. (the Acquired Company) was agreed. The merger will be carried out in accordance with Article

492 § 1 Item 1 of the Code of Commercial Companies (the “CCC”), by transferring all the assets of the Acquired Company to the Acquiring Company.

Due to the fact that the Acquiring Company holds 100% of shares in the share capital of the Acquired Company, the merger will be carried out without increasing the share capital of the Acquiring Company. In accordance with the CCC, the Management Boards of the merging companies will not prepare a written report to provide grounds for the merger, and the merger plan will not be examined by a certified auditor.

*Sale of Fit Invest International Sp. z o.o.*

On 11 October, 2018, Benefit Systems S.A. entered into agreement for sale of 100% of shares in Fit Invest International with Benefit Systems International sp. z o.o. A change in the organizational structure of the Group is aimed at the streamlining of the procedure of management of processes and assets, while taking into account the specifics of individual operational segments.

*Loan agreements within the capital group of Benefit Systems*

On 11 October, 2018, loan agreement was executed between Benefit Systems and Fit Invest Sp. z o.o., for the total amount of PLN 9.7 million, as a result of which, the aggregate value of the loan agreements executed between the Lender and the Borrower reached the value of PLN 51.6 million during the period of 12 months. The loan is to be repaid until 31 May 2023. The Loan Agreement neither provides for any conditions precedent or subsequent nor for any contractual penalties. Other terms of the loan agreement are not different than the terms generally applied in agreements of this kind.

The loan is aimed at enabling the Borrower to finance their current activity, including the investments into the fitness sector.

*Change in BSI's stake in MultiSport Benefit s.r.o.*

On 12 October 2018 in Prague an agreement was concluded, based on which Benefit Systems International Sp. z o.o. acquired 4.8% stake in MultiSport Benefit s.r.o. (effective as of subsequent payment date). As a result, stake of natural persons in MultiSport Benefit s.r.o. (Managing Directors) declined. Transaction was an execution of call option on the indicated stake.

*Acquisition of 100% of shares in Masovian Sports Center sp. z o.o. and in NewCo3 sp. z o.o. by subsidiary of the Parent Company*

On 31 October 2018 (date of entry into the register of business entities of the National Court Register) the division of Calypso Fitness S.A. by way of spin-off was effected. As a result, inter alia, a portion of assets of Calypso Fitness, i.e. of the divided entity, was transferred to Parent Company's indirect subsidiary: company under the business name of NewCo2 sp. z o.o. in the form of property (assets and liabilities) of four fitness clubs that were separated within the structures of Calypso Fitness: “Filia Calypso Europlex,” “Filia Calypso Arkadia,” “Filia Calypso Mokotów,” and “Filia Wawer.”

On 2 November 2018 Fit Invest Sp. z o.o. acquired 100% of shares in the share capital of company under the business name of Masovian Sports Center Sp. z o.o. (formerly defined as “NewCo1”), and 100% of shares in the share capital of company under the business name of NewCo3 sp. z o.o.



Fit Invest is obliged to pay the price of PLN 69.0 million within seven business days from the date of execution of the agreement. The agreement provides that in addition to the price, Fit Invest will be obliged to pay the seller additional sums totaling no more than PLN 37.0 million in the period of 2018 - 2021.

### 5.3. COMPOSITION OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD

As of the date of publication of this report, the Management Board of the dominant entity was composed of six (6) members who are the following persons:

- Grzegorz Haftarczyk – Management Board Member,
- Arkadiusz Hanszke – Management Board Member,
- Adam Radzki – Management Board Member,
- Emilia Rogalewicz – Management Board Member,
- Wojciech Szwarc – Management Board Member,
- Izabela Walczewska - Schneyder – Management Board Member.

In the period under review, a change was made to the panel of the Management Board of the Company; namely, on 23 July 2018, the Supervisory Board of the Dominant Entity appointed Mr. Wojciech Szwarc to the Management Board of Benefit Systems S.A.

As of the date of publication of this report, the Supervisory Board of the dominant entity was composed of five (5) members who are the following persons:

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

In the period under review, the following events and changes to the panel of the Supervisory Board of the Company took place:

- On 12 June 2018, the mandates of the Members of the Supervisory Board of the Company expired, since they were valid until the date of the General Meeting of Shareholders approving the financial statements of the Company for financial year 2017,
- and the following persons were appointed to the Supervisory Board for the next term of office: James van Bergh, Marcin Marczuk, Artur Osuchowski, Michael Rohde Pedersen and Michael Sanderson.
- On 23 July, 2018, the Supervisory Board of the Company elected Mr James Van Bergh as the Chairman of the Supervisory Board, and Mr Marcin Marczuk as the Deputy Chairman of the Supervisory Board.

#### 5.4. SHARES AND/OR ALLOTMENT CERTIFICATES HELD BY THE MEMBERS OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD

The levels of shares in Benefit Systems S.A. or allotment certificates held by the Members of the Management Board and the Members of the Supervisory Board of the Company as of the date of submitting the report are as follows:

Table 21: Shares held by the Members of the Management Board of Benefit Systems S.A.

Management Board	Status as of the date of the report for 3 calendar quarters of 2018		Status as of the date of the report for the 1st half-year of 2018		Change
	Number of shares	Participation in the share capital	Number of shares	Participation in the share capital	
Grzegorz Haftarczyk	1 534	0.05%	1 563	0.06%	(29)
Arkadiusz Hanszke	0	0.00%	0	0.00%	0
Adam Radzki	3 020	0.11%	3 077	0.01%	(57)
Emilia Rogalewicz	1 081	0.04%	1 081	0.04%	0
Wojciech Szwarc	0	0.00%	0	0.00%	0
Izabela Walczewska-Schneyder	5 974	0.21%	6 088	0.22%	(114)
Total	11 609	0.41%	11 809	0.33%	(200)

Table 22: Advantages derived by the Members of the Management Board from the subscription warrants that are, or are potentially, due to them pro rata to the state of possession as of the end of the 3rd calendar quarter of 2018.

Management Board Member	Series G warrants for year 2017 taken up in 2018	Preliminary number of contingently granted series H warrants for year 2018	Total	Value*
Grzegorz Haftarczyk	1 750	600	2 350	1 008
Arkadiusz Hanszke	2 000	600	2 600	1 097
Adam Radzki	1 750	600	2 350	1 008
Emilia Rogalewicz	2 500	600	3 100	1 276
Wojciech Szwarc	1 900	100	2 000	742
Izabela Walczewska-Schneyder	2 500	600	3 100	1 276
Total	12 400	3 100	15 500	6 407

\*The value of the granted subscription warrants will be equal to the difference between the option strike price and the share price as at the valuation date (13 February, 2018). The valuation of the series G warrants was based on the prices and the terms that were applicable to the pool of warrants of 2017 (PLN 357.17), and the valuation of the series H warrants was based on the prices and the terms that were applicable to the pool of warrants of 2018 (PLN 638.07).

Table 23: Shares held by the Members of the Supervisory Board of Benefit Systems S.A.

Supervisory Board	Status as of the date of the report for 3 calendar quarters of 2018		Status as of the date of the report for the 1st half-year of 2018		Change
	Number of shares	Participation in the share capital	Number of shares	Participation in the share capital	
James van Bergh*	575 432	20.13%	586 285	20.51%	(10 853)
Marcin Marczuk	0	0.00%	0	0.00%	0
Artur Osuchowski	0	0.00%	0	0.00%	0
Michael Sanderson	0	0.00%	0	0.00%	0
Michael Rohde Pedersen	0	0.00%	0	0.00%	0
Total	575 432	20.13%	586 285	20.51%	(10 853)

\* A direct participation; additionally, a person close to the Chairman of the Supervisory Board (within the meaning of Article 160 Sec. 2, Item 1 of the Act on Trading) holds, as a shareholder, a controlling block of 93.3% of shares in Benefit Invest Ltd., which, in turn, holds 322,606 shares in Benefit Systems S.A., accounting for 11.28% in the share capital and 19.82% of the total number of votes (as of the date of submission of the report for 3 calendar quarters of 2018).

Those managing and supervising the Dominant Entity hold no shares in the subsidiaries.

## 5.5. SHAREHOLDING STRUCTURE

Percentage interest in the share capital of the Dominant Entity and in the number of votes reflects the increase of the share capital of the Dominant Entity that was performed as part of the contingent capital. The series D shares were taken up, as part of the contingent capital, by the holders of the series D and E subscription warrants that were granted by the Dominant Entity in accordance with the Incentive Plan for years 2014 – 2016.

Table 24: Shareholding structure

Shareholder:	As of the date of the report for 3 quarters of 2018			As of the date of the report for the 1H 2018			Change
	Number of shares*	% in the share capital	% in the total number of votes	Number of shares	% in the share capital	% in the total number of votes	
James Van Bergh	575 432	20.13%	20.13%	586 285	20.51%	20.51%	(10 853)
Benefit Invest Ltd.	316 634	11.08%	11.08%	322 606	11.29%	11.29%	(5 972)
Marek Kamola	254 000	8.88%	8.88%	254 000	8.89%	8.89%	0
Fundacja Benefit Systems	245 372	8.58%	8.58%	250 000	8.75%	8.75%	(4 628)
MetLife OFE	226 468	7.92%	7.92%	226 468	7.93%	7.93%	0
Nationale-Nederlanden OFE	150 000	5.25%	5.25%	150 000	5.25%	5.25%	0

Invesco Ltd.	147 496	5.16%	5.16%	147 496	5.16%	5.16%	0
Other	943 440	33.00%	33.00%	921 987	32.22%	32.22%	21 453
<i>including Benefit Systems S.A (the treasury shares)</i>	<i>54 811</i>	<i>1.92%</i>	<i>1.92%</i>	<i>8 448</i>	<i>0.30%</i>	<i>0.30%</i>	<i>46 363</i>
TOTAL	2 858 842	100.00%	100.00%	2 858 842	100.00%	100.00%	0

\* The above structure presents the shareholding levels in accordance with the received statements and registrations for the General Shareholders Meeting that was held on 12 June 2018.

The share capital of the Dominant Entity amounts to PLN 2,858, 842. Number of shares in the share capital: 2,858,842 shares, consisting of 2,204,842 series A shares; 200, 000 series B shares; 150,000 series C shares; 120,000 series D shares; and 184,000 series F shares. The nominal value of the shares of all issues is PLN 1.00. The votes arising from all the issued shares total 2,848,842. The participations of individual shareholders in the share capital of Benefit Systems S.A. are equal to their participations in the total number of votes at the General Shareholders Meeting; as of the date of publication of the report, the Dominant Entity held treasury shares in the amount of 54,811 shares and no voting rights from the treasury shares were exercised.

## 5.6. DIVIDEND

On 10 February, 2016, the Management Board of the Company adopted a Distribution of Profits to Shareholders Policy for years 2016 - 2019, which was subsequently approved by the Supervisory Board of the dominant entity and the Ordinary Shareholders Meeting of the dominant entity. In each year of the Profit Distribution Policy, the Company will perform a buy-back of its own shares representing the value of at least 50% of the net profit of the Dominant Entity for the preceding financial year. The buy-back will be performed so as to take into account the financial situation and the investment needs of the Dominant Entity and of the member companies of the Capital Group, in particular considering the need to perform the executed investment agreements as well as demand for liquid cash. The Profit Distribution Policy has been applied starting from distribution of the Dominant Entity's net profit for the financial year ended on 31 December 2015, and represents a continuation of the Dividend Policy of 25 September 2012.

Acting in line with the recommendations of the Management and of the Supervisory Boards, on 12 June 2018, Ordinary General Shareholders Meeting of the Dominant Entity adopted resolution concerning appropriation of the net profit of the Company for year 2017. Considering the buy-back of the Dominant Entity's own shares as planned by its Management Board, and acting in line with the above-described Profit Distribution Policy, the General Meeting decided to appropriate the entirety of net profit in the amount of PLN 100.2 million for the supplementary capital.

In performance of the buy-back of own shares in September 2018 and in line with its dividend policy, Benefit Systems S.A. expensed PLN 51.0 million on acquisition of the aggregate of 46 363 of the Company's own shares accounting for 1.62% of its share capital and corresponding to the total of 46 363 votes which represented 1.62% of votes at the General Meeting of the Company.

In the years to come, the Company does not anticipate any changes to the Profit Distribution Policy.

## 5.7. INCENTIVE PLAN

At the Benefit Systems Group, there is an Incentive Plan (hereinafter, the “Plan” or “IP”) in place, which was adopted in the resolutions of the General Meeting. The Plan is open to specific members of both the senior and middle management staff. In line with the Plan, the eligible employees are granted subscription warrants convertible into the shares in the Dominant Entity. A precondition to the launching of the Plan in any given year is the attaining of specific level of profit before tax (Incentive Plan for years 2017 - 2020) adjusted by the accounting cost of the Plan charged to the financial year.

On 10 February, 2016, the Supervisory Board of the Dominant Entity accepted a proposal of another edition of the Incentive Plan for years 2017 - 2020. The purpose of the Plan is to establish an incentive system that will foster effective and loyal work focused on attaining high financial results and, consequently, a long-term growth of the value of the Dominant Entity. During the term of the Incentive Plan for 2017 - 2020, its participants (no more than 149 people) will be able to obtain the maximum of 100 thousand subscription warrants (which, once they are converted into shares, will account for 3.38% of the share capital of the Dominant Entity as increased by the maximum number of the realized warrants), which will entitle them to take up specific number of shares in the Dominant Entity with the nominal value in four equal tranches. All granted options may be exercised until 30 September 2021.

The assumptions of the Incentive Plan for years 2017 - 2020 were adopted in the form of a resolution of the Ordinary General Meeting of 15 June, 2016.

Table 25: Valuation of the options envisaged in the Incentive Plan

Valuation of the options envisaged in the Incentive Plan (in accordance with the Black and Scholes model)	
Figures	2018
X(t) - share quotation as at the valuation date (PLN).	1,130.00
P - option strike price (PLN)	491.93
r - risk-free interest rate for PLN	1.82%
T - expiry date	2018-12-31
t - current date (for the price setting purposes)	2018-02-13
Sigma - daily volatility	31.62%

Table 26: Incentive Plan thresholds

	Participation in the maximum pool of warrants for specific year		Adjusted profit before tax level (in PLN million)			
			2017	2018	2019	2020
Thresholds in PLN million - Adjusted profit before tax (net of the costs of the IP)	100%	25 000	90	105	120	140
	75%	18 750	85	97.5	110	130
	50%	12 500	80	91	106	121

In accordance with the above, the date when 5,050 subscription warrants were granted fell on 13 February, 2018. The provision for the costs of the Plan, as reported in the respective financial period, was equal to PLN 9 243.4 thousand.

The remaining number of warrants to be granted depends, in particular, on the attained level of profit before tax. Based on the assumption that the Incentive Plan threshold that allows allocation of 100% of warrants for 2018 will be met, 19,950 warrants can still be allocated.

Since the origin of the Incentive Plan (2011), the Company has been applying the same methods to the valuation of the costs of the provision for the Plan in the profit and loss account.

#### 5.8. MANAGEMENT BOARD'S POSITION REGARDING MATERIALISATION OF THE FINANCIAL PROJECTIONS

The Benefit Systems Group has not published any projections for the period covered by this Report of the Management Board on the activity of the Company.

#### 5.9. SEASONALITY OF THE BUSINESS

Seasonality of the activity of holders of cards such as MultiSport Plus and/or FitSport is typical of the industry of additional employee benefits that is based on access to sports and recreational facilities. Traditionally, in the third calendar quarter of calendar year (III quarter of the financial year of the Group), the activity of the card users is lower in comparison to I, II and IV quarter of the financial year. The latter may also be additionally attributable to weather conditions, arrangement of the statutory public holidays in specific years and to other factors.

#### 5.10. MOVEMENTS IN CONTINGENT LIABILITIES

In the period under review, Benefit Systems S.A. and the companies of its Capital Group have not extended any surety or guarantee for a bank loan or a loan nor provided a guarantee to a single entity or a subsidiary of such entity whereby the total value of such surety and/or guarantees would be significant with respect to the level of the equity of Benefit Systems S.A. A significant value of equity was adopted in accordance with the Individual Reporting Standards which has been in place since July 2016. Therefore, a significant value of equity is recognized at the threshold of 10% of the equity of the Dominant Entity as established on the basis of the most recently published annual consolidated financial statements

Table 26: Contingent liabilities

in PLN thousand	Status as of the date of submission of the report for 3 calendar quarters of 2018	Status as of 31 December, 2017	Movement
Guarantees and surety	43 723	27 510	16 213

In the period of the three calendar quarters under review, the total value of the granted reached 43.7mln. The above-specified contingent liabilities are related to provision of support, in terms of capital, to strategic partners of the Dominant Entity and were incurred in performance of the investment agreements with the view to satisfying lease payments for fitness equipment and rent payment guarantees. Additionally, the Dominant Entity stood a suretyship for repayment of liabilities under a bank loan of its subsidiary: Fabryka Formy S.A., which the latter company incurred for investment purposes.

#### 5.11. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES ENTERED INTO ON TERMS DIFFERENT THAN AT ARM'S LENGTH

During the period under review, the Benefit Systems Group did not enter into any transaction with its affiliates the value of which, whether separately or in aggregate, might be significant, or were concluded otherwise than at arm's length.

#### 5.12. INFORMATION ABOUT LEGAL OR ADMINISTRATIVE PROCEEDINGS

On 22 June, 2018, the explanatory activities that the President of the OPCC had been conducting since November 2015, were transformed into proceedings against the Company.

In the "Decision," which was served on the Company on 29 June, 2018, the President of OPCC informed the Company about initiation of antimonopoly proceedings against Benefit Systems and other fifteen (15) business entities in connection with suspicion of an arrangement aimed at restricting competition on the local and/or domestic market for the fitness services or on other relevant markets. The proceedings also involved six (6) managers, three (3) of whom work within the Benefit Systems Capital Group. The proceedings apply to a matter dating back to 2012 - 2015.

The Company did not agree with the objections formulated by the President of the OCCP, and on 27 July 2018, lodged their response, in which, in addition to taking specific stance on the individual objections, the Company described the positive role that it was playing on the Polish fitness market.

In accordance with provisions of law, the Company may face a maximum penalty reaching the equivalent of 10% of the Company's turnover in the financial year preceding the year in which the decision was delivered. Additionally, individual penalties up to PLN 2 million may be imposed on selected members of the Management Board of the Company. The Management Board analyzed the situation. In the event that the risk of the penalty(ies) materializes, the Company will lodge an appeal with the Court for Protection of Competition and Consumers. In accordance with the laws and best practice, the Management Board of the Company will keep the market informed about developments regarding the proceedings conducted by the OPCC.

Moreover, on 25 January, 2018, a customs and fiscal inspection started with the Dominant Entity. The inspection was initiated on the basis of an authorization to perform customs and fiscal inspection which was granted by the Head of the *Małopolski* Customs and Revenue Office in Kraków. The purpose of the inspection was to check whether the Dominant Entity was complying with the provisions of the Corporate Income Tax Act of 15 February 1992 with regard to the income generated in 2012 - 2016. Acting in response to the inquiries received by the Dominant Entity from the Head of the *Małopolski* Customs and Revenue Office in Kraków, at the current stage of the inspection, the Dominant Entity is presenting their tax ledgers along with the underlying evidence to the inspectors. As of the date of publication of this report, the inspection has not yet been completed.

During the past six months, the Benefit Systems Capital Group has neither initiated nor was a party to legal proceedings with the total value of claim(s) representing more than 10% of the equity of the Group. In the period under review, the Company had no major settlements related to court cases.

## 6. CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP OF BENEFIT SYSTEMS AS AT 30 SEPTEMBER, 2018 AND FOR THE PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER, 2018

### 6.1. SELECTED FINANCIALS OF THE CAPITAL GROUP OF BENEFIT SYSTEMS

Table 28: Selected financials of the Capital Group of Benefit Systems

	3 quarters 2018 in ths. PLN	3 quarters 2017 in ths. PLN	3 quarters 2018 in ths. EUR	3 quarters 2017 in ths. EUR
Sales revenues	889 604	698 043	209 146	163 991
Earnings before interest, taxes, depreciation and amortization (EBITDA)	133 735	114 232	31 441	26 836
Operating profit	102 931	89 714	24 199	21 076
Pre-tax profit	97 897	88 181	23 016	20 716
Net profit	74 798	68 875	17 585	16 181
Net profit attributable to shareholders of the Parent Company	73 761	70 103	17 341	16 469
Operating cash flow	108 225	105 295	25 444	24 737
Investing cash flow	(191 446)	(151 416)	(45 009)	(35 572)
Financing cash flow	214 166	27 244	50 351	6 400
Change in cash and cash equivalents	130 945	(18 877)	30 785	(4 435)
Weighted average number of ordinary shares	2 761 113	2 601 846	2 761 113	2 601 846
Weighted average diluted number of ordinary shares	2 782 125	2 608 756	2 782 125	2 608 756
EPS attributable to shareholders of the Parent Company (PLN/EUR)	26.71	26.94	6.28	6.33
Diluted EPS attributable to shareholders of the Parent Company (w PLN/EUR)	26.51	26.87	6.23	6.31

  

	30.09.2018 in ths. PLN	31.12.2017 in ths. PLN	30.09.2018 in ths. EUR	31.12.2017 in ths. EUR
Non-current assets	626 051	517 998	146 568	124 193
Current assets	358 371	236 115	83 900	56 610
Total assets	984 422	754 113	230 468	180 803
Non-current liabilities	123 982	193 791	29 026	46 463
Current liabilities	323 092	340 445	75 641	81 624
Equity	537 348	219 877	125 801	52 717



	30.09.2018 in ths. PLN	31.12.2017 in ths. PLN	30.09.2018 in ths. EUR	31.12.2017 in ths. EUR
Equity attributable to equity holders of the Parent Company	535 274	202 033	125 316	48 439
Share capital	2 859	2 675	669	641
Number of shares	2 858 842	2 674 842	2 858 842	2 674 842
Book value of equity attributable to equity holders of the Parent Company per share (in PLN/EUR per share)	187.23	75.33	43.83	18.06

In the periods covered by these condensed consolidated interim financial statements, the following average PLN/EUR exchange rates, as determined by the National Bank of Poland, were applied to convert selected financial data:

- the exchange rate on the last day of the reporting period: 30.09.2018 4.2714 PLN/EUR, 31.12.2017 4.1709 PLN/EUR, 30.09.2017 4.2566 PLN/EUR
- the average exchange rate in the period, calculated as the arithmetic mean of the exchange rates on the last day of each month in a given period: 01.01 - 30.09.2018 4.2535 PLN/EUR, 01.01 - 30.09.2017 4.2566 PLN/EUR.

The highest exchange rate in the reported and analogous period was as follows:

- 01.01 - 30.09.2018: 4.3616 PLN/EUR
- 01.01 - 30.09.2017: 4.3308 PLN/EUR.

The lowest exchange rate in the reported and analogous period was as follows:

- 01.01 - 30.09.2018: 4.1488 PLN/EUR
- 01.01 - 30.09.2017: 4.1737 PLN/EUR.

## 6.2. CONSOLIDATED INCOME STATEMENT

Table 29: Consolidated income statement

in ths. PLN	3 quarter 2018	3 quarter 2017	Change	3 quarters 2018	3 quarters 2017
Sales revenues	301 494	240 400	25.4%	889 604	698 043
Revenues from sale of services	297 434	238 645	24.6%	877 939	693 647
Revenues from sale of goods and materials	4 060	1 755	131.3%	11 665	4 396
Cost of sales	(216 677)	(166 690)	30.0%	(649 420)	(508 290)
Cost of sold services	(216 023)	(165 558)	30.5%	(640 542)	(505 438)
Cost of sold goods and materials	(654)	(1 132)	(42.2%)	(8 878)	(2 852)
Gross profit on sales	84 817	73 710	15.1%	240 184	189 753
Selling expenses	(19 965)	(12 191)	63.8%	(57 899)	(40 338)
General and administrative expenses	(24 925)	(18 668)	33.5%	(76 801)	(57 566)
Other operating income	3 128	1 365	129.2	10 816	4 354
Other operating costs	(4 716)	(1 790)	163.4%	(13 369)	(6 489)
Operating profit	38 339	42 426	(9.6%)	102 931	89 714
Financial income	982	948	3.5%	6 043	2 536
Financial costs	(2 034)	(1 005)	102.3%	(8 678)	(5 722)
Share in a net profit/(loss) of entities accounted for using the equity method (+/-)	(1 792)	(132)	1 257.6%	(2 399)	1 653
Profit before tax	35 495	42 237	(16.0%)	97 897	88 181
Income tax	(6 901)	(9 689)	(28.8%)	(23 099)	(19 306)
Net profit from continuing operations	28 594	32 548	(12.1%)	74 798	68 875
Net profit	28 815	32 548	(11.5%)	74 798	68 875
<i>Net profit attributable to:</i>					
- equity holders of the parent	27 778	32 870	(15.5%)	73 761	70 103
- non-controlling interests	816	(322)	(353.4%)	1 037	(1 228)

Table 30: EPS (PLN)

	30.09.2018	30.09.2017	31.12.2017
<i>From continuing operations</i>			
- basic	26.71	26.94	33.09
- diluted	26.51	26.87	32.93

Table 31: Consolidated statement of comprehensive income

In ths. PLN	3 quarters 2018	3 quarters 2017	4 quarters 2017
Net profit	74 798	68 875	86 708
<i>Other comprehensive income</i>	0	0	0
<i>Items not transferred to financial income</i>	0	0	0
<i>Items transferred to financial income</i>	0	0	0
Total comprehensive income	74 798	68 875	86 708
Total comprehensive income attributable to:			
- equity holders of the parent	73 761	70 103	86 708
- non-controlling entities	1 037	(1 228)	-

### 6.3. CONSOLIDATED BALANCE SHEET

Table 32: Consolidated balance sheet - assets

in ths. PLN	30.09.2018	31.12.2017	30.09.2017
<i>Non-current assets</i>			
Goodwill	208 646	191 558	165 238
Intangible assets	43 558	26 976	20 260
Property, plant and equipment	225 818	196 866	179 958
Investments in associates	34 222	36 624	35 211
Receivables and loans	94 596	56 166	51 996
Other long-term financial assets	101	619	931
Long-term prepayments	197	1 458	1 625
Deferred tax asset	18 913	7 731	6 929
Non-current assets	626 051	517 998	462 148
<i>Current assets</i>			
Inventory	8 632	7 823	4 406
Trade receivables and other receivables	120 096	131 248	163 759
Current income tax receivable	686	352	280
Loans	23 457	23 424	21 821
Other short-term financial assets	116	187	187
Accruals	21 981	20 623	17 107
Cash and cash equivalents	183 403	52 458	46 318
Assets held for sale	-	-	750
Current assets	358 371	236 115	254 628
Total assets	984 422	754 113	716 776

Table 33: Consolidated balance sheet - liabilities

in ths. PLN	30.09.2018	31.12.2017	30.09.2017
<i>Equity</i>			
<i>Equity attributable to equity holders of the parent:</i>			
Share capital	2 859	2 675	2 675
Treasury shares	(61 157)	(100 094)	(100 094)
Supplementary capital	114	339	77
Share premium	281 350	60 586	56 586
Foreign exchange differences on consolidation	(15 194)	(50 951)	(50 951)
Other capital	316 222	216 018	216 018
Retained earnings / (losses of the previous years):	11 080	73 460	80 318
- loss of the previous years	(62 681)	(14 643)	10 215
- net profit attributable to equity holders of the parent	73 761	88 103	70 103
Equity attributable to equity holders of the parent	535 274	202 033	204 629
Non-controlling interests	2 074	17 844	15 435
Equity	537 348	219 877	220 064
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Interest-bearing bank loans, borrowings and debt securities	85 719	122 036	74 219
Financial lease	10 552	15 571	17 762
Other liabilities	8 362	44 925	47 328
Provision for deferred income tax	2 019	1 471	743
Liabilities and provisions for employee benefits	267	-	-
Other long-term provisions	27	-	-
Long-term prepayments	17 036	9 788	9 085
Non-current liabilities	123 982	193 791	149 137
<i>Current liabilities</i>			
Trade payables and other liabilities	105 136	130 556	98 862
Current income tax liabilities	20 382	21 890	15 093
Interest-bearing bank loans, borrowings and debt securities	93 596	70 594	138 145
Financial lease	7 223	8 711	8 788
Liabilities and provisions for employee benefits	13 876	18 604	9 577
Other short-term provisions	1 510	3 070	5 549
Accruals	81 369	87 020	71 561
Current liabilities	323 092	340 445	347 575
Total liabilities	447 074	534 236	496 712
Total Equity and Liabilities	984 422	754 113	716 776

#### 6.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Table 34: Consolidated statement of changes in Equity

In ths. PLN	Share capital	Treasury shares	FX gains (losses) on consolidation	Share premium	Supplementary capital	Other capital	Retained profits / (losses) of the previous years	Total	Non-controlling interests	Total equity
Balance as at 01.01.2018	2 675	(100 094)	339	60 586	(50 951)	216 018	73 460	202 033	17 844	219 877
<i>Equity movements in the period from 01.01 to 30.09.2018</i>										
Share issue	184	0	0	185 983	0	0	0	186 167	0	186 167
Option valuation (share-based payments)	0	0	0	9 243	0	0	0	9 243	0	9 243
Share buyback	0	(51 000)	0	0	(51 000)	51 000	0	(51 000)	0	(51 000)
Sale of treasury shares	0	89 937	0	0	0	0	0	89 937	0	89 937
Treasury share premium	0	0	0	25 538	0	0	0	25 538	0	25 538
Transfer of capital reserve to supplementary capital	0	0	0	0	51 000	(51 000)	0	0	0	0
Change of the structure of the capital group (transactions with non-controlling entities)	0	0	0	0	35 757	0	(35 937)	(180)	(16 567)	(16 747)
Foreign exchange gains /(losses)	0	0	(225)	0	0	0	0	(225)	(18)	(243)
Dividends	0	0	0	0	0	0	0	0	(222)	(222)
Transfer of profits to capital reserve	0	0	0	0	0	100 204	(100 204)	0	0	0
Total transactions with equity holders	184	38 937	(225)	220 764	35 757	100 204	(136 141)	259 480	(16 807)	242 673
Net profit for the period from 01.01 to 30.09.2018	0	0	0	0	0	0	73 761	73 761	1 037	74 798
Total comprehensive income	0	0	0	0	0	0	73 761	73 761	1 037	74 798
Balance as at 30.09.2018	2 859	(61 157)	114	281 350	(15 194)	316 222	11 080	535 274	2 074	537 348

CONSOLIDATED QUARTERLY REPORT OF THE CAPITAL GROUP OF BENEFIT SYSTEMS  
FOR THE PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER 2018

In ths. PLN	Share capital	Treasury shares	FX gains / (losses) on consolidation	Share premium	Supplementary capital	Other capital	Retained profits / (losses) of the previous years	Total	Non-controlling interests	Total equity
Balance as at 01.01.2017	2 600	(57 594)	(131)	51 444	(50 951)	131 347	83 718	160 433	17 251	177 684
<i>Equity movements in the period from 01.01 to 31.12.2018</i>										
Share issue	75	0	0	0	0	11 243	0	11 318	0	11 318
Option valuation (share-based payments)	0	0	0	9 142	0	0	0	9 142	0	9 142
Share buyback	0	(42 500)	0	0	(42 500)	42 500	0	(42 500)	0	(42 500)
Transfer of capital reserve to supplementary capital	0	0	0	0	42 500	(42 500)	0	0	0	0
Change of the structure of the capital group (transactions with non-controlling entities)	0	0	0	0	0	0	(24 577)	(24 577)	2 276	(22 301)
Foreign exchange gains /(losses)	0	0	470	0	0	0	0	470	19	489
Dividends	0	0	0	0	0	0	(356)	(356)	(307)	(663)
Transfer of profits to capital reserve	0	0	0	0	0	73 428	(73 428)	0	0	0
Total transactions with equity holders	75	(42 500)	470	9 142	0	84 671	(98 361)	(46 503)	1 988	(44 515)
Net profit for the period from 01.01 to 31.12.2017	0	0	0	0	0	0	88 103	88 103	(1 395)	86 708
Total comprehensive income	0	0	0	0	0	0	88 103	88 103	(1 395)	86 708
Balance as at 31.12.2017	2 675	(100 094)	339	60 586	(50 951)	216 018	73 460	202 033	17 844	219 877

CONSOLIDATED QUARTERLY REPORT OF THE CAPITAL GROUP OF BENEFIT SYSTEMS  
FOR THE PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER 2018

In ths. PLN	Share capital	Treasury shares	FX gains / (losses) on consolidation	Share premium	Supplementary capital	Other capital	Retained profits / (losses) of the previous years	Total	Non-controlling interests	Total equity
Balance as at 01.01.2017	2 600	(57 594)	(131)	51 444	(50 951)	131 347	83 718	160 433	17 251	177 684
<i>Equity movements in the period from 01.01 to 30.09.2017</i>										
Share issue	75	0	0	0	0	11 243	0	11 318	0	11 318
Option valuation (share-based payments)	0	0	0	5 142	0	0	0	5 142	0	5 142
Share buyback	0	(42 500)	0	0	(42 500)	42 500	0	(42 500)	0	(42 500)
Transfer of capital reserve to supplementary capital	0	0	0	0	42 500	(42 500)	0	0	0	0
Change of the structure of the capital group (transactions with non-controlling entities)	0	0	0	0	0	0	281	281	(281)	0
Foreign exchange gains /(losses)	0	0	208	0	0	0	0	0	0	(208)
Dividends	0	0	0	0	0	0	(356)	(356)	(307)	(663)
Transfer of profits to capital reserve	0	0	0	0	0	73 428	(73 428)	0	0	0
Total transactions with equity holders	75	(42 500)	208	5 142	0	84 671	(73 503)	(25 907)	(588)	(26 495)
Net profit for the period from 01.01 to 30.09.2017	0	0	0	0	0	0	70 103	70 103	(1 228)	68 875
Total comprehensive income	0	0	0	0	0	0	70 103	70 103	(1 228)	68 875
Balance as at 30.09.2017	2 675	(100 094)	77	56 586	(50 951)	216 018	80 318	204 629	15 435	220 064

## 6.5. CONSOLIDATED CASH FLOW STATEMENT

Table 35: Consolidated cash flow statement

In ths. PLN	01.01. - 30.09.2018	01.01. - 30.09.2017	01.01. - 31.12.2017
<i>Cash flow from operating activities</i>			
Pre-tax profit	97 897	88 181	116 291
Total adjustments	44 738	31 323	41 633
Change in working capital	4 020	6 002	4 904
Cost of interest	-	-	-
Income tax paid	(38 430)	(20 211)	(23 667)
Net cash from operating activities	108 225	105 295	139 161
<i>Cash flow from investing activities</i>			
Expenses on acquisition of intangible assets	(32 051)	(9 413)	(42 570)
Proceeds from sale of intangible assets	-	-	6
Expenses on acquisition of property, plant and equipment	(63 446)	(93 752)	(69 150)
Proceeds from sale of property, plant and equipment	979	418	479
Net expenses on acquisition of subsidiaries	(62 813)	(26 815)	(31 688)
Received repayments of the loans granted	6 942	4 058	5 084
Loans granted	(43 625)	(14 179)	(19 632)
Expenses on acquisition of other financial assets	-	(12 928)	(5 928)
Proceeds from sale of other financial assets	-	520	545
Interest received	2 291	675	896
Dividends received	277	-	111
Net cash from investing activities	(191 446)	(151 416)	(161 847)
<i>Cash flow from financial activities</i>			
Net proceeds from share issue and sale of own shares	289 667	-	11 318
Acquisition of own shares	(51 000)	(42 500)	(42 500)
Proceeds from issuance of debt securities	-	-	-
Repayment of debt securities	(50 000)	-	-
Proceeds from loans and borrowings	50 418	84 478	67 866
Repayment of loans and borrowings	(12 098)	(2 960)	(10 709)
Repayment of financial lease	(6 705)	(7 538)	(9 739)
Interest paid	(5 894)	(3 929)	(5 624)
Dividends paid	(222)	(307)	(663)
Net cash from financial activity	214 166	27 244	9 949
Net change in cash and cash equivalents	130 945	(18 877)	(12 737)
Cash and cash equivalents: opening balance	52 458	65 195	65 195
Cash and cash equivalents: closing balance	183 403	46 318	52 458



## 7. ABRIDGED FINANCIAL STATEMENTS OF BENEFIT SYSTEMS S.A. AS AT 30 SEPTEMBER, 2018 AND FOR THE PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER, 2018

### 7.1. SELECTED FINANCIALS OF BENEFIT SYSTEMS S.A.

Table 36: Selected financials of Benefit Systems S.A.

	3 quarters 2018 in ths. PLN	3 quarters 2017 in ths. PLN	3 quarters 2018 in ths. EUR	3 quarters 2017 in ths. EUR
Sales revenues	581 155	490 774	136 630	115 297
Operating profit	104 648	61 915	24 603	14 546
Pre-tax profit	134 107	91 676	31 529	21 537
Net profit	113 942	74 168	26 788	17 424
Operating cash flow	124 947	57 156	29 375	13 428
Investing cash flow	(161 263)	(130 084)	(37 913)	(30 561)
Financing cash flow	182 211	43 997	42 838	10 336
Change in cash and cash equivalents	145 895	(28 931)	34 300	(6 797)
Weighted average number of ordinary shares	2 761 113	2 601 846	2 761 113	2 601 846
Weighted average diluted number of ordinary shares	2 782 125	2 608 756	2 782 125	2 608 756
EPS (PLN/EUR)	41.27	28.51	9.70	6.70
Diluted EPS (in PLN/EUR)	40.96	28.43	9.63	6.68
	30.09.2018 in ths. PLN	31.12.2017 in ths. PLN	30.09.2018 in ths. EUR	31.12.2017 in ths. EUR
Non-current assets	684 379	477 549	160 224	114 495
Current assets	291 870	177 932	68 331	42 660
Total assets	976 249	655 481	228 555	157 156
Non-current liabilities	54 991	141 858	12 874	34 011
Current liabilities	269 076	235 268	62 995	56 407
Equity	652 182	278 355	152 686	66 737
Share capital	2 859	2 675	669	641
Number of shares	2 858 842	2 674 842	2 858 842	2 674 842
Book value of equity per share (in PLN/EUR per share)	228.13	104.06	53.41	24.95

In the periods covered by these condensed consolidated interim financial statements, the following average PLN/EUR exchange rates, as determined by the National Bank of Poland, were applied to convert selected financial data:

- the exchange rate on the last day of the reporting period: 30.09.2018 4.2714 PLN/EUR, 31.12.2017 4.1709 PLN/EUR, 30.09.2017 4.3091 PLN/EUR
- the average exchange rate in the period, calculated as the arithmetic mean of the exchange rates on the last day of each month in a given period: 01.01 - 30.09.2018 4.2535 PLN/EUR, 01.01 - 30.09.2017 4.2566 PLN/EUR.

The highest exchange rate in the reported and analogous period was as follows:

- 01.01 - 30.09.2018: 4.3616 PLN/EUR
- 01.01 - 30.09.2017: 4.3308 PLN/EUR.

The lowest exchange rate in the reported and analogous period was as follows:

- 01.01 - 30.09.2018: 4.1488 PLN/EUR
- 01.01 - 30.09.2017: 4.1737 PLN/EUR.

## 7.2. INCOME STATEMENT

Table 37: Income statement of Benefit Systems S.A.

in ths. PLN	3 quarter 2018	3 quarter 2017	Change	3 quarters 2018	3 quarters 2017
Sales revenues	193 526	165 407	17.0%	581 155	490 774
Revenues from sale of services	193 526	165 407	17.0%	581 155	490 774
Cost of sales	(137 286)	(127 061)	8.0%	(428 555)	(385 422)
Cost of sold services	(137 286)	(127 061)	8.0%	(428 555)	(385 422)
Gross profit on sales	56 240	38 346	46.7%	152 600	105 352
Selling expenses	(5 016)	(6 140)	(18.3%)	(15 694)	(19 149)
General and administrative expenses	(10 303)	(6 667)	56.0%	(31 933)	(24 069)
Other operating income	1 917	2 417	(20.7%)	5 738	6 730
Other operating costs	(1 958)	(2 310)	(15.2%)	6 063	(6 949)
Operating profit	40 880	25 646	59.0%	104 648	61 915
Financial income	12 369	8 153	132.2%	37 342	37 063
Financial costs	(1 630)	(1 314)	128.3%	(7 883)	(7 302)
Profit before tax	51 619	32 485	74.6%	134 107	91 676
Income tax	(6 480)	(6 922)	49.7%	(20 165)	(17 508)
Net profit from continuing operations	45 139	25 563	81.3%	113 942	74 168
Net profit	45 139	25 563	81.3%	113 942	74 168

Table 38: Ordinary EPS (PLN)

	30.09.2018	30.09.2017	31.12.2017
<i>From continuing operations</i>			
- basic	41.27	28.51	38.23
- diluted	40.96	28.43	38.04

Table 39: Statement of comprehensive income

In ths. PLN	3 quarters 2018	3 quarters 2017	4 quarters 2017
Net profit	113 942	74 168	100 159
<i>Other comprehensive income</i>	0	0	0
<i>Items not transferred to financial income</i>	0	0	0
<i>Items transferred to financial income</i>	0	0	0
Total comprehensive income	113 942	74 168	100 159

### 7.3. BALANCE SHEET

Table 40: Balance sheet of Benefit Systems S.A. - assets

in ths. PLN	30.09.2018	31.12.2017	30.09.2017
<i>Non-current assets</i>			
Intangible assets	18 451	16 662	12 619
Property, plant and equipment	45 660	52 149	53 547
Investments in subsidiaries	170 724	109 525	107 221
Investments in associates	5 815	5 815	5 815
Receivables and loans	433 123	292 037	298 942
Long-term prepayments	158	-	-
Deferred tax asset	10 448	1 361	-
Non-current assets	684 379	477 549	478 144
<i>Current assets</i>			
Inventory	63	63	592
Trade receivables and other receivables	62 112	54 938	73 528
Loans	72 928	101 273	56 379
Accruals	6 177	16 963	7 927
Cash and cash equivalents	150 590	4 695	3 550
Current assets	291 870	177 932	141 976
Total assets	976 249	655 481	620 120

Table 41: Balance sheet of Benefit Systems S.A. - Liabilities

in ths. PLN	30.09.2018	31.12.2017	30.09.2017
<i>Equity</i>			
Share capital	2 859	2 675	2 675
Treasury shares	(61 157)	(100 094)	(100 094)
Share premium	211 521	-	-
Supplementary capital	9 906	9 906	9 906
Share premium	378 859	269 457	265 457
Retained earnings / (losses of the previous years):	110 194	96 411	70 420
- loss of the previous years	(3 748)	(3 748)	(3 748)
- net profit	113 942	100 159	74 168
Equity	652 182	278 355	248 364
<i>Liabilities</i>			
<i>Non-current liabilities</i>			
Interest-bearing bank loans, borrowings and debt securities	44 671	126 900	99 566
Financial lease	10 320	14 958	16 861
Other liabilities	-	-	-
Provision for deferred income tax	-	-	86
Non-current liabilities	54 991	141 858	116 513
<i>Current liabilities</i>			
Trade payables and other liabilities	23 783	13 712	27 617
Current income tax liabilities	16 675	20 805	12 441
Interest-bearing bank loans, borrowings and debt securities	133 490	108 749	140 658
Financial lease	6 489	6 705	6 459
Liabilities and provisions for employee benefits	6 018	10 159	4 808
Accruals	82 621	75 138	63 260
Current liabilities	269 076	235 268	255 243
Total liabilities	324 067	377 126	371 756
Total Equity and Liabilities	976 249	655 481	620 120

## 7.4. STATEMENT OF CHANGES IN EQUITY

Table 42: Consolidated statement of changes in Equity

In ths. PLN	Share capital	Treasury shares	Share premium	Supplementary capital	Other capital	Retained profits	Total
Balance as at 01.01.2018	2 675	(100 094)	-	9 906	269 457	96 411	278 355
<i>Equity movements in the period from 01.01 to 30.09.2018</i>							
Share issue	184	0	185 983	0	0	0	186 167
Option valuation (share-based payments)	0	0	0	0	9 243	0	9 243
Share buyback	0	(51 000)	0	(51 000)	51 000	0	(51 000)
Sale of treasury shares	0	89 937	0	0	0	0	89 937
Treasury share premium	0	0	25 538	0	0	0	25 538
Transfer of capital	0	0	0	51 000	(51 000)	0	0
Transfer of capital reserve to supplementary capital	0	0	0	0	100 159	(100 159)	0
Total transactions with equity holders	184	38 937	211 521	0	109 402	(100 159)	259 885
Net profit for the period from 01.01 to 30.09.2018	0	0	0	0	0	113 942	113 942
Total comprehensive income	0	0	0	0	0	113 942	113 942
Balance as at 30.09.2018	2 859	(61 157)	211 521	9 906	378 859	110 194	652 182

In ths. PLN	Share capital	Treasury shares	Share premium	Supplementary capital	Other capital	Retained profits
Balance as at 01.01.2017	2 600	(57 594)	9 906	176 804	68 520	200 236
<i>Equity movements in the period from 01.01 to 31.12.2017</i>						
Share issue	75	0	0	11 243	0	11 318
Option valuation (share-based payments)	0	0	0	9 142	0	9 142
Share buyback	0	(42 500)	(42 500)	42 500	0	(42 500)
Transfer of capital	0	0	42 500	(42 500)	0	0
Transfer of capital reserve to supplementary capital	0	0	0	72 268	(72 268)	0
Total transactions with equity holders	75	(42 500)	0	92 653	(72 268)	(22 040)
Net profit for the period from 01.01 to 31.12.2017	0	0	0	0	100 159	100 159
Total comprehensive income	0	0	0	0	100 159	100 159
Balance as at 31.12.2017	2 675	(100 094)	9 906	269 457	96 411	278 355

In ths. PLN	Share capital	Treasury shares	Share premium	Supplementary capital	Other capital	Retained profits
Balance as at 01.01.2017	2 600	(57 594)	9 906	176 804	68 520	200 236
<i>Equity movements in the period from 01.01 to 30.09.2017</i>						
Share issue	75	0	0	11 243	0	11 318
Option valuation (share-based payments)	0	0	0	5 142	0	5 142
Share buyback	0	(42 500)	(42 500)	42 500	0	(42 500)
Transfer of capital	0	0	42 500	(42 500)	0	0
Transfer of capital reserve to supplementary capital	0	0	0	72 268	(72 268)	0
Total transactions with equity holders	75	(42 500)	0	88 653	(72 268)	(26 040)
Net profit for the period from 01.01 to 30.09.2017	0	0	0	0	74 168	74 168
Total comprehensive income	0	0	0	0	74 168	74 168
Balance as at 30.09.2017	2 675	(100 094)	9 906	265 457	70 420	248 364

## 7.5. CASH FLOW STATEMENT

Table 43: Cash flow statement of Benefit Systems S.A.

In ths. PLN	01.01. - 30.09.2018	01.01. - 30.09.2017	01.01. - 31.12.2017
<i>Cash flow from operating activities</i>			
Pre-tax profit	134 107	91 676	126 292
Total adjustments	(8 245)	(13 165)	(7 579)
Change in working capital	32 467	(4 308)	(5 626)
Income tax paid	(33 382)	(17 047)	(18 753)
Net cash from operating activities	124 947	57 156	94 334
<i>Cash flow from investing activities</i>			
Expenses on acquisition of intangible assets	(5 213)	(5 052)	(9 202)
Expenses on acquisition of property, plant and equipment	(2 575)	(1 600)	(4 074)
Proceeds from sale of property, plant and equipment	289	336	444
Net expenses on acquisition of subsidiaries	(63 133)	(9 884)	(9 884)
Received repayments of the loans granted	122 416	7 286	10 491
Loans granted	(232 635)	(150 218)	(197 179)
Expenses on acquisition of other financial assets	-	-	-
Proceeds from sale of other financial assets	-	400	400
Interest received	8 748	1 353	1 843
Dividends received	10 840	27 295	37 907
Net cash from investing activities	(161 263)	(130 084)	(169 254)
<i>Cash flow from financial activities</i>			
Net proceeds from issuance of stocks and sale of treasury shares	301 642	-	11 318
Acquisition of own shares	(51 000)	(42 500)	(42 500)
Proceeds from issuance of debt securities	-	-	-
Repayment of debt securities	(50 000)	-	-
Proceeds from loans and borrowings	9 500	97 161	91 998
Repayment of loans and borrowings	(17 889)	(2 600)	(2 600)
Repayment of financial lease	(4 853)	(4 553)	(6 203)
Interest paid	(5 189)	(3 511)	(4 879)
Net cash from financial activity	182 211	43 997	47 134
Net change in cash and cash equivalents	145 895	(28 931)	(27 786)
Cash and cash equivalents: opening balance	4 695	32 481	32 481
Cash and cash equivalents: closing balance	150 590	3 550	4 695



Date	Name	Position	Signature
6 November 2018	Grzegorz Haftarczyk	Member of the Management Board	
6 November 2018	Arkadiusz Hanszke	Member of the Management Board	
6 November 2018	Adam Radzki	Member of the Management Board	
6 November 2018	Emilia Rogalewicz	Member of the Management Board	
6 November 2018	Wojciech Szwarc	Member of the Management Board	
6 November 2018	Izabela Walczewska-Schneyder	Member of the Management Board	