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

FOR THE SIX MONTHS ENDED JUNE 30TH 2024

Benefit Systems

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1. SELECTED FINANCIAL DATA OF THE BENEFIT SYSTEMS GROUP

Selected financial data of the Benefit Systems Group

	1 Jan–30 Jun 2024 (PLN '000)	1 Jan–30 Jun 2023 (PLN '000)	1 Jan–30 Jun 2024 (EUR '000)	1 Jan–30 Jun 2023 (EUR '000)
Revenue	1,645,887	1,322,803	381,797	286,755
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	447,261	344,724	103,751	74,729
Operating profit	280,148	208,936	64,986	45,293
Profit before tax	266,155	223,634	61,740	48,479
Net profit from continuing operations	203,164	183,454	47,128	39,769
Net profit attributable to owners of the parent	201,042	181,837	46,636	39,418
Net cash from operating activities	401,101	343,713	93,043	74,510
Net cash from investing activities	(178,104)	(96,673)	(41,315)	(20,957)
Net cash from financing activities	(135,840)	(117,766)	(31,511)	(25,529)
Net change in cash and cash equivalents	87,157	129,274	20,218	28,024
Weighted average number of ordinary shares	2,955,164	2,933,542	2,955,164	2,933,542
Diluted weighted average number of ordinary shares	2,972,749	2,939,528	2,972,749	2,939,528
Earnings per ordinary share attributable to owners of the parent (PLN/EUR)	68.03	61.99	15.78	13.44
Diluted earnings per ordinary share attributable to owners of the parent (PLN/EUR)	67.63	61.86	15.69	13.41

	30 Jun 2024 PLN '000	31 Dec 2023 PLN '000	30 Jun 2024 EUR '000	31 Dec 2023 EUR '000
Non-current assets	2,301,287	2,098,639	533,570	482,668
Current assets	751,497	701,784	174,240	161,404
Total assets	3,052,784	2,800,423	707,810	644,072
Non-current liabilities	1,023,008	989,847	237,192	227,656
Current liabilities	1,157,176	812,246	268,300	186,809
Equity	872,600	998,330	202,319	229,607
Equity attributable to owners of the parent	869,941	996,758	201,702	229,245
Share capital	2,958	2,934	686	675
Number of ordinary shares	2,958,292	2,933,542	2,958,292	2,933,542
Book value per share attributable to owners of the parent (PLN/EUR)	294.07	339.78	68.18	78.15

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

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

The exchange rate effective for the last day of the reporting period:

30 June 2024: 4.3130 PLN/EUR

31 December 2023: 4.3480 PLN/EUR

30 June 2023: 4.4503 PLN/EUR

Average exchange rate in the given period, calculated as the arithmetic mean of the exchange rates effective for the last day of each month in the period:

1 January–30 June 2024: 4.3109 PLN/EUR

1 January–30 June 2023: 4.6130 PLN/EUR

highest exchange rates in the periods:

1 January–30 June 2024: 4.4016 PLN/EUR

1 January–30 June 2023: 4.7895 PLN/EUR

lowest exchange rates in the periods:

1 January–30 June 2024: 4.2528 PLN/EUR

1 January–30 June 2023: 4.4286 PLN/EUR

2. THE GROUP AND ITS FINANCIAL RESULTS

2.1. General information and structure of the Benefit Systems Group

The Benefit Systems Group (the "Group") specialises in providing non-pay benefit solutions in the realm of sports, recreation, and employee well-being. The main product offered by the Parent is the MultiSport card, which grants access to a network of sports facilities, including those owned by the Group companies. The fitness club networks owned by the Group provide support and a competitive edge in the area of sport cards. The Group's business relies on synergies between the sale of sport cards and its fitness club infrastructure both in Poland and internationally. Apart from Poland, the Group operates in the Czech Republic, Slovakia, Bulgaria, Croatia, and Turkey.

The Group also offers the MyBenefit online cafeteria platform, which allows employees of business customers to choose from a variety of non-pay benefits approved by their employer. Moreover, the Group offers solutions in the realm of culture and entertainment, such as the Cinema Programme and MultiTeatr, primarily accessible through the cafeteria platform. The MyBenefit platform is also an important channel for distributing sport cards offered by the Group.

At the same time, new features are being developed within the MyBenefit platform, making it a comprehensive tool for managing employer-employee processes. MyBenefit enables companies to implement tools such as corporate intranets, employee benefit reports (Total Reward Statements), employee request systems with e-signature support, gamification and reward systems, as well as surveys and quizzes.

The Group is also developing MultiLife, an online accessible product focused on promoting employee well-being, particularly in the areas of mental health, personal development, healthy eating, and physical activity. MultiLife currently combines more than a dozen services such as psychologist's support, mindfulness course, consultations with dieticians and coaches, diet creator, yoga course, access to the Yes2Move online exercise platform, preventive medical examination package, e-books on Legimi, and Youniversity, a streaming learning service.

The Group's products and services are primarily used by company employees (users), who receive them from their employers (the Group's B2B customers) as non-pay benefits. Customers are also individuals buying a pass or paying for one-off visits to fitness clubs belonging to the Group (B2C customers).

The Benefit Systems Group comprises the parent Benefit Systems S.A. (the "Company" or "Parent"), which handles operations relating to sport cards, MyBenefit cafeteria and the MultiLife product and manages networks of its own fitness clubs in Poland, as well as subsidiaries and associates. Since 2022, the Group has been operating within two operating segments: Poland and Foreign Markets.

SUBSIDIARIES AND ASSOCIATES

COMPANIES OF THE POLAND SEGMENT

Benefit Systems S.A. (the Parent) Benefit Systems S.A. is responsible for sales of MultiSport sport cards, MultiLife programme, and MyBenefit Cafeteria offering, as well as for operating owned fitness clubs and the Yes2Move online exercise platform through the Fitness Branch. Benefit Systems S.A. has been listed on the main market of the Warsaw Stock Exchange (WSE) since 2011.

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

Yes to Move Sp. z o.o. is the owner an online store that sells dietary and other supplements.

Zdrowe Miejsce Sp. z o. o. is a company operating healthcare establishments under the Zdrofit Healthy Place brand. The main services provided by Zdrofit Healthy Place are physioprophylactic medical services, including kinesitherapy (fitness improvement with exercise), aimed at maintaining or improving health.

Lunching.pl Sp. z o.o. is a subsidiary of Benefit Systems S.A. It was acquired in the second quarter of 2022. Lunching is a solution designed to facilitate the organisation of meals for employee teams by employers in a financing model of their choice. The acquisition of Lunching.pl allowed the Group to expand its offering in the growing segment of the non-pay benefit market, i.e. co-financing of meals and supporting healthy eating habits of employees.

Good Luck Club GLC Sp. z o.o. is a subsidiary of Benefit Systems S.A. The acquisition was completed in April 2024 and added four clubs, located in Gdańsk, Pruszcz Gdański and Banino, to the Group's own club portfolio. The acquisition was made to expand the portfolio of the Group's own sports and recreation facilities, thus making the Group's main product – sport cards – more attractive to current and future customers.

Active Sport i Rekreacja Sp. z o.o. is a subsidiary of Benefit Systems S.A. The acquisition was completed in November 2023 and added five clubs, located in Dąbrowa Górnicza, Zawiercie, Sosnowiec, and Mysłowice, to the Group's own club portfolio. The acquisition was made to expand the portfolio of the Group's own sports and recreation facilities, thus making the Group's main product – sport cards – more attractive to current and future customers.

Interfit companies were acquired in December 2023. The acquisition added five clubs, located in Chorzów, Chrzanów, Gliwice, Rydułtowy and Zawiercie, to the Group's own club portfolio. The acquisitions were made to expand the portfolio of the Group's own sports and recreation facilities, thus making the Group's main product – sport cards – more attractive to current and future customers.

COMPANIES OF THE FOREIGN MARKETS SEGMENT

Benefit Systems International S.A. is a vehicle used by the Benefit Systems Group to sell sport cards on foreign markets. The company is a majority shareholder in the following foreign companies: MultiSport Benefit S.R.O. (Czech Republic), Benefit Systems Slovakia S.R.O. (Slovakia), Benefit Systems Bulgaria OOD (Bulgaria), and Benefit Systems D.O.O. (Croatia), which are responsible for selling sport cards in their respective local markets.

The company is also a shareholder in BSI Investments (Poland), which has been developing the MultiSport programme in Turkey through its subsidiary Benefit Systems Spor Hizmetleri Ltd. Şti (Turkey).

Fit Invest International Sp. z o.o. manages the Benefit Systems Group's foreign investments in sports clubs through the following subsidiaries: Form Factory S.R.O. (Czech Republic), Next Level Fitness OOD (Bulgaria), Form Factory Slovakia S.R.O. (Slovakia), and Fit Invest D.O.O. (Croatia). The latter is expanding the fitness business in Croatia through its subsidiary H.O.L.S. D.O.O. The company is also a shareholder of FII Investments Sp. z o.o., which is developing, through its subsidiary Fit Invest Spor Hizmetleri Ltd, fitness operations in Turkey.

The subsidiaries are responsible for investments in existing and new fitness facilities. At the end of June 2024, the Czech-based company managed a total of 17 clubs situated in Prague (14 facilities), Brno (two facilities) and Ostrava (one facility). The Bulgarian company managed 14 clubs located in Sofia, the Slovak company – one club in Bratislava, and the Croatian companies – seven clubs in Zagreb.

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

List of subsidiaries

Subsidiary	Principal place of business and country of registration	Group's ownership interest*	
		30 Jun 2024	31 Dec 2023
POLAND SEGMENT			
VanityStyle Sp. z o.o.	Warsaw, Poland	100.00%	100.00%
Lunching.pl Sp. z o.o.[1)]	Kraków, Poland	100.00%	87.63%
Yes to Move Sp. z o.o.	Warsaw, Poland	100.00%	100.00%
Total Fitness Sp. z o.o.[2)]	Warsaw, Poland	-	100.00%
FIT 1 Sp. z o.o.[3)]	Warsaw, Poland	-	100.00%
FIT 2 Sp. z o.o.[3)]	Warsaw, Poland	-	100.00%
Sport Operator Sp. z o.o.[3)]	Warsaw, Poland	-	100.00%
FIT 3 Sp. z o.o.[3)]	Warsaw, Poland	-	100.00%

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Concept Self Investment Sp. z o.o.[3)]	Warsaw, Poland	-	100.00%
FIT 4 Sp. z o.o.[3)]	Warsaw, Poland	-	100.00%
Fit and More Sp. z o.o.[3)]	Warsaw, Poland	-	100.00%
Saturn Fitness Group Sp. z o.o.[2)]	Warsaw, Poland	-	100.00%
Manufaktura Zdrowia Sp. z o.o.[3)]	Zabierzów, Poland	-	100.00%
Gravitan Warszawa Sp. z o.o.[4)]	Warsaw, Poland	-	100.00%
Zdrowe Miejsce Sp. z o.o.	Warsaw, Poland	80.00%	80.00%
Investment Gear 9 Sp. z o.o.	Warsaw, Poland	100.00%	100.00%
Investment Gear 10 Sp. z o.o.	Warsaw, Poland	100.00%	100.00%
Active Sport i Rekreacja Sp. z o.o.[5)]	Zawiercie, Poland	100.00%	100.00%
Interfit Club 1.0 Sp. z o.o.	Gliwice, Poland	75.00%	75.00%
Interfit Club 4.0 Sp. z o.o.	Gliwice, Poland	75.00%	75.00%
Interfit Club 5.0 Sp. z o.o.	Gliwice, Poland	75.00%	75.00%
Interfit Consulting Sp. z o.o. Sp. k.	Gliwice, Poland	75.00%	75.00%
Good Luck Club GLC Sp. z o.o.[6)]	Warsaw, Poland	100.00%	-
FOREIGN MARKETS SEGMENT			
Benefit Systems International S.A.[7)]	Warsaw, Poland	98.06%	97.60%
BSI Investments Sp. z o.o.[7)]	Warsaw, Poland	92.57%	92.13%
Benefit Systems Bulgaria OOD[7)]	Sofia, Bulgaria	94.14%	93.70%
MultiSport Benefit S.R.O.[7)]	Prague, Czech Republic	98.06%	97.60%
Benefit Systems Slovakia S.R.O.[7)]	Bratislava, Slovakia	96.10%	95.65%
Benefit Systems D.O.O.[7)]	Zagreb, Croatia	95.12%	94.67%
Benefit Systems Spor Hizmetleri Ltd[7)]	Istanbul, Turkey	92.57%	92.13%
Benefit Systems, storitve, D.O.O.[7)]	Ljubljana, Slovenia	93.16%	92.72%
Fit Invest International Sp. z o.o.[7)]	Warsaw, Poland	98.06%	97.60%
FII Investments Sp. z o.o.[7)]	Warsaw, Poland	98.06%	97.60%
Next Level Fitness O.O.D.[7)]	Sofia, Bulgaria	98.06%	97.60%
Form Factory S.R.O.[7)]	Prague, Czech Republic	98.99%	98.75%
Form Factory Slovakia S.R.O.[7)]	Bratislava, Slovakia	98.06%	97.60%
Fit Invest D.O.O.[7)]	Zagreb, Croatia	98.06%	97.60%
H.O.L.S. D.O.O.[8)]	Zagreb, Croatia	98.06%	-
Fit Invest Spor Hizmetleri Ltd[7)]	Istanbul, Turkey	98.06%	97.60%
OTHER			
MultiSport Foundation	Warsaw, Poland	100.00%	100.00%
MW Legal 24 Sp. z o.o.[9)]	Warsaw, Poland	100.00%	100.00%

** The table presents the Group's indirect ownership interest in its subsidiaries.*

1) On 29 November 2023, the Extraordinary General Meeting passed a resolution to increase the share capital of Lunching.pl Sp. z o.o., following which the Parent's interest in the company rose to 88.49%. This change was registered in the National Court Register on 16 April 2024. On 4 March 2024, the Parent acquired for PLN 4.1 million the residual shares in Lunching.pl Sp. z o.o., raising its equity interest in the company to 100%. Since the date of acquisition of 73.97% of Lunching.pl shares (13 April 2022), the company has been consolidated based on the assumption that the Group exercises full (100%) control in view of the options included in the share purchase agreement. On 19 April 2024, Benefit Systems S.A. signed agreements regarding its shareholding in Lunching.pl Sp. z o.o. (note 2.3).
2) The merger of Benefit Systems S.A. (as the acquirer) with Total Fitness Sp. z o.o. and Saturn Fitness Group Sp. z o.o. (as the acquirees) was registered on 10 May 2024.
3) The merger of Benefit Systems S.A. (as the acquirer) with FIT 1 Sp. z o.o., FIT 2 Sp. z o.o., FIT 3 Sp. z o.o., FIT 4 Sp. z o.o., Sport Operator Sp. z o.o., Concept Self Investment Sp. z o.o., Fit and More Sp. z o.o. and Manufaktura Zdrowia Sp. z o. o. (as the acquirees) was registered on 2 April 2024.

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4) The merger of Benefit Systems S.A. (as the acquirer) with Gravitan Warszawa Sp. z o.o. (as the acquiree) was registered on 29 February 2024.
5) A plan of merger of Benefit Systems S.A. (as the acquirer) with Active Sport i Rekreacja Sp. z o.o. (as the acquiree) was agreed on 23 May 2024. The merger was registered on 8 July 2024.
6) On 29 April 2024, the Parent acquired 100% of shares in Good Luck Club GLC Sp. z o.o. A plan of merger of Benefit Systems S.A. (as the acquirer) with Good Luck Club GLC Sp. z o.o. (as the acquiree) was agreed on 14 August 2024.
7) On 12 January 2024, the Parent Benefit Systems S.A. acquired 0.46% of shares in subsidiary Benefit Systems International S.A. from minority shareholders for PLN 7.1 million. As Benefit Systems International S.A. holds equity interests in each company within the Foreign Markets segment, the acquisition by the Parent of shares in Benefit Systems International S.A. has had an effect on the Group's equity interests in the segment companies.
8) On 2 April 2024, Fit Invest D.O.O. completed the acquisition of 100% of shares in H.O.L.S. D.O.O.
9) The company is not consolidated as it does not conduct any business activity.

List of associates

Associate	Principal place of business and country of registration	Group's ownership interest	
		30 Jun 2024	31 Dec 2023
POLAND SEGMENT			
Instytut Rozwoju Fitness Sp. z o.o.	Warsaw, Poland	48.10%	48.10%
Calypso Fitness S.A.	Warsaw, Poland	33.33%	33.33%
Get Fit Katowice II Sp. z o.o.	Katowice, Poland	20.00%	20.00%

2.2. Significant achievements or failures in the period

Close to two million membership cards in Poland and abroad

As at 30 June 2024, there were 1,993.3 thousand holders of sport cards offered by the Benefit Systems Group, including 1,497.7 thousand in Poland and 495.6 thousand in foreign markets. This marks an increase of 74 thousand sport cards compared with the end of 2023. The Group continues to see consistently high interest in its sports offerings from both employers and employees across all markets of operation.

Dividend

The Management Board of Benefit Systems has recommended a dividend payment of PLN 399.4 million, or PLN 135 per share, for 2023, over three times more than the amount of dividend paid for 2022. The proposed dividend record date is 16 September 2024, with payment scheduled in two equal instalments on 27 September 2024 and 25 November 2024. On 27 May 2024, the Management Board's dividend recommendation was endorsed by the Supervisory Board of Benefit Systems S.A., and on 28 June 2024 the Annual General Meeting resolved to allocate the Company's entire net profit for 2023, of PLN 348.6 million, and a further PLN 50.8 million from statutory reserve funds (created from retained earnings) to the dividend payment.

SmartLunch

Benefit Systems S.A. has entered into conditional agreements to acquire an 18.53% interest in SmartLunch S.A., a company specialising in mass catering solutions for medium-sized and large businesses. The contemplated transaction involves an in-kind contribution of all shares in Lunching.pl Sp. z o.o., a company which will provide its know-how and resources to support the rapid growth of SmartLunch as part of the merger. As at the date of authorisation of this report for issue, the Company did not acquire the shares as the conditions precedent consisting in the registration of new Series B shares by the competent registry court and entry of the Company as the buyer of Series A shares in the register of SmartLunch S.A. shareholders had not been satisfied.

Awards and accolades

Benefit Systems S.A. was among the winners of the Rzeczpospolita Eagle in the 26th edition of the 500 List Ranking, in the 'Retail and non-financial services' category. The Rzeczpospolita 500 List is a prestigious and well-regarded ranking of the largest companies in Poland, evaluating criteria such as financial performance, profitability, employment, wages, and investments.

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Additionally, Benefit Systems S.A. was featured in the 20 Years Integration Champions ranking, where Forbes magazine highlighted companies that have effectively leveraged two decades of EU integration to enhance their development, expansion, and brand-building efforts.

The Company also ranked second in Forbes' and Statista's Poland's Best Employers 2024 list, in the 'Food services, tourism, sports, and recreation' category. The ranking comprises a list of 300 companies operating in Poland, recognised for their exceptional achievements in the field of HR and honoured with the title of best employer. The survey was based on a list of about 2,000 employers with at least 250 employees in Poland.

In the second quarter of this year, Benefit Systems S.A. received the Polish Smart Growth Award 2024 in the 'Innovative company' category for its comprehensive range of wellbeing services offered through MultiSport, MultiLife, and MyBenefit. Additionally, the MultiLife platform was honoured with the Brand of the Future 2024 award in the 'Services' category for its innovative wellbeing solution. Furthermore, Piotr Szostak, Managing Director for Product Strategy and Development at Benefit Systems, was recognised as the Leader of Smart Growth 2024 in the same competition.

New fitness club openings and acquisitions

In February 2024, Zdrofit opened a new location in Fort Wola, and two My Fitness Place clubs opened in Kraków. The new Zdrofit marks the network's 58th club in the capital and has quickly become popular. Spanning 1,600 m^2, the facility features eight distinct areas: fitness, cycling, strength training machines, cardio, functional training, stretching, personal training, and wellness. Its 200 m^2 fitness room ranks among the largest in this part of Warsaw. The My Fitness Place club network expanded with the addition of two facilities, each occupying approximately 800 m^2. In the same month, the FitFabric fitness club opened in the Galeria Retkińska shopping mall in Łódź, with an area of over 1,300 m^2.

The Company opened its first boutique club, Studio Zdrofit, in the Wilanów district of Warsaw towards the end of the first quarter. This innovative concept club incorporates cutting-edge technologies in training, such as artificial intelligence, alongside unique group class formats and comprehensive training support.

In April 2024, Benefit Systems acquired the Good Luck Club fitness network. Good Luck Club is known for its high-quality services, including extensive sauna/steam room and relaxation zones.

In June, a new Fabryka Formy fitness club opened in Chorzów. This is the network's first club in the city and the fifteenth in the Katowice Province. The club spans over a thousand square meters and features eight areas: cardio, weightlifting, powerlifting, free weights, machines, functional training, stretching, and relaxation. It also offers a diverse range of group activities, including strength, metabolic, and endurance training, as well as dance classes, stretching, pilates, and yoga for the spine.

In addition, in June 2024 a conditional agreement was concluded to acquire shares in and certain assets associated with the Flais fitness club network located in Sofia, Bulgaria. The final agreement was executed in August 2024, following the fulfilment of the relevant conditions precedent, granting the Benefit Systems Group the ownership of 15 fitness clubs in operation and three under construction, all of which are located within the city of Sofia (note 2.4). This modern network offers a broad range of sports activities that are popular among MultiSport programme users.

ZaczyNAJ

In 2024, anyone starting training at the Group's clubs, whether with a B2C membership or a MultiSport card, can use the onboarding ZaczyNAJ bundle. The package helps new customers get familiar with the club's offerings and set their training goals. It includes two sessions with a personal trainer and a 10-week training plan.

Summer Game

Benefit Systems S.A. is running another edition of the Summer Game, a gamification programme for the summer holiday season, which aims to help MultiSport cardholders maintain regular physical activity, which positively impacts their overall health and wellbeing. The Summer Game is hosted on an online gamification platform, where MultiSport card users engage in an interactive experience that blends both online and offline activities throughout the summer holidays.

Market education: reports

The *Dobrostan Polek i Polaków* (*Poles' Wellbeing*) report was published in June 2024. The report, prepared based on a survey conducted by infuture.institute in collaboration with Benefit Systems S.A., explores the concept of wellbeing for Poles, including its components, enhancers, and detractors. The report assesses the overall level of wellbeing among Poles and examines the care levels for various wellbeing aspects through a quantitative survey of a representative sample. Additionally, the report coincided with the launch of Wellbeing Score, a free proprietary tool for measuring wellbeing across six areas. More details can be found on https://badanie-dobrostanu.multilife.com.pl/.

In May 2024, Benefit Systems S.A. also released a report on the non-pay benefits market, prepared by Minds&Roses. The findings suggest that most companies plan to maintain or increase their budget for non-pay benefits. Employees now have access to a broad range of benefits that significantly enhance their engagement and satisfaction, with online benefits and those related to personal development, skill building, and regeneration becoming increasingly popular.

MultiSport and MultiLife partner on a film exploring how physical exercise transforms the mind

The film, titled *Jak ruchem zmienić umysł* in Polish, produced by the Veritas Foundation in partnership with MultiSport and MultiLife, explores the powerful impact of physical activity on both the body and mind. The film combines the knowledge of experts, also those cooperating with Benefit Systems, with valuable experiences of sports enthusiasts.

ESG strategy

The Benefit Systems Group has introduced a new ESG strategy for 2024–2026 to enhance its commitment to sustainable development and social responsibility. The strategy is centred around three main pillars: society, business, and the environment. It underscores the Group's dedication to supporting the wellbeing of diverse social groups and upholding the highest ethical standards in its operations.

MultiSport Foundation

In March 2024, an educational event was hosted as part of the minicity initiative at Centrum Praskie Koneser in Warsaw, highlighting the inspirational narrative 'How the Best Play', which promotes sports for people with disabilities. The story was distributed to schools and educational institutions and is also available for free download in both ebook and audiobook formats. It comes with educational resources for teachers to facilitate special lessons and discussions with children. The project was developed through collaboration between the MultiSport Foundation and the Zaczytani.org Foundation, with Jan Mela as its ambassador.

A MultiSport project featuring corrective and compensatory exercises, run by the MultiSport Foundation, began on 1 February and concluded on 14 June 2024. During the period, 1,723 MultiSport classes (each lasting 60 minutes) were conducted, with 26,658 primary school students from grades one to six participating. The project reached 27 primary schools and one football academy across the Provinces of Warsaw, Kielce, Lublin, and Rzeszów.

The third edition of the *Active MultiSport Schools* project, also managed by the MultiSport Foundation, ran from 1 January to 14 June 2024. This edition was implemented in six Polish provinces and eight cities, in collaboration with 18 schools. The programme involved 4,732 children and was conducted in 16 clubs by 34 trainers. Beneficiaries of the *Active MultiSport Schools* programme had access to six modules: cross, body and mind, dance, visual motor coordination, stationary bikes, and functional training.

2.3. Significant events within the Group in the six months ended 30 June 2024

Transactions with minority shareholders

On 12 January 2024, the Parent Benefit Systems S.A. acquired 0.46% of shares in subsidiary Benefit Systems International S.A. from minority shareholders for PLN 7.1 million.

Increase of the Parent's share capital in connection with the implementation of the Incentive Scheme

On 23 January 2024, the Parent issued 24,750 series G shares in connection with the exercise by eligible persons of their rights under series L subscription warrants granted as part of the 2021-2025 Incentive Scheme (note 3.1).

As a result, following the issuance of the shares, the Parent's share capital amounts to PLN 2,958,292 and is divided into 2,958,292 ordinary bearer shares with a nominal value of PLN 1 of the following series: 2,204,842 series A shares; 200,000 series B shares; 150,000 series C shares; 120,000 series D shares; 74,700 series E shares; 184,000 series F shares; 24,750 series G shares.

The total number of voting rights carried by all outstanding Parent shares is 2,958,292.

After the delivery of Series G shares, the amount of the conditional share capital increase stipulated in the Parent's Articles of Association for the purposes of the Incentive Scheme fell from PLN 125,000 (equivalent to 125,000 shares with a nominal value of PLN 1 per share) to PLN 100,250.

Acquisition of a business in the form of Active Point Fit & Gym fitness club

On 1 February 2024, the Parent acquired Active Point Fit & Gym, a fitness club located in Tychy, Poland, for PLN 3.1 million. The club was included in the Fabryka Formy network owned by the Parent.

Merger of Benefit Systems S.A. with Gravitan Warszawa Sp. z o.o.

The merger of Benefit Systems S.A. (as the acquirer) with Gravitan Warszawa Sp. z o.o. (as the acquiree) was registered with the National Court Register on 29 February 2024. Following the merger, Gravitan Warszawa Sp. z o.o. ceased to exist, and Benefit Systems S.A. assumed the rights and obligations of the acquiree.

Purchase of residual shares in Lunching.pl Sp. z o.o.

On 4 March 2024, the Parent acquired for PLN 4.1 million the residual shares in Lunching.pl Sp. z o.o., raising its equity interest in the company to 100%. A portion of this amount, of PLN 2.7 million, was paid on 4 March 2024, the second tranche of PLN 0.4 million was paid on 3 April 2024, and the remainder of PLN 1.0 million was paid on 4 June 2024.

Acquisition of 100% of shares in H.O.L.S. D.O.O. of Croatia

On 2 April 2024, Fit Invest D.O.O. acquired 100% of the shares in H.O.L.S. D.O.O. for EUR 5 million. This acquisition expanded the Group's fitness club portfolio by adding three existing clubs in Zagreb, Croatia, and one club currently under construction.

Merger of Benefit Systems S.A. with FIT 1 Sp. z o.o., FIT 2 Sp. z o.o., FIT 3 Sp. z o.o., FIT 4 Sp. z o.o., FIT and More Sp. z o.o., Concept Self Investment Sp. z o.o., Sport Operator Sp. z o.o., and Manufaktura Zdrowia Sp. z o.o.

The merger of Benefit Systems S.A. (as the acquirer) with FIT 1 Sp. z o.o., FIT 2 Sp. z o.o., FIT 3 Sp. z o.o., FIT 4 Sp. z o.o., FIT and More Sp. z o.o., Concept Self Investment Sp. z o.o., Sport Operator Sp. z o.o., and Manufaktura Zdrowia Sp. z o.o. (as the acquirees) was registered on 2 April 2024. As a result of the merger, the acquirees ceased to exist, and Benefit Systems S.A. assumed the rights and obligations of the merged companies.

Conditional agreements to acquire and subscribe for shares in SmartLunch S.A. in exchange for shares in Lunching.pl Sp. z o.o.

On 19 April 2024, the Parent and SmartLunch S.A. ("SmartLunch") signed an investment agreement, shareholder agreement and share sale agreement (collectively referred to as the "Agreements"), outlining the terms and conditions for the Parent's investment in SmartLunch. Under the Agreements, Benefit Systems S.A. will:

- Acquire 34,269 Series A ordinary registered shares in SmartLunch from the selling shareholders for a total price of PLN 6.5 million

- Subscribe for 168,889 new Series B ordinary registered shares in SmartLunch, to be paid for with a cash contribution of PLN 32.0 million
- Subscribe for 109,778 new Series B ordinary registered shares in SmartLunch, to be paid for with a non-cash contribution comprising 100% of the shares in Lunching.pl Sp. z o.o.'s share capital held by Benefit Systems S.A. and a PLN 0.6 million loan advanced to Lunching.pl Sp. z o.o. by Benefit Systems S.A. as at 31 March 2024,

with the proviso that the acquisition and subscription for the SmartLunch shares will occur upon the registration of the new Series B shares by the competent registry court and upon the registration of the Parent as the buyer of Series A shares in the SmartLunch shareholders' register.

As at 30 June 2024 and the date of authorisation of these financial statements for issue, the condition precedent had not yet been met.

On 19 April 2024, the Parent made the following payments:

- PLN 27 million was paid to a notary's deposit account as a portion of the price for the shares (PLN 3 million) and a portion of the cash contribution for new shares (PLN 24 million)
- PLN 11.5 million was transferred to the bank accounts of the selling shareholders and SmartLunch as the remaining portion of the price for the shares (PLN 3.5 million) and the remaining portion of the cash contribution for new shares (PLN 8 million).

As a result of the Agreements and following registration by the competent registry court of the increase in SmartLunch's share capital resulting from the issue of new Series B shares and entry in the shareholder register, the Parent will hold 312,936 SmartLunch shares, representing 18.53% of the total share capital and conferring 18.53% of the voting rights at the General Meeting. LF Akcelerator Sp. z o.o. will remain the largest shareholder with 39.26% of the share capital, representing 39.26% of the voting rights at SmartLunch's General Meeting.

The Agreements grant Benefit Systems S.A. the pre-emptive right to acquire the remaining SmartLunch shares from the other shareholders in the coming years. The Agreements include security provisions and other standard terms.

The estimated value of the SmartLunch shares acquired and subscribed for by the Parent is PLN 59.3 million.

SmartLunch specialises in comprehensive corporate nutrition services, including canteen management, employee catering, lunch card and restorative meal sales, and vending machine operation. The investment in SmartLunch aims to strengthen Benefit Systems' position in the employee food benefits market.

As at 30 June 2024, the carrying amount of Lunching Sp. z o.o.'s net assets, as disclosed in the Benefit Systems Group's condensed consolidated financial statements, amounted to PLN 3.1 million, with goodwill recognised on the acquisition totalling PLN 14.6 million. Revenue recorded by this subsidiary for the first six months of 2024 was PLN 2.5 million, with costs at PLN 4.2 million (including the cost of services sold of PLN 1.3 million, PLN 1.7 million in selling expenses, and PLN 1.2 million in administrative expenses).

Acquisition of 100% of shares in Good Luck Club GLC Sp. z o.o.

On 29 April 2024, the Parent acquired 100% of the shares in Good Luck Club GLC Sp. z o.o. for PLN 27.7 million. The acquisition expanded the Group's portfolio by adding four fitness clubs located in Gdańsk (one club), Pruszcz Gdański (two clubs), and Banino (one club).

Merger of Benefit Systems S.A. with Total Fitness Sp. z o.o. and Saturn Fitness Group Sp. z o.o.

The merger of Benefit Systems S.A. (as the acquirer) with Total Fitness Sp. z o.o. and Saturn Fitness Group Sp. z o.o. (as the acquirees) was registered on 10 May 2024. As a result of the merger, the acquirees ceased to exist, and Benefit Systems S.A. assumed the rights and obligations of the merged companies.

Conditional agreement for the acquisition of shares and assets associated with Flais fitness club network in Bulgaria

On 20 June 2024, the Bulgarian company Next Level Fitness O.O.D. entered into a conditional agreement to acquire shares and certain assets associated with the Flais fitness club network located in Sofia, Bulgaria. The condition precedent stipulated in the agreement requires the buyer to obtain a decision from the relevant government authority responsible for competition and consumer policy in Bulgaria, granting unconditional approval for the concentration and execution of the transaction.

As at 30 June 2024, the condition precedent was not met. On 12 August 2024, Next Level Fitness O.O.D. received a decision from the Bulgarian Competition Protection Commission, dated 8 August 2024, approving the concentration and the transaction. On 13 August 2024, Next Level Fitness O.O.D. entered into a final agreement (note 2.4).

Changes on the Parent's Management and Supervisory Boards

On 27 May 2024, Wojciech Szwarc resigned as a Member of the Management Board, effective 28 May 2024, citing personal reasons for his resignation.

On 25 June 2024, Artur Osuchowski resigned as a Member and Deputy Chair of the Parent's Supervisory Board with immediate effect in connection with his appointment to the Management Board of Orlen S.A.

Allocation of Parent's net profit for 2023

On 28 June 2024, the Annual General Meeting of the Parent passed a resolution on the allocation of net profit for 2023, of PLN 348.6 million, and decided to distribute the entire net profit as dividends. Additionally, PLN 50.8 million from statutory reserve funds (representing a portion of statutory reserve funds created from previous years' profits) was allocated to dividend payments. The total amount allocated to dividend payments is PLN 399.4 million (note 3.2).

2.4. Significant events after the reporting date

Acquisition of minority interests in Benefit Systems D.O.O. of Croatia by Benefit Systems International S.A.

On 1 July 2024, Benefit Systems International S.A. acquired 1.5% of the shares in the Croatian subsidiary Benefit Systems D.O.O. from a minority shareholder for EUR 0.5 million.

Merger of Benefit Systems S.A. and Active Sport i Rekreacja Sp. z o.o.

The merger of Benefit Systems S.A. (the acquirer) and Active Sport i Rekreacja Sp. z o.o. (the acquiree) was registered on 8 July 2024. Following the merger, Active Sport i Rekreacja Sp. z o.o. ceased to exist, and Benefit Systems S.A. assumed the rights and obligations of the acquiree.

Agreement for the acquisition of 100% of shares in Fitness Factory Prague S.R.O. in the Czech Republic

On 18 July 2024, Form Factory S.R.O. entered into an agreement to acquire 100% of the shares in Fitness Factory Prague S.R.O. According to the best estimates of Form Factory S. R. O., the fair value of the total purchase price is EUR 1 million, of which EUR 0.6 million was paid. The remainder of the price of EUR 0.4 million is to be settled by 31 August 2024. The shares were transferred on 31 July 2024 upon fulfilment of the conditions set out in the agreement.

As a result of the transaction, two fitness clubs in Prague, Czech Republic, were added to the Group's own fitness club portfolio.

Acquisition of 100% of shares in Artis Club Sp. z o.o.

On 29 July 2024, the Parent acquired 100% of shares in Artis Club Sp. z o.o. The transaction consisted of the acquisition of one fitness club located in Warsaw.

The share purchase price was PLN 3.2 million and was paid in cash to the seller's bank account. Ownership of the shares was transferred on 29 April 2024. On 29 July 2024, the Parent paid PLN 3.8 million on account of a share capital increase in Artis Club Sp. z o.o.

Changes on the Parent's Supervisory Board

On 7 August 2024, the Extraordinary General Meeting appointed Julita Jabłkowska to the Parent's Supervisory Board for the term of office that commenced on 29 June 2023.

Acquisition of 100% of shares in Gym Poznań Sp. z o.o.

On 9 August 2024, the Parent acquired 100% of the shares in Gym Poznań Sp. z o.o. ("Gym Poznań"). The transaction consisted of the acquisition of one fitness club located in Poznań.

The share purchase price was PLN 2.8 million and was paid in cash to the seller's bank account. Ownership of the shares was transferred on 9 August 2024. The share price may be: (i) increased by Gym Poznań's receivables for the period prior to the acquisition date and (ii) reduced by Gym Poznań's liabilities for the period prior to the acquisition date, but according to the Company's best estimates it is unlikely to be adjusted by more than PLN 0.1 million. On 9 July 2024, the Parent paid PLN 2.8 million on account of a share capital increase in Gym Poznań.

Acquisition of shares and assets associated with Flais fitness club network in Bulgaria

On 12 August 2024, Next Level Fitness O.O.D. received a decision from the Bulgarian Competition Protection Commission, dated 8 August 2024, approving the concentration and the acquisition of shares and certain assets associated with the Flais fitness club network located in Sofia, Bulgaria, which had the effect of fulfilling the condition precedent included in the conditional agreement executed on 20 June 2024 (note 6.24). As a result, on 13 August 2024 Next Level Fitness OOD entered into a final agreement and acquired:

- 100% of the shares in Fitness Flais Corporation O.O.D., Power Ronic O.O.D., Happy Group 1 O.O.D., Fitness Flais Group O.O.D., Fitness Flais Pro O.O.D., and Flais Fit O.O.D., which manage a total of 11 fitness clubs operating under the Flais brand, with one additional club under construction, all located in Sofia;
- specific assets belonging to six fitness clubs (including two clubs under construction) for EUR 1 million, and entered into new lease contracts for these fitness clubs;
- rights to the device mark Flais for EUR 50 thousand.

The total purchase price is approximately EUR 15 million, with the final amount contingent on the net debt and net working capital of the acquired companies, calculated in accordance with the agreement. The share purchase price will be settled in instalments: (i) the first instalment, representing 92% of the share purchase price, is payable on the date of the transfer of the shares to the buyer following the fulfilment of the conditions precedent, including registration of the change in the share ownership and new membership of the acquirees' management boards by the competent registry court; (ii) the second instalment, representing the remaining 8% of the share purchase price, is payable 15 months after the transfer of ownership of the shares, upon fulfilment of the conditions set out in the agreement. The price for the purchased assets and trademark, amounting to EUR 1 million and EUR 50 thousand, respectively, was paid on 13 August 2024 as provided for in the agreement.

The agreement also includes security provisions and other standard terms.

Plan to merge Benefit Systems S.A. with Artis Club Sp. z o.o. and Good Luck Club GLC Sp. z o.o.

A plan of merger of Benefit Systems S.A. (as the acquirer) with Artis Club Sp. z o.o. and Good Luck Club GLC Sp. z o.o. (as the acquirees) was agreed on 14 August 2024. The plan provides for the transfer of all the assets of the acquirees to the acquirer.

2.5. Operating segments

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

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

1. Poland;
2. Foreign Markets.

The Group generates income and expenses from the above business lines which are reviewed regularly and used to make decisions on resources allocated to each segment and to assess the segments' results.

The Group has separate financial information available for each of the segments.

The Group applies the same accounting policies for all operating segments. The Group accounts for intersegment transactions on an arm's-length basis.

The segment's performance is assessed based on operating profit or loss and EBITDA (which is not a standard measure) defined by the Group as operating profit before depreciation and amortisation. In addition, the Group allocates to the operating segments interest on lease liabilities and share in the results of equity-accounted companies whose business is similar to that of a given segment.

Selected financial data of the operating segments for the six months ended 30 June 2024

	Poland	Foreign Markets	Corporate	Total
Revenue	**1,198,216**	**447,770**	**(99)**	**1,645,887**
Cost of sales	(774,700)	(313,253)	16	(1,087,937)
Gross profit/(loss)	**423,516**	**134,517**	**(83)**	**557,950**
Selling expenses	(65,228)	(30,682)	-	(95,910)
Administrative expenses**	(84,356)	(41,019)	(52,811)	(178,186)
Other income and expenses	(5,992)	498	1,788	(3,706)
Operating profit/(loss)	**267,940**	**63,314**	**(51,106)**	**280,148**
Share of profit of equity-accounted entities	307	-	-	307
Interest expense on lease liabilities	(17,161)	(2,586)	-	(19,747)
Depreciation and amortisation	143,996	23,115	2	167,113
EBITDA*	**411,936**	**86,429**	**(51,104)**	**447,261**
Segment's assets	2,747,192	491,064	(185,472)	3,052,784
Segment's liabilities	1,830,328	538,728	(188,872)	2,180,184
Investments in associates	3,404	-	-	3,404

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*
*** In the six months ended 30 June 2024, administrative expenses presented under Corporate included costs of the Incentive Scheme amounting to PLN 52.9 million.*

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

Selected financial data of the operating segments for the second quarter of 2024

	Poland	Foreign Markets	Corporate	Total
Revenue	**616,388**	**228,443**	**(52)**	**844,779**
Cost of sales	(372,898)	(152,229)	(3)	(525,130)
Gross profit/(loss)	**243,490**	**76,214**	**(55)**	**319,649**
Selling expenses	(33,260)	(16,680)	(6)	(49,946)
Administrative expenses**	(41,318)	(21,652)	(45,295)	(108,265)
Other income and expenses	(3,818)	77	(583)	(4,324)
Operating profit/(loss)	**165,094**	**37,959**	**(45,939)**	**157,114**
Share of profit of equity-accounted entities	112	-	-	112
Interest expense on lease liabilities	(8,178)	(1,466)	-	(9,644)
Depreciation and amortisation	73,699	12,272	2	85,973
EBITDA*	**91,395**	**25,687**	**(45,941)**	**71,141**

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*
*** In the second quarter of 2024, administrative expenses presented under Corporate included costs of the Incentive Scheme amounting to PLN 45.4 million.*

Reconciliation of total revenue, profit or loss and assets and liabilities of the operating segments to the corresponding items of the Group's interim condensed consolidated financial statements:

	1 Jan– 30 Jun 2024	1 Jan– 30 Jun 2023
Segments' revenue		
Total revenue of operating segments	1,645,986	1,322,877
Elimination of revenue from intersegment transactions	(99)	(74)
Revenue	**1,645,887**	**1,322,803**
Segments' profit/(loss)		
Segments' operating profit/(loss)	331,254	214,353
Unallocated profit/(loss)	(51,106)	(5,417)
Operating profit	**280,148**	**208,936**
Finance income	9,593	31,385
Finance costs	(24,029)	(19,638)
Loss allowances for financial assets	136	2,588
Share of profit of equity-accounted entities	307	363
Profit before tax	**266,155**	**223,634**

Segments' assets and liabilities	30 Jun 2024	31 Dec 2023
Total assets of operating segments	3,238,256	2,983,978
Unallocated assets	3,379	1,536
Elimination of intragroup balances and transactions	(188,851)	(185,091)
Total assets	**3,052,784**	**2,800,423**
Total liabilities of operating segments	2,369,056	1,986,898
Unallocated liabilities	46	37
Elimination of intragroup balances and transactions	(188,918)	(184,842)
Total liabilities	**2,180,184**	**1,802,093**

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

Eliminations of assets and liabilities include primarily intersegment loans and trade receivables arising from intersegment transactions.

2.6. Poland segment

The Poland segment's scope of operations includes non-pay benefits, such as sport cards and the MyBenefit cafeteria platform, management of fitness clubs, and investment in new clubs on the Polish market. The Group also creates online products in areas related to employee well-being as part of its MultiLife platform.

Sport cards are distributed by Benefit Systems S.A. and VanityStyle Sp. z o.o. Currently the following cards are available: MultiSport Plus, MultiSport Classic, MultiSport Light, MultiSport Kids/MultiSport Kids Aqua, MultiSport Student, MultiSport Senior, as well as FitSport and FitProfit.

Sport cards are one of the most popular non-pay benefits in Poland and, at the same time, they are also among the benefits most preferred by employees. Sport cards are unique because they combine, in a single product, benefits for various market participants; they benefit: employers as an effective tool for incentivising employees, cardholders by providing access to numerous facilities and activities, and sports facility operators by generating additional revenue streams. The market potential remains strong, as many Poles do not practise any sports and employers increasingly appreciate the benefits of their employees staying fit and healthy. According to the MultiSport Index 2023 survey, 72% of employees now state that post-pandemic sport cards have become more important for mental and physical health. Additionally, 68% believe that a MultiSport membership card should be an integral part of a basic workplace benefits package. At the end of the reporting period, the number of active cards in Poland was 1,497.7 thousand.

The Group is investing in the development of MyBenefit, its proprietary cafeteria platform offering a wide range of products and services, including the Benefit Systems Group's own products. The platform offers a wide range of benefits including sports and health, culture, entertainment, recreation, as well as domestic and international travel. The offering also comprises shopping vouchers that can be used at popular brand store chains in Poland, training courses, and food offering. Benefits are offered by reliable suppliers, and the partner network comprises approximately 1,800 entities and is constantly adapted to market and customer needs.

The MyBenefit cafeteria platform allows employees to choose freely from among a range of available benefits, within the limits and budgets set by their employers. Users can select benefits directly from the cafeteria online platform featuring individual user accounts. The solution, which gives employers full control of the benefits selected and simple settlement methods, has been taken up by companies from the manufacturing, services and trade industries, as well as public institutions. The MyBenefit platform is also an important channel for distributing sport cards offered by the Group.

At the same time, new features are being developed within the MyBenefit platform, making it a comprehensive tool for managing employer-employee processes. MyBenefit enables companies to implement tools such as corporate intranets, employee benefit reports (Total Reward Statements), employee request systems with e-signature support, gamification and reward systems, as well as surveys and quizzes.

The Parent is consistently expanding the MultiLife product, which provides access to online services such as language platform, e-books and audiobooks, diet creator, yoga course, mindfulness course, and consultations with experts. MultiLife is an online platform that provides holistic support in caring for employee well-being in four areas: growth, nutrition, health, and psychology.

The Benefit Systems Group also invests in fitness clubs to secure access to an adequate base of sports and recreation facilities. As at the end of June 2024, the Group had 227 own clubs in Poland, operated by Benefit Systems S.A.'s Fitness Branch and by Active Sport i Rekreacja Sp. z o.o., Interfit Club 1.0 Sp. z o.o., Interfit Club 4.0 Sp. z o.o., Interfit Club 5.0 Sp. z o.o., Interfit Consulting Spółka z ograniczoną odpowiedzialnością Sp.k., and Good Luck Club GLC Sp. z o.o. The Group's facilities operate under the following brands: Zdrofit, Fabryka Formy, Fitness Academy, My Fitness Place, FitFabric, Step One, Total Fitness, Saturn Fitness, Max-Gym, Active Fitness Club (renamed Max-Gym on 8 July 2024), Interfit Club, Good Luck Club, and Aquapark Wesolandia. The Group also held interests in companies managing an additional 12 facilities as at 30 June 2024.

The Group is also developing its online products, such as the Yes2Move exercise platform, which provides access to a constantly expanding base of online and live workouts conducted by qualified trainers.

Selected financial data of the Poland segment for the six months ended 30 June 2024 and 30 June 2023

Poland segment	1 Jan– 30 Jun 2024	1 Jan– 30 Jun 2023	Change
Revenue	1,198,216	931,852	28.6%
Cost of sales	(774,700)	(650,645)	19.1%
Gross profit	**423,516**	**281,207**	**50.6%**
Selling expenses	(65,228)	(56,483)	15.5%
Administrative expenses	(84,356)	(60,575)	39.3%
Other income and expenses	(5,992)	(3,202)	87.1%
Operating profit	**267,940**	**160,947**	**66.5%**
Share of profit of equity-accounted entities	307	363	(15.4%)
EBITDA*	**411,936**	**276,673**	**48.9%**
Gross margin	35.3%	30.2%	17.1%
Number of sport cards ('000)	*1,497.7*	*1,329.8*	*12.6%*
Number of B2C passes ('000)	*257.8*	*206.9*	*24.6%*
Number of clubs	*227*	*190*	*19.5%*
*Cafeterias sales (PLN million)***	*222.2*	*182.2*	*22.0%*
Number of Cafeterias users ('000)	*752.1*	*669.5*	*12.3%*

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*
*** Excluding sales of sport cards*

Selected financial data of the Poland segment for the three months ended 30 June 2024 and 30 June 2023

Poland segment	1 Apr– 30 Jun 2024	1 Apr–30 Jun 2023	Change
Revenue	616,388	496,461	24.2%
Cost of sales	(372,898)	(321,401)	16.0%
Gross profit	**243,490**	**175,060**	**39.1%**
Selling expenses	(33,260)	(28,207)	17.9%
Administrative expenses	(41,318)	(35,054)	17.9%
Other income and expenses	(3,818)	(1,551)	146.2%
Operating profit	**165,094**	**110,248**	**49.7%**
Share of profit of equity-accounted entities	112	215	(47.9%)
EBITDA*	**238,793**	**172,403**	**38.5%**
Gross margin	39.5%	35.3%	12.0%
Number of sport cards ('000)	*1,497.7*	*1,329.8*	*12.6%*
Number of B2C passes ('000)	*257.8*	*206.9*	*24.6%*
Number of clubs	*227*	*190*	*19.5%*
*Cafeterias sales (PLN million)***	*114.0*	*92.0*	*23.9%*
Number of Cafeterias users ('000)	*752.1*	*669.5*	*12.3%*

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*
*** Excluding sales of sport cards*

Revenue of the Poland segment rose by 24.2% year on year, Mainly on the back of an increase in the number of sport cards to 1,497.7 thousand as at the reporting date (vs 1,329.8 thousand in the comparative period) and higher fitness club sales.

On 1 February 2024, the Group acquired Active Point Fit & Gym, a fitness club located in Tychy, which was then integrated into the Fabryka Formy network.

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

In February 2024, the Parent opened four new clubs: two My Fitness Place outlets in Kraków, the FitFabric club in Łódź, and the Zdrofit Fort Wola club in Warsaw.

On 8 March 2024, the Parent launched its first boutique club Studio Zdrofit, located in the Wilanów district of Warsaw. The new fitness club boasts state-of-the-art technologies, including artificial intelligence solutions.

In April 2024, two fitness clubs were closed: Zdrofit Żoliborz Centrum Olimpijskie in Warsaw, and Fitness Academy Arkady in Wrocław.

On 29 April 2024, the Parent acquired all shares in Good Luck Club GLC Sp. z o.o. The acquisition expanded the Group's portfolio by adding four fitness clubs located in Gdańsk (one club), Pruszcz Gdański (two clubs), and Banino (one club).

In June 2024, a new Fabryka Formy fitness club opened in the Chorzów-Batory district of Chorzów.

As at 30 June 2024, the Group's fitness club count in Poland was 227, up from 224 at the end of March 2024. As at the date of issue of this report, the number of own clubs was 230.

In addition to the Group's own sports facilities, customers of the MultiSport programme enjoy access to a network of partner facilities, totalling approximately 5.2 thousand as at 30 June 2024.

In the six months to 30 June 2024, the Poland segment recognised depreciation of right-of-use assets of PLN 84.4 million and interest expense on lease liabilities of PLN 17.2 million.

2.7. Foreign Markets segment

The segment consists of companies engaged in the development of the MultiSport Programme, companies managing fitness clubs in foreign markets as part of the strategy to support the MultiSport card as the Group's main product, as well as holding companies: Benefit Systems International S.A., Fit Invest International Sp. z o.o., BSI Investments Sp. z o.o., and FII Investments Sp. z o.o.

Benefit Systems International S.A. is the parent of the other companies in the segment.

In the six months ended 30 June 2024, the following segment companies were engaged in the rollout of the MultiSport programme: MultiSport Benefit S.R.O. in the Czech Republic; Benefit Systems Bulgaria O.O.D. in Bulgaria; Benefit Systems Slovakia S.R.O. in Slovakia; Benefit Systems D.O.O. in Croatia; and Benefit Systems Spor Hizmetleri Ltd. in Turkey. Fitness club operations were managed by Form Factory S.R.O. in the Czech Republic; Form Factory Slovakia S.R.O. in Slovakia; Next Level Fitness O.O.D. in Bulgaria; and Fit Invest D.O.O. in Croatia. In 2023, FII Investments Sp. z o.o. was registered established to roll out the fitness club network in Turkey through its subsidiary, Fit Invest Spor Hizmetleri Ltd.

Selected financial data of the Foreign Markets segment for the six months ended 30 June 2024 and 30 June 2023

Foreign Markets segment	1 Jan– 30 Jun 2024	1 Jan– 30 Jun 2023	Change
Revenue	447,770	391,025	14.5%
Cost of sales	(313,253)	(289,098)	8.4%
Gross profit	**134,517**	**101,927**	**32.0%**
Selling expenses	(30,682)	(23,596)	30.0%
Administrative expenses	(41,019)	(26,146)	56.9%
Other income and expenses	498	1,221	(59.2%)
Operating profit	**63,314**	**53,406**	**18.6%**
EBITDA*	**86,429**	**73,468**	**17.6%**
Gross margin	**30.0%**	**26.1%**	**4.0pp**
Number of sport cards (‘000)	*495.6*	*470.5*	*5.3%*
Number of B2C passes (‘000)	*20.5*	*16.3*	*25.5%*
Number of clubs	*39*	*25*	*56.0%*

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*

Selected financial data of the Foreign Markets segment for the three months ended 30 June 2024 and 30 June 2023

Foreign Markets segment	1 Apr– 30 Jun 2024	1 Apr– 30 Jun 2023	Change
Revenue	228,443	201,103	13.6%
Cost of sales	(152,229)	(138,732)	9.7%
Gross profit	**76,214**	**62,371**	**22.2%**
Selling expenses	(16,680)	(11,926)	39.9%
Administrative expenses	(21,652)	(14,263)	51.8%
Other income and expenses	77	841	(90.8%)
Operating profit	**37,959**	**37,023**	**2.5%**
EBITDA*	**50,231**	**47,279**	**6.2%**
Gross margin	**33.4%**	**31.0%**	**2.3pp**
Number of sport cards (‘000)	*495.6*	*470.5*	*5.3%*
Number of B2C passes (‘000)	*20.5*	*16.3*	*25.5%*
Number of clubs	*39*	*25*	*56.0%*

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*

As at 30 June 2024, the number of cards was 495.6 thousand, marking an increase of 25.1 thousand cards compared with 30 June 2023. The Slovak market saw the most significant nominal growth, adding 11.3 thousand cards (up 21% year on year), followed by the Croatian market with a double-digit increase of 23%. In Turkey, the number of cards increased by 7.0 thousand, surpassing 10 thousand active cards as at 30 June. Bulgaria reported an increase of 6.1 thousand cards. The Czech Republic experienced a decrease of approximately 3% year on year, but the number of active cards has been steadily recovering each month.

In the three months to 30 June 2024, the number of cards rose by 1.6% on the first quarter of 2024.

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

Number of active sport cards* in Foreign Markets countries ('000):

Country	As at 30 Jun 2024*	As at 30 Jun 2023*	Change
Czech Republic	233.3	241.1	(3%)
Bulgaria	141.1	135	5%
Slovakia	65.4	54.1	21%
Croatia	45.7	37.1	23%
Turkey	10.1	3.1	226%
Total	**495.6**	**470.5**	**5%**

** Weighted average number of cards in the last month of the period.*

In parallel to the sales activities, the Foreign Markets segment companies improved the experience for MultiSport customers by developing the partnership network and monitoring the quality of cooperation with partners within the existing network. As at the end of second quarter of 2024, the MultiSport partner network comprised a total of 5,264 facilities, up by 874 year on year. The most substantial year-on-year growth, both in absolute numbers and percentage terms, occurred in Turkey, the Group's newest market.

Numbers of partner facilities in Foreign Markets countries:

Country	As at 30 Jun 2024	As at 30 Jun 2023	Change
Czech Republic	2,047	1,865	10%
Bulgaria	909	896	1%
Slovakia	902	801	13%
Croatia	471	406	16%
Turkey	935	422	122%
Total	**5,264**	**4,390**	**20%**

In the three months to 30 June 2024, companies within the Foreign Markets segment focused on seeking out new locations for fitness clubs and carrying out conversion work at contracted sites. During the period, two clubs in Bulgaria and one in Croatia were placed in operation.

At the same time, the segment companies conducted acquisition processes, which resulted in the purchase on 2 April 2024 of H.O.L.S. D.O.O., a company managing three fitness clubs in operation and one under construction (delivered in June 2024), and in the takeover, under the assignment of a lease contract, on 14 June 2024 of another fitness club in operation. All these acquisitions took place in Croatia.

In addition, in June 2024 a conditional agreement was concluded to acquire shares in and certain assets associated with the Flais fitness club network located in Sofia, Bulgaria. The final agreement was executed in August 2024, following the fulfilment of the relevant conditions precedent, granting the Benefit Systems Group the ownership of 15 fitness clubs in operation and three under construction, all of which are located within the city of Sofia (note 2.4).

Compared with March 2024, the number of owned locations in the segment increased by eight: two in Bulgaria and six in Croatia. As of the end of June 2024, the segment operated a total of 39 clubs.

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

Numbers of own fitness clubs in Foreign Markets countries:

Country	As at 30 Jun 2024	As at 30 Jun 2023	Change
Czech Republic	17	15	13%
Bulgaria	14	9	56%
Slovakia	1	1	0%
Croatia	7	-	-
Total	**39**	**25**	**56%**

The stable macroeconomic conditions in the markets of the Foreign Markets segment (except Turkey), combined with highly effective sales efforts, are expected to continue to drive strong sales growth.

In the six months to 30 June 2024, revenue grew by 14.5% year on year, with operating profit rising 18.6%, to PLN 63.3 million.

In the reporting period, the ratio of selling and administrative expenses to revenue increased (16.0% vs 12.7% in the corresponding period of 2023), mainly due to an increase in the segment companies' workforce.

In 2024, the Foreign Markets segment recognised depreciation of right-of-use assets of PLN 14.7 million and interest expense on lease liabilities of PLN 2.6 million.

2.8. Corporate

Selected financial data of the Corporate segment for the six months ended 30 June 2024 and 30 June 2023

Corporate	1 Jan– 30 Jun 2024	1 Jan– 30 Jun 2023	Change
Revenue	(99)	(74)	33.8%
Cost of sales	16	40	(60.0%)
Gross profit	**(83)**	**(34)**	**144.1%**
Selling expenses	-	-	**-**
Administrative expenses	(52,811)	(4,886)	980.9%
Other income and expenses	1,788	(497)	-
Operating profit/(loss)	**(51,106)**	**(5,417)**	**843.4%**
EBITDA*	**(51,104)**	**(5,417)**	**843.4%**

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

Selected financial data of the Corporate segment for the three months ended 30 June 2024 and 30 June 2023:

Corporate	1 Apr–30 Jun 2024	1 Apr–30 Jun 2023	Change
Revenue	(52)	(72)	(27.8%)
Cost of sales	(3)	40	(107.5%)
Gross profit	**(55)**	**(32)**	**71.9%**
Selling expenses	(6)	-	-
Administrative expenses	(45,295)	(3,721)	1,117.3%
Other income and expenses	(583)	(316)	84.5%
Operating profit/(loss)	**(45,939)**	**(4,069)**	**1,029.0%**
EBITDA*	**(31,737)**	**(4,069)**	**680.0%**

** The Group calculates EBITDA as operating profit plus depreciation and amortisation.*

The revenue presented in Corporate reflects intersegment eliminations.

The administrative expenses reported by the Corporate segment include mainly the costs of the Incentive Scheme of PLN 52.9 million for the first half of 2024 and PLN 5.0 million for the first half of 2023 (note 3.1).

The most significant item of other income and expenses is income and expenses of the MultiSport Foundation.

2.9. Selected financial ratios

Financial ratios of the Benefit Systems Group

Profitability ratios	1 Jan–30 Jun 2024	1 Jan–30 Jun 2023	Change
Gross margin	33.9%	29.0%	4.9pp
EBITDA margin	27.2%	26.1%	1.1pp
EBIT margin	17.0%	15.8%	1.2pp
EBIT margin net of the costs of the Incentive Scheme	20.2%	16.2%	4.0pp
Pre-tax margin	16.0%	16.5%	(0.5)pp
Net margin	12.2%	13.5%	(1.3)pp

Liquidity ratios	30 Jun 2024	31 Dec 2023	Change
Current ratio	0.65	0.86	(24.4%)
Current ratio net of lease contracts	0.80	1.15	(30.2%)
Quick ratio	0.62	0.84	(26.8%)
Quick ratio net of lease contracts	0.76	1.12	(32.0%)

The Group's profitability and liquidity were assessed based on the following ratios defined below:

- gross margin: gross profit / revenue,
- EBITDA margin: EBITDA (operating profit before depreciation and amortisation)/revenue,
- EBIT margin: operating profit / revenue,
- EBIT margin net of the costs of the Incentive Scheme: EBIT before the costs of the Incentive Scheme / revenue,
- pre-tax margin: profit before tax / (operating income + finance income),

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

- net margin: net profit / (operating income + finance income),
- current ratio: current assets / current liabilities,
- current ratio net of lease contracts: current assets / (current liabilities - current lease liabilities),
- quick ratio: (current assets - inventories - current prepayments) / current liabilities,
- quick ratio net of lease contracts: (current assets - inventories - current prepayments) / (current liabilities - current lease liabilities).

For information on liquidity management, see section 3.10. of this report. Benefit Systems S.A. and its subsidiaries rationally manage their sources of financing, using the financial leverage mechanism thanks to external capital raised at a cost lower than the rate of return on the Parent's equity.

2.10. Outlook

The Group invariably sees high long-term growth potential for the MultiSport programme in Poland and foreign markets. Public awareness of health protection and immune system strengthening has increased as a result of the COVID-19 pandemic. This has led to a rise in user activity and the popularity of sport cards. Both in Poland and in foreign markets, the Group has observed other trends that support further development of the sport card market. These trends include low unemployment rates coupled with a strong labour market, and an increased tendency to use sports products among the younger generations at the beginning of their professional careers.

According to the Group's estimates, the long-term potential of the sport card market ranges from 2.5 to 2.8 million cards in Poland and from 1.7 to 1.9 million cards abroad (Czech Republic, Bulgaria, Slovakia, and Croatia).

The outlook for the coming periods is significantly affected by the economic situation in the countries where the Group operates, including continuing high prices of energy, raw materials and fuels, inflation pressure, regulatory changes, slowing business activity in certain industries leading to increased unemployment, or depreciation of local currencies, which, in turn, may increase operating costs and hamper the demand for the services and products offered by the Group. On the other hand, according to the European Commission's forecasts, in 2024 and 2025, the Group's main markets are expected to experience a decline in inflation, a gradual acceleration in GDP growth, and a decrease or no significant increase in the unemployment rate. This may drive demand for the Group's services and products and reduce upward pressure on operating costs.

3. ADDITIONAL INFORMATION

3.1. Incentive Scheme

Pursuant to resolutions of the General Meeting, Benefit Systems S.A. has in place an Incentive Scheme (the "Incentive Scheme") for senior and middle management of the Parent and for the Benefit Systems Group subsidiaries with which the Parent has entered into relevant agreements. Under the Scheme, eligible employees receive subscription warrants convertible into shares in the Parent.

On 3 February 2021, the General Meeting resolved to establish an Incentive Scheme for 2021–2025 at the Parent. The purpose of the Incentive Scheme is to provide an incentive system that would promote employee productivity and loyalty, aimed at achieving strong financial performance and a long-term increase in the Parent's value. In the 2021–2025 edition of the Incentive Scheme, its participants (up to 149 persons) will be able to acquire up to a total of 125,000 subscription warrants (which, upon conversion into shares, will represent up to 4.1% of the Parent's (post-issue) share capital), entitling them to subscribe for a specific number of shares in the Parent in five equal tranches.

The vesting of the warrants will depend on the satisfaction of certain loyalty and effectiveness criteria set out in the Incentive Scheme Rules, and the operation of the Incentive Scheme in a given year will be subject to the mandatory condition that a specified level of consolidated operating profit adjusted for the accounting cost of the Incentive Scheme is achieved for a given financial year.

By a resolution of the General Meeting of 3 February 2021, the warrants not granted for 2021 may increase the number of warrants for 2023 (up to 12,500 Series K1 warrants) and 2025 (up to 12,500 Series K2 warrants). Series K1 Warrants may be granted in a number representing 50%, 75% and 100% of the maximum number of Series K1 Warrants only if the cumulative consolidated adjusted operating profit (net of the costs of the Incentive Scheme) exceeds the sum of the thresholds for 2021-2023, i.e. PLN 400 million, PLN 460 million and PLN 515 million, respectively. In the case of Series K2, the warrants may be granted if cumulative consolidated adjusted operating profit (net of the costs of the Incentive Scheme) for 2021-2025 exceeds the sum of the thresholds for that period (PLN 825 million, PLN 920 million and PLN 1,010 million), in a number representing, respectively, 50%, 75% and 100% of the maximum number of Series K2 warrants.

Following the achievement of 100% of the threshold for the condition relating to adjusted consolidated operating profit of the Group for 2023, 25,000 Series Ł subscription warrants were granted to senior management (including the Management Board of the Parent) on 18 March 2024. Following achievement of 100% of the threshold for the condition relating to adjusted consolidated operating profit of the Group for 2021–2023, 12,500 Series K1 subscription warrants for 2021 were granted on 18 March 2024. The fair value of the subscription warrants granted to the employees was estimated as at the grant date using the Black-Scholes model.

The total cost of the Incentive Scheme recognised by the Group in the six months ended 30 June 2024 was PLN 52.9 million. In 2023, the Group incurred costs of the Incentive Scheme of PLN 6.3 million, with PLN 5.0 million recorded in the six months to 30 June 2023.

The final verification to confirm whether the conditions for granting subscription warrants to eligible individuals (excluding Management Board members) have been met will be decided by the Management Board and the Supervisory Board within 60 days of the Annual General Meeting approving the Group's consolidated financial statements for 2023.

3.2. Dividend

On 15 December 2022, the Management Board of the Parent adopted a dividend policy for 2023-2025, under which the Management Board will recommend to the General Meeting payment of dividend of at least 60% of the Group's consolidated net profit for the previous financial year, less any unrealised foreign exchange gains or losses for the same period. The Management Board's recommendation will take into account the financial and liquidity position, growth prospects and investment needs of the Parent and the Group. The dividend policy is effective and applies as of the distribution of profit for the financial year ended 31 December 2022. The policy was positively assessed by the Supervisory Board of the Parent on 15 December 2022. The Management Board of the Parent also resolved to disapply the Dividend Policy for 2020–2023.

On 27 May 2024, the Parent's Management Board resolved recommended to propose to the Annual General Meeting that the entire net profit for 2023, amounting to PLN 348.6 million, be allocated for dividend payments to shareholders. Additionally, the Management Board proposed using statutory reserve funds by allocating PLN 50.8 million (a portion of the funds transferred to the statutory reserve funds from previous years' profits) for dividend payments. In total, the Management Board proposed allocating PLN 399.4 million for a dividend of PLN 135 per share. The Management Board's recommendation was approved by the Company's Supervisory Board at its meeting held on 27 May 2024.

On 28 June 2024, the Parent's Annual General Meeting passed a resolution to pay a dividend of PLN 399.4 million, or PLN 135 per share. The Parent's Annual General Meeting set the dividend record date for 16 September 2024, with the dividend to be paid in two equal instalments:

- PLN 67.5 per share on 27 September 2024, and
- PLN 67.5 per share on 25 November 2024.

3.3. Related-party transaction, if they were individually or jointly significant and were concluded on non-arm's length terms

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

3.4. Borrowings, guarantees and sureties obtained by the Group

On 27 May 2024, Lunching Sp. z o.o. received a PLN 0.7 million loan from its future owner, SmartLunch S.A. (note 2.3). Other than that, no new credit facility agreements or amending annexes to existing agreements were signed in the six months ended 30 June 2024.

3.5. Sureties for credit facilities or loans and guarantees provided by Benefit Systems Group

Contingent liabilities of Benefit Systems Group

	30 Jun 2024	31 Dec 2023	Change
Guarantees provided / Surety for payment of liabilities to:			
Associates	2,668	2,421	247
Total contingent liabilities	**2,668**	**2,421**	**247**

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

The disclosed contingent liabilities are related to the capital support provided to the associates and consist mainly of sureties granted for liabilities in respect of lease payments and payments for the use of fitness equipment.

3.6. Management Board's position regarding delivery against earnings forecasts

The Benefit Systems Group and the Parent did not publish any earnings forecasts for 2024.

3.7. Major shareholders

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

The equity and voting interests held in the Parent take account of the increase in the Parent's share capital made within the limit of its conditional share capital. Series D shares were acquired as part of the conditional share capital by holders of Series D, Series E and Series F subscription warrants granted by the Parent in accordance with the terms of the 2014–2016 Incentive Scheme, Series E shares – by holders of Series G, H and I subscription warrants granted by the Parent in accordance with the terms of the 2017−2020 Incentive Scheme, and Series G shares – by holders of Series L subscription warrants granted by the Parent in accordance with the terms of the 2021−2025 Incentive Scheme.

Shareholding structure

Shareholder	As at the issue date of the report H1 2024			As at the issue date of the report Q1 2024			Change
	Number of shares	Ownership interest	Voting interest	Number of shares	Ownership interest	Voting interest	
Benefit Invest 1 Company*	453,691	15.34%	15.34%	453,691	15.34%	15.34%	-
Fundacja Drzewo i Jutro*	208,497	7.05%	7.05%	208,497	7.05%	7.05%	-
Benefit Invest Ltd.*	10,421	0.35%	0.35%	30,421	1.03%	1.03%	(20,000)
Nationale-Nederlanden PTE	320,182	10.82%	10.82%	320,182	10.82%	10.82%	-
Allianz OFE	276,290	9.34%	9.34%	276,290	9.34%	9.34%	-
Marek Kamola	233,000	7.88%	7.88%	233,500	7.89%	7.89%	(500)
Generali OFE	216,221	7.31%	7.31%	220,673	7.46%	7.46%	(4,452)
Other	1,239,990	41.92%	41.92%	1,215,038	41.07%	41.07%	24,952
TOTAL	**2,958,292**	**100.00%**	**100.00%**	**2,958,292**	**100.00%**	**100.00%**	**-**

** Related individuals and/or entities as described in note 28 'Related-party transactions' in the Group's consolidated financial statements for 2023.*

As at the issue date of the report for the six months ended 30 June 2024, the Parent's share capital amounted to PLN 2,958,292. Number of shares comprising the share capital: 2,958,292 shares, including 2,204,842 Series A shares, 200,000 Series B shares, 150,000 Series C shares, 120,000 Series D shares, 74,700 Series E shares, 184,000 Series F shares, and 24,750 Series G shares. The shares of all series have a par value of PLN 1 per share. The total number of voting rights carried by all outstanding shares is 2,958,292. The equity interests held by individual shareholders in Benefit Systems S.A. are equal to their respective voting interests in the Company.

3.8. Changes in the number of shares or rights to such shares held by management and supervisory staff

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

Shares held by members of Benefit Systems S.A. Management Board

Member of the Management Board	As at the issue date of the H1 2024 report		As at the issue date of the Q1 2024 report		Change
	Number of shares	Ownership interest	Number of shares	Ownership interest	
Marcin Fojudzki	-	-	-	-	-
Emilia Rogalewicz	4,000	0.14%	4,000	0.14%	-
Total	**4,000**	**0.14%**	**4,000**	**0.14%**	**-**

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

Warrants held by Members of the Management Board as at the issue date of the H1 2024 report:

Member of the Management Board	Series K1 warrants granted for 2021	Series Ł warrants granted for 2023	Outstanding Series K1 and Ł warrants
Marcin Fojudzki	-	250	250
Emilia Rogalewicz	1,850	3,500	5,350
Total	**1,850**	**3,750**	**5,600**

The exercise price of the options granted as at the issue date of the report for the six months ended 30 June 2024 is PLN 752.01.

Members of the Supervisory Board of Benefit Systems S.A. do not hold any Company shares. A company controlled by the Chair of the Supervisory Board holds 453,691 shares in Benefit Systems S.A., representing 15.34% of its share capital. Furthermore, a person closely related to the Chairman of the Supervisory Board (within the meaning of Art. 160.2.1 of the Act on Trading in Financial Instruments) controls Benefit Invest Ltd. and that company holds 10,421 shares in Benefit Systems S.A., representing 0.35% of its share capital and the same percentage of total voting rights (as at the issue date of the report for the six months ended 30 June 2024). In addition, a person closely related to the Chair of the Supervisory Board is the Chair of the Supervisory Board of the Drzewo i Jutro Foundation, holding 7.05% of Benefit Systems S.A. share capital (note 3.7).

3.9. Composition of the Management Board and Supervisory Board

Management Board of the Parent

As at the authorisation of this report for issue on 21 August 2024, the Management Board of the Parent was composed of:

- Marcin Fojudzki – Member of the Management Board
- Emilia Rogalewicz – Member of the Management Board.

Supervisory Board

As at the authorisation of this report for issue on 21 August 2024, the Supervisory Board of the Parent was composed of:

- James van Bergh – Chair of the Supervisory Board
- Aniela Anna Hejnowska – Member of the Supervisory Board
- Julita Jabłkowska – Member of the Supervisory Board
- Krzysztof Kaczmarczyk – Member of the Supervisory Board
- Katarzyna Kazior – Member of the Supervisory Board
- Michael Sanderson – Member of the Supervisory Board.

In the period from 1 January 2024 to the authorisation of this interim consolidated Directors' Report for issue on 21 August 2024, the composition of the Management Board and the Supervisory Board changed as described below:

- On 27 May 2024, Wojciech Szwarc resigned as a Member of the Management Board, effective 28 May 2024, citing personal reasons for his resignation.
- On 25 June 2024, Artur Osuchowski resigned as a Member and Deputy Chair of the Parent's Supervisory Board with immediate effect in connection with his appointment to the Management Board of Orlen S.A.
- On 7 August 2024, the Extraordinary General Meeting appointed Julita Jabłkowska to the Parent's Supervisory Board for the term of office that commenced on 29 June 2023.

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.

3.10. Financial resources management at the Benefit Systems Group

In the six months ended 30 June 2024, the Benefit Systems Group and the Parent effectively managed their financial resources, ensuring the ability to meet their obligations.

The Group generates positive net cash flows from operating activities, showing a rising trend. Net cash from operating activities in the six months ended 30 June 2024 was PLN 401.1 million (after payment by Benefit Systems S.A. of PLN 80.8 million in income tax liabilities for 2023 in April 2024), having increased 16.7%, from PLN 343.7 million in the same period of 2023.

As at 30 June 2024, the Group held PLN 104.3 million in current bank accounts and PLN 416.8 million in short-term deposits. In addition, as at the reporting date, the Group reported a negative net debt and had available PLN 45.0 million under overdraft facilities and PLN 115 million under a syndicated credit facility (of which PLN 30 million may be utilised for general corporate purposes and the financing of working capital).

3.11. Factors and events, especially of non-recurring nature, with a bearing on financial results

In the reporting period, no non-recurring or extraordinary business events or circumstances which would have a material bearing on the financial results of the Benefit Systems Group and the Parent occurred. Any material non-recurring business events that could inform the analysis of the Group's performance relative to comparative periods or their recognition for accounting purposes are detailed in the comments on the affected operating segment (or under Corporate).

3.12. Seasonal and cyclical changes in the Group's business in the reporting period

The industry in which the Group operates is subject to seasonal variation. In the third quarter of the calendar year, the activity of holders of sport cards and fitness club passes tends to be lower than in the first, second and fourth quarters of the year, which affects revenue, costs and profitability of the sport card business and the operation of fitness clubs. On the other hand, seasonality of sales in the Cafeterias segment is reflected in an increase in revenues in the last month of the year, partly attributable to the Christmas period.

3.13. Proceedings instigated before a court or administrative authority, and material settlements arising in connection with court proceedings

Antitrust proceedings against Benefit Systems S.A.

On 22 June 2018, the President of the Office of Competition and Consumer Protection (the "President of UOKiK") initiated antitrust proceedings against Benefit Systems S.A. (and other entities) regarding allegations of forming a market-sharing cartel in the fitness club market, engaging in concerted practices related to exclusive cooperation arrangements with fitness clubs, and participating in concerted practices to limit competition in the market for sports and recreation package services (the "Proceedings").

On 4 January 2021, the Company received a decision of the President of UOKiK (the "Decision") concerning one of the three alleged breaches in respect of which the Procedure was initiated.

The President of UOKiK recognised the Company's participation in a market-sharing agreement between 2012 and 2017 as a practice restricting competition in the domestic market for the provision of fitness services in clubs, which constitutes an infringement of Art. 6.1.3 of the Act on Competition and Consumer Protection and Art. 101.1.c of the Treaty on the Functioning of the European Union.

The President of UOKiK imposed fines on the parties to the Proceedings, including: on the Company in the amount of PLN 26,915,218.36 (taking into account the succession resulting from the merger of the Company with those of its subsidiaries which are also named in the Proceedings) and on its subsidiary (Yes to Move sp. z o.o., formerly: Fitness Academy Sp. z o.o.) in the amount of PLN 1,748.74. Guided by, among other things, an analysis of well-known cases involving competition-restricting practices, where courts have often decided to significantly reduce fines imposed on businesses (in some cases by as much as 60-90%), and by the opinion of lawyers, the Parent recognised a provision for the fine of PLN 10.8 million in 2020.

The Parent did not agree with the Decision and filed an appeal against the Decision within the period prescribed by law.

On 21 August 2023, the Polish Court of Competition and Consumer Protection (the “Court”) dismissed the Parent’s appeal against the Decision. The Court’s judgment is not final. The Parent disagrees with the judgment and has filed an appeal within the prescribed time frame. Following legal advice, as at 30 June 2024, the Parent maintained the provision at an unchanged amount.

With respect to the two other alleged breaches (alleged concerted practices with respect to exclusive cooperation arrangements with fitness clubs, and alleged concerted practices to restrict competition in the market for sports and recreation package services), the proceedings were closed following the issue, on 7 December 2021, of a decision by the President of UOKiK (“Decision 2”) under Art. 12.1 of the Act on Competition and Consumer Protection of 16 February 2007. By Decision 2, the President of UOKiK did not impose any fine on the Company and obliged the Company to take certain measures described in note 34.1 to the Consolidated Financial Statements of the Group for 2022, which were fully implemented by the Parent by the prescribed deadline.

3.14. Significant risk factors and threats, and the Group’s exposure to such risks or threats

The following outlines risks and threats that could adversely impact the Group’s operations, financial condition, results, and growth prospects. These risks include both controllable and manageable factors, as well as those largely beyond the Group’s control. The latter encompasses macroeconomic shifts, geopolitical tensions, pandemics, and cybersecurity threats. While the Parent has made every effort to identify material risks and threats, it is possible that some risks may not have been identified or assessed accurately, or that their potential impact on the Group’s operations and performance may be underestimated. For details on risks related to financial instruments, such as market risk, credit risk, and liquidity risk, please refer to section 6.21 ‘Risk arising from financial instruments’ in the interim condensed consolidated financial statements of the Benefit Systems Group for the six months ended 30 June 2024.

Macroeconomic and geopolitical risks

The risk of deterioration in the macroeconomic climate, stemming from armed conflicts, potential pandemics, and the broader global economic situation, may lead to slower GDP growth, worsened economic conditions, and adverse changes in the labour market, potentially decreasing revenue from the Group’s operations. Specifically, operating in a high-inflation environment may challenge the Group’s ability to effectively raise service prices for customers and users, and may increase operating costs at MultiSport partner facilities and its own sports facilities (including due to rising energy prices), raise the cost of remuneration for employees and associates, and cause price pressure from cafeteria partners and other suppliers.

The possibility of increasing or maintaining the prices of MultiSport, MyBenefit and MultiLife services in a high-inflation environment may be further undermined by the price pressure from competitors, which are increasingly seeking to carve out larger shares in the market for non-pay employee benefits. If these risks materialise, they could lead to reduced margins and profitability.

The Group actively monitors these risks and takes measures to mitigate their impact. In the six months ended 30 June 2024, the Group was able to increase the prices of its products without causing customer attrition. However, there remains a risk that the ability of the Group’s customers and business partners to flexibly adapt to changing conditions may be limited.

At the same time, economic and geopolitical instability, rising living costs, armed conflicts, and inflation are impacting society. Customers and users may cut back on spending for sports, recreation, and other non-pay benefits as part of their savings efforts. This could negatively affect customer and user numbers.

The risk factors set out above could adversely affect the Group’s business, financial condition, results of operations, and prospects.

Risk related to pandemics

The occurrence of pandemics or infectious diseases can materially impact the Group’s operations due to potential restrictions and unpredictable changes in user behaviour regarding the services provided by the Group. Pandemics present the risk that the Group, its employees, suppliers, and business partners, may experience operational disruptions for an unpredictable period. These disruptions could result from restrictions on business activities and movement, social distancing requirements, stay-at-home orders, and other temporary legal restrictions. The duration and extent of a pandemic's effects are highly uncertain and difficult to predict.

The COVID-19 pandemic prompted the Group to adapt its offerings to diversify its product range (including the new MultiLife card) and, thus, revenue sources for the Group.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to competitors

Competitors' activities may adversely impact the Group's operations and its ability to achieve business objectives. There is a risk that competitors in the sport card market, such as Medicover Sport and PZU Sport, will expand their networks of owned and partner facilities, increase their share in the card market and introduce new, innovative products aimed at employers and/or their employees. Moreover, competitors may offer sport cards at discounted prices, putting pressure on the Group's pricing. The price competition could also extend to pass prices and validity periods as a result of further acquisitions of facilities by other companies.

In the cafeteria and HR support solutions market, strong competition requires the Group to swiftly adapt to changing employer expectations and market conditions, including by continually developing technologies and expanding its product and service offerings. There is a risk that competitors may deploy more advanced and attractive technologies, offering enhanced features, improved user experience, and better integration with employers' systems, thereby delivering innovative non-pay employee benefit services faster and better.

The market for products competing with MultiLife – those supporting mental and physical health, physical activity, and personal development – is fragmented. It includes both companies specialising in specific employee wellbeing fields, such as mental health, and companies offering multi-dimensional solutions across various areas. MultiLife provides the flexibility to address a diverse range of needs for a broad spectrum of customers.

Competition arising from the above factors may lead to decline in the Group's growth rate, stagnation or reduction of the Group's market share and lower profitability. The Group's ability to compete effectively depends on a number of external factors beyond its control. The Group continuously monitors and analyses the non-pay employee benefits market, invests in enhancing its offerings, expands the range of products and services, improves the quality and safety of its services and products, and engages in active marketing and promotional activities.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risks related to the Group's growth and development

The Group constantly grows its business through mergers and acquisitions or the development of new products and services. Failure to manage this growth effectively could harm the Group's reputation, hinder its development, and negatively impact its operating performance. If the growth and development strategies are implemented too fast, it may lead to reduced operational efficiency, difficulties in adapting business processes, excessive workloads for employees, and increased employee turnover. There is also a risk of failure to align the pace of technological advancements or process automation with new business requirements.

If the Group fails to implement necessary changes and adapt its processes in a timely manner, it may affect its business, financial condition, and performance.

To mitigate this risk, the Group employs a structured process for acquisitions and mergers and, when needed, collaborates with top experts and reputable external partners. Furthermore, the Group analyses its needs for new business requirements, including in human, technological and financial resources, in order to reduce the adverse impact of operational changes.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to mergers and acquisitions

To grow its business, the Group acquires and may in the future acquire or invest in other companies, assets, and projects. Acquisition transactions involve a number of risks, including:

1. Difficulties in achieving expected benefits within the anticipated timeframe
2. Difficulties in retaining key personnel
3. Issues related to technological, legal, financial, or HR integration
4. Disruption of operational processes
5. Difficulties in standardising processes and rules
6. Difficulties in obtaining necessary regulatory approvals.

If the Group fails to accurately assess the value of a transaction, integrate the acquired entity effectively and cost-efficiently, or incurs costs that later prove unjustified, it could adversely impact the Group's operations. The Group mitigates these risks by following a structured acquisition process aligned with best practices and, when needed, by consulting reputable advisory firms.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to international operations

The Group sells its MultiSport membership cards in the Czech Republic, Bulgaria, Croatia, Turkey, and Slovakia. While international operations are increasingly contributing to the Group's performance, they also carry the following risks:

1. Failure to enter a new market due to difficulties in adapting the Group's business model to local market conditions or specific needs;
2. Impact of local economic, market and political conditions on the Group's operations;
3. Impact of local regulatory and legal environment (including tax laws and data privacy regulations). For example, local governments might eliminate or reduce tax credits, or impose additional charges, which could adversely affect the sale of the Group's services in those countries. As a result, the Group's services may become less attractive, which may adversely affect the Group's performance;
4. Difficulties in hiring, retaining, and managing personnel due to cultural and language differences, and other local factors;
5. Currency risk;
6. Geopolitical events, including war and acts of terrorism;
7. Differences in user behaviour, habits, and expectations;
8. Local competitors and their growth strategies;
9. Social inequalities, including wage disparities, limited access to managerial positions, restricted professional development opportunities, and lack of workplace diversity resulting from local conditions.

The Group also explores other markets for potential expansion opportunities. It is uncertain whether the Group's business model will achieve the expected profitability in international markets or be successfully adopted in potential new markets. Unsuccessful expansion into new markets may mean that the expenditure incurred cannot be recouped.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to the business model

In determining the prices of its MultiSport membership cards, the Group is guided by its own estimates of the frequency of visits by cardholders (users) to sport facilities. These estimates are based on an analysis of available data on the activity of users (customers' employees) for different customer characteristics and for different product financing models.

The Group's main cost items are:

1. Payments to partner facilities;
2. Costs associated with the day-to-day operations of the Group and its own sports facilities.

Sudden changes in the activity of users (MultiSport cardholders) may result in inadequate prices of the main product and inability to quickly adjust them to the level of costs incurred by the Group. Furthermore, no assurance can be given that unit cost of cardholders' visits to partner venues would not increase, or that costs incurred by the Group to operate its own clubs would not increase. In addition, there is a risk that due to the financial situation of the Group's partners and customers, their flexibility to adapt to changing business conditions may be limited. This may result in a longer period of adjustment of product prices to the costs incurred and may create the risk of lower profits margins achieved on the Group's core product. An additional factor is the price pressure from competitors, which are increasingly seeking to carve out larger shares in the sport card section of the market for non-pay employee benefits.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk of changing user preferences regarding employee benefits

The Group's flagship product is MultiSport cards, which provide users with access to fitness clubs and other sport and recreational activities. Access to fitness clubs and partner sports facilities remains the main reason why the Group's customers choose to establish a relationship with the Group. There is a risk that the preferences of existing and potential cardholders may change, including as a result of unforeseen events, such as pandemics, and they will decide to exercise away from sports facilities (at home or outdoors) or change their selection of non-pay benefits.

The occurrence of the above risk, despite the adaptation of the Group's offer to changing expectations (e.g., new sport activities, online exercise platform, cafeteria programmes, development of new MultiLife products and services), may in the long term result in an increase in the number of membership cancellations by users, which in turn may have a material adverse effect on the Group's business, financial condition, or growth prospects. The Group continuously invests in enhancing its offerings and increasing their appeal to users. This includes expanding its network of fitness clubs, developing its mobile app, improving user identification processes, and embracing modern technologies. Additionally, the Group undertakes initiatives to boost brand awareness, promote physical activity, and support employee wellbeing.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk of employers changing the funding model for non-pay benefits

Most MultiSport, MultiLife and MyBenefit products are co-financed by employers – the Group's customers – for their employees (cardholders). There is a risk that, particularly due to a deterioration in the financial situation of the Group's customers, the funding model for non-pay benefits provided by employers could change. Such changes might lead to reduced fees paid by customers and users, a decrease in the number of users, and a lasting increase in the proportion of heavy users among all MultiSport users. This, in turn, could negatively impact the Group's revenue and profitability.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to retaining MultiSport partner facilities

Over 90% of the sports facilities the Group collaborates with under the MultiSport programme are partner facilities. If key partners, particularly those with premium locations, decide to discontinue their cooperation – potentially due to acquisitions by competitors – the Group might lose essential geographical coverage. This could result in a higher number of MultiSport card cancellations.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to new products, services, and technologies

The Group is continually developing and introducing new products, services, and technologies. These activities carry risks related to market reception by our customers and users.

Disruptions in the implementation, operation, or performance of new offerings – such as failures, quality issues, or delays – could lead to dissatisfaction among target customers, potentially affecting the profitability of these products and, consequently, the Group's operations and financial performance. Additionally, new products and services might not achieve the anticipated profitability, posing a risk of not recovering the capital invested.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Cybersecurity risks and risks related to personal data protection

Ensuring the security of infrastructure and information, including personal data, is a top priority for the Group. We employ appropriate security measures and solutions to safeguard against cyber threats such as phishing, malware, and ransomware. However, our systems may be vulnerable to damage from cyber attacks originating from various sources, some of which are beyond our direct control. A security breach, particularly a personal data breach, could negatively impact the Group's business operations and relationships, leading to disruptions, financial losses, reputational damage, and loss of customers, users, and suppliers. As the Group expands and introduces new products and services, the volume of processed information, including personal data, may increase. Inadequate protection or failure to prevent or mitigate breaches effectively could result in regulatory penalties, legal disputes, and liabilities under data protection laws, potentially leading to customer and user attrition or otherwise harming the Group's business and reputation.

The Group implements procedures, processes, and technologies to ensure data security and legal compliance, Using well-established and proven market solutions. Despite these measures, no system is entirely impervious to attacks and incidents. No assurance can be given that no breaches will occur or that potential incidents will not have impact on its operations and financial results. Additionally, cybersecurity risks may be exacerbated by geopolitical events, such as the ongoing conflict in Ukraine, which are beyond the Group's control.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risks related to changes resulting from technological progress

The Group relies extensively on technology in its operations. Despite the Group's ongoing monitoring of technological advancements, there remains a risk that the technologies currently used by the Group may become less attractive in terms of cost or quality. Transitioning to new technologies or upgrading existing ones may involve significant financial investment and considerable time and resources. In addition, no assurance can be given that existing or future competitors will not offer more advanced or appealing technological solutions, such as those with enhanced features, improved user experience, or better speed and security.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risks related to IT systems implementation and maintenance, and operational continuity

The Group's operations rely heavily on its IT systems, which must be efficient, reliable, and secure, as well as on operational continuity and the ability to expand and update the infrastructure in response to changing needs.

The Group manages IT risks through established procedures and controls designed to prevent or mitigate potential issues. However, despite these risk mitigation measures, the Group's IT systems may still be susceptible to various internal and external threats, including human errors, system failures, and issues with third-party IT solution, service or software providers.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to human resources

Key factors influencing the Group's business and future growth include the human resources and skills of key highly-qualified employees and associates, including management staff. Inadequate recruitment and retention of skilled specialists and qualified management personnel could negatively impact the Group's business and results of operations.

Failure to effectively recruit, train, manage, and retain a sufficient number of qualified employees and associates may hinder operations, damage the Group's reputation, and affect its financial performance.

Risks related to human resources also encompass changes in the labour market, such as rising salary expectations and pay pressure, which may increase the Group's operating expenses.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to legal compliance, including personal data protection regulations

The Group must adhere to local and European Union laws and regulations, particularly those governing personal data protection. Any instances of non-compliance, especially concerning privacy or data protection regulations, could damage the Group's reputation, diminish its ability to attract and retain customers, business partners, and users, and result in financial penalties, thus adversely affecting its business, financial condition, and results of operations.

Although the Group has implemented numerous measures to ensure compliance with legal requirements, especially those related to personal data protection, full protection cannot be guaranteed due to factors beyond the Group's control.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to antitrust regulations and proceedings

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

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to changes and interpretation of tax laws

Changes in tax laws or differing interpretations of local or EU tax regulations may adversely affect the Group's business. The Polish legal system is characterised by frequent changes in tax regulations, Which are often imprecise, ambiguously interpreted, or subject to changing interpretations. Practices and decisions by tax authorities and courts can vary and lack consistency. Companies operating in Poland face a greater risk compared to those in more stable tax environments.

Changes in tax laws or tax authorities taking a different approach to the application and interpretation of tax laws than the approach currently applied by the Group could significantly impact the Group's financial condition and growth prospects.

Additionally, new tax and tax reporting obligations at the EU level may be introduced, potentially affecting the Group's operations and requiring compliance with new EU regulations in the countries where the Group operates.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to changes in the legal environment

The Group is subject to local and European Union regulations, including those applicable to listed entities, personal data protection, cybersecurity, online trading platforms, and consumer rights. Adverse changes in these laws or their interpretations may necessitate modifications to the Group's internal processes, procedures, products, and services, or even require a reassessment and adjustment of the business model. In particular, regulations governing company social benefits funds are crucial for the Group's operations in Poland. A portion of the Group's revenue from the sale of MultiSport and MultiLife cards and cafeteria programmes in Poland is financed or co-financed by customers through their companies' social benefits funds, as regulated by applicable legislation. Changes to these regulations could negatively impact the Group's business.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Risk related to ESG

The increasingly complex legal environment and growing requirements for sustainability management and reporting – encompassing ESG (Environmental, Social, and Governance) factors – may pose challenges for the Group in adapting to new conditions and regulations. The complexity of these laws and regulations can create ambiguities in interpretation, potentially leading to misassessment of compliance. The scale of regulatory changes may necessitate substantial organisational effort, including significant adjustments to existing reporting processes, which carries a risk of non-compliance.

Additionally, the Group's initiatives and activities under its ESG strategies may prove insufficient, or the Group may encounter difficulties in their implementation. Failure by the Group or its business partners to comply with generally accepted ESG regulations and publicly stated commitments, for instance those articulated in the Group's plans and procedures, could negatively impact the Group's business. Inadequate ESG risk management may result in reputational damage as well as legal and regulatory issues, potentially leading to financial losses. Efforts to restore the Group's brand value and rebuild its reputation could be both costly and time-consuming.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

Reputational risk

The Group considers its reputation essential for attracting and retaining customers, business partners, users, and employees, as well as for securing financing. The risk of reputational damage may arise from operational, legal, and compliance issues. Significant deficiencies in integrity, compliance, operational and technological efficiency, or reporting standards could pose a threat to the Group's reputation. These risks are actively monitored, analysed, and mitigated through the Group's risk management system. Additionally, reputational damage may occur due to negative public perception regarding the actual or perceived business conduct of the Group, including its employees, associates, partners, or affiliated organisations.

The risk factors set out above could adversely affect the Group's business, financial condition, results of operations, and prospects.

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

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

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

AUTHORISATION FOR ISSUE

This interim consolidated Directors' Report on the operations of the Benefit Systems Group for the six months ended 30 June 2024 (including the comparative data) was authorised for issue by the Management Board of the Parent on 21 August 2024.

Date	Full name	Position	Signature
21 August 2024	Marcin Fojudzki	Member of the Management Board	
21 August 2024	Emilia Rogalewicz	Member of the Management Board	

All amounts are expressed in thousands of Polish złoty unless indicated otherwise.