

CONSOLIDATED QUARTERLY REPORT OF THE BENEFIT SYSTEMS GROUP

FOR THE NINE MONTHS
ENDED SEPTEMBER 30TH 2022



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SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA OF THE BENEFIT SYSTEMS GROUP	PLN '000		EUR '000	
	for the period January 1st – September 30th 2022	for the period January 1st – September 30th 2021	for the period January 1st – September 30th 2022	for the period January 1st – September 30th 2021
Revenue	1,346,863	576,327	287,300	126,429
Operating profit/(loss)	138,756	(41,870)	29,598	(9,185)
Profit/(loss) before tax	95,127	(50,865)	20,292	(11,158)
Net profit/(loss) from continuing operations	74,721	(48,154)	15,939	(10,564)
Profit/ (loss) attributable to owners of the parent	74,111	(48,622)	15,809	(10,666)
Net cash from operating activities	276,830	165,884	59,051	36,390
Net cash from investing activities	(112,419)	(50,975)	(23,980)	(11,182)
Net cash from financing activities	(274,064)	(35,707)	(58,461)	(7,833)
Net change in cash and cash equivalents	(109,653)	79,202	(23,390)	17,375
Earnings/(loss) per share attributable to owners of the parent (PLN/EUR)	25.26	(17.30)	5.39	(3.79)
Diluted earnings/(loss) per share attributable to owners of the parent (PLN/EUR)	25.26	(17.20)	5.39	(3.77)

	as at September 30th 2022	as at December 31st 2021	as at September 30th 2022	as at December 31st 2021
Assets	2,065,249	2,180,798	424,093	474,148
Non-current liabilities	883,926	894,823	181,512	194,552
Current liabilities	520,860	684,298	106,957	148,780
Equity attributable to owners of the parent	663,344	603,747	136,216	131,266
Share capital	2,934	2,934	602	638
Number of shares	2,933,542	2,933,542	2,933,542	2,933,542

SELECTED FINANCIAL DATA OF BENEFIT SYSTEMS S.A.	PLN '000		EUR '000	
	for the period January 1st – September 30th 2022	for the period January 1st – September 30th 2021	for the period January 1st – September 30th 2022	for the period January 1st – September 30th 2021
Revenue	892,495	371,955	190,379	81,596
Operating profit/(loss)	106,927	(30,912)	22,809	(6,781)
Profit/(loss) before tax	80,088	(35,579)	17,084	(7,805)
Net profit/(loss) from continuing operations	67,179	(28,039)	14,330	(6,151)
Net cash from operating activities	213,985	88,503	45,645	19,415
Net cash from investing activities	(96,862)	(25,941)	(20,662)	(5,691)
Net cash from financing activities	(240,372)	(7,859)	(51,274)	(1,724)
Net change in cash and cash equivalents	(123,249)	54,703	(26,290)	12,000
Earnings/(loss) per share attributable to owners of the parent (PLN/EUR)	22.90	(9.98)	4.88	(2.19)

	as at September 30th 2022	as at December 31st 2021	as at September 30th 2022	as at December 31st 2021
Assets	1,926,917	2,042,422	395,687	444,063
Non-current liabilities	676,584	723,295	138,935	157,259
Current liabilities	425,375	596,984	87,350	129,796
Equity	824,958	722,143	169,403	157,008
Share capital	2,934	2,934	602	638
Number of shares	2,933,542	2,933,542	2,933,542	2,933,542

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

	September 30th 2022	December 31st 2021	September 30th 2021
Data as at – exchange rate as at	4.8698	4.5994	4.6329
Data for period – average exchange rate for 9 months	4.6880	-	4.5585

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BENEFIT SYSTEMS GROUP

1.1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	September 30th 2022	December 31st 2021
Goodwill		461,047	446,395
Intangible assets	2.6	121,199	101,324
Property, plant and equipment	2.6	299,061	327,277
Right-of-use assets	2.7	796,298	786,453
Investments in associates		5,091	5,367
Trade and other receivables		10,747	10,212
Loans and other non-current financial assets		9,622	20,617
Deferred tax assets		30,775	30,312
Non-current assets		1,733,840	1,727,957
Inventories		6,016	4,377
Trade and other receivables		175,627	193,423
Current tax assets		39	491
Loans and other current financial assets		6,365	1,535
Cash and cash equivalents	2.8	143,362	253,015
Current assets		331,409	452,841
Total current assets		331,409	452,841
Total assets		2,065,249	2,180,798

EQUITY AND LIABILITIES	Notes	September 30th 2022	December 31st 2021
<i>Equity attributable to owners of the parent:</i>			
Share capital	2.15	2,934	2,934
Share premium		291,378	291,378
Translation reserve		(17,351)	(7,416)
Retained earnings		386,383	316,851
Equity attributable to owners of the parent		663,344	603,747
Non-controlling interests		(2,881)	(2,070)
Total equity		660,463	601,677
Employee benefit provisions		220	270
Other provisions		10,767	10,767
Total long-term provisions		10,987	11,037
Trade and other payables		1,232	2,279
Deferred tax liability		3,448	3,063
Other financial liabilities		25,613	38,394
Borrowings, other debt instruments	2.9	66,087	91,443
Lease liabilities	2.7	776,559	748,500
Contract liabilities		0	107
Non-current liabilities		883,926	894,823
Employee benefit provisions		5,258	2,701
Other provisions		436	5
Total short-term provisions		5,694	2,706
Trade and other payables		275,795	321,537
Current income tax liabilities		7,149	2,858
Other financial liabilities		16,363	25,502
Borrowings, other debt instruments	2.9	27,393	130,492
Lease liabilities	2.7	170,623	188,335
Contract liabilities		17,843	12,868
Current liabilities		520,860	684,298
Total current liabilities		520,860	684,298
Total liabilities		1,404,786	1,579,121
Total equity and liabilities		2,065,249	2,180,798

1.2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	January 1st – September 30th 2022	July 1st – September 30th 2022	January 1st – September 30th 2021	July 1st – September 30th 2021
Continuing operations					
Revenue	2.3	1,346,863	485,424	576,327	297,254
Revenue from sales of services		1,328,265	478,998	570,130	293,512
Revenue from sales of merchandise and materials		18,598	6,426	6,197	3,742
Cost of sales	2.3	(1,007,162)	(342,139)	(503,992)	(240,915)
Cost of services sold		(995,834)	(338,376)	(500,773)	(239,149)
Cost of merchandise and materials sold		(11,328)	(3,763)	(3,219)	(1,766)
Gross profit/(loss)		339,701	143,285	72,335	56,339
Selling expenses	2.3	(93,322)	(32,906)	(54,923)	(22,262)
Administrative expenses	2.3	(105,502)	(40,342)	(79,611)	(30,431)
Other income		5,408	1,374	27,554	5,806
Other expenses		(7,529)	(2,306)	(7,225)	(3,220)
Operating profit/(loss)		138,756	69,105	(41,870)	6,232
Finance income	2.4	3,287	1,400	5,811	(9,368)
Finance costs	2.4	(45,731)	(25,299)	(15,685)	(4,666)
Impairment losses on financial assets		(909)	(31)	(43)	60
Share of profit/(loss) of equity-accounted entities		(276)	(449)	922	98
Profit/(loss) before tax		95,127	44,726	(50,865)	(7,644)
Income tax	2.5	(20,406)	(10,158)	2,711	(1,499)
Net profit/(loss) from continuing operations		74,721	34,568	(48,154)	(9,143)
Net profit/(loss)		74,721	34,568	(48,154)	(9,143)
Net profit/(loss) attributable to:					
- owners of the parent		74,111	34,405	(48,622)	(9,974)
- non-controlling interests		610	163	468	831

EARNINGS/(LOSS) PER ORDINARY SHARE (PLN)

	Notes	January 1st – September 30th 2022	January 1st – September 30th 2021
<i>from continuing operations</i>			
- basic	2.16	25.26	(17.30)
- diluted		25.26	(17.20)
<i>from continuing and discontinued operations</i>			
- basic	2.16	25.26	(17.30)
- diluted		25.26	(17.20)

1.3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	January 1st – September 30th 2022	July 1st – September 30th 2022	January 1st – September 30th 2021	July 1st – September 30th 2021
Net profit/(loss)	74,721	34,568	(48,154)	(9,143)
Other comprehensive income	(10,264)	(8,051)	(1,867)	(2,173)
Items not reclassified to profit or loss	0	0	0	0
Items reclassified to profit or loss	(10,264)	(8,051)	(1,867)	(2,173)
- <i>Exchange differences on translation of foreign operations</i>	(10,264)	(8,051)	(1,867)	(2,173)
Comprehensive income	64,457	26,517	(50,021)	(11,316)
Comprehensive income attributable to:				
- owners of the parent	64,339	26,757	(49,416)	(11,530)
- non-controlling interests	118	(240)	(605)	214

1.4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at January 1st 2022	2,934	0	291,378	(7,416)	316,851	603,747	(2,070)	601,677
Changes in equity in the period January 1st–September 30th 2022								
Increase in shares in subsidiary due to acquisition of non-controlling interest without change of control	0	0	0	0	(5,989)	(5,989)	318	(5,671)
Valuation of put options attributable to minority shareholders	0	0	0	0	286	286	(286)	0
Dividends	0	0	0	0	1,124	1,124	(1,124)	0
Total transactions with owners	0	0	0	0	(4,579)	(4,579)	(1,092)	(5,671)
Net profit/(loss) for period	0	0	0	0	74,111	74,111	610	74,721
Exchange differences on translation of foreign operations	0	0	0	(9,935)	0	(9,935)	(329)	(10,264)
Total comprehensive income	0	0	0	(9,935)	74,111	64,176	281	64,457
Total changes	0	0	0	(9,935)	69,532	59,597	(811)	58,786
Balance as at September 30th 2022	2,934	0	291,378	(17,351)	386,383	663,344	(2,881)	660,463

CONTD.

	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at January 1st 2021	2,894	(118,157)	272,107	(4,562)	372,245	524,527	(1,527)	523,000
Changes in equity in the period January 1st – September 30th 2021								
Changes in Group structure (transactions with non-controlling interests)	0	0	0	0	831	831	(789)	42
Sale of treasury shares	0	118,157	0	0	(25,697)	92,460	0	92,460
Dividends	0	0	0	0	0	0	(457)	(457)
Total transactions with owners	0	118,157	0	0	(24,866)	93,291	(1,246)	92,045
Net profit/(loss) for period	0	0	0	0	(48,622)	(48,622)	468	(48,154)
Exchange differences on translation of foreign operations	0	0	0	(794)	0	(794)	(1,073)	(1,867)
Total comprehensive income	0	0	0	(794)	(48,622)	(49,416)	(605)	(50,021)
Total changes	0	118,157	0	(794)	(73,488)	43,875	(1,851)	42,024
Balance as at September 30th 2021	2,894	0	272,107	(5,356)	298,757	568,402	(3,378)	565,024

1.5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	January 1st – September 30th 2022	January 1st – September 30th 2021
<i>Cash flows from operating activities</i>		
Profit/(loss) before tax	95,127	(50,865)
<i>Adjustments:</i>		
Depreciation and amortisation of non-financial non-current assets	170,202	153,082
Change in impairment losses and write-off of assets	1,074	18
Effect of lease modifications	(6,343)	(18,159)
Measurement of liabilities arising from acquisition of shares	364	(2,871)
Gains/(losses) on sale and value of liquidated non-financial non-current assets	2,285	27
Foreign exchange gains/(losses)	24,776	(1,646)
Interest expense	19,194	14,093
Interest income	(3,287)	(1,215)
Share of profit/(loss) of associates	276	(922)
Change in inventories	(1,639)	(250)
Change in receivables	15,497	59,252
Change in liabilities	(33,255)	20,229
Change in provisions	2,938	767
Other adjustments	1,378	629
Cash flows provided by (used in) operating activities	193,460	172,169
Income tax paid	(11,757)	(6,285)
Net cash from operating activities	276,830	165,884
<i>Cash flows from investing activities</i>		
Purchase of intangible assets	(34,163)	(25,620)
Purchase of property, plant and equipment	(45,321)	(20,065)
Proceeds from sale of property, plant and equipment	2,333	756
Acquisition of subsidiaries, net of cash acquired	(36,168)	(8,156)
Repayments of loans	508	1,681
Loans	(398)	(92)
Interest received	790	521
Net cash from investing activities	(112,419)	(50,975)
<i>Cash flows from financing activities</i>		
Net proceeds from issue of shares	0	13,409
Sale of treasury shares	0	92,460
Expenditure on transactions with non-controlling interests	(4,842)	(18,933)
Proceeds from transactions with non-controlling interests	0	246
Redemption of debt securities	(100,000)	0
Proceeds from borrowings	52,048	0
Repayment of borrowings	(78,651)	(40,123)
Payment of lease liabilities	(131,740)	(76,869)
Interest paid	(10,534)	(5,440)
Dividends paid	(345)	(457)
Net cash from financing activities	(274,064)	(35,707)
Net change in cash and cash equivalents before exchange differences	(109,653)	79,202
Exchange differences	0	0
Net change in cash and cash equivalents	(109,653)	79,202
Cash and cash equivalents at beginning of period	253,015	223,780
Cash and cash equivalents at end of period	143,362	302,982

2. NOTES

2.1. General information

The parent of the Benefit Systems Group (the “Group”) is Benefit Systems S.A. (the “parent”). Benefit Systems S.A. is the Group’s ultimate reporting entity.

The parent was established through transformation of a limited liability company into a joint-stock company. The transformation was effected pursuant to Resolution No. 2/2010 of the General Meeting of November 3rd 2010. The parent is entered in the Business Register of the National Court Register maintained by the District Court for the Capital City of Warsaw, 13th Commercial Division, under entry No. KRS 0000370919. The parent's Industry Identification Number (REGON) is 750721670. In the reporting period, the identification data of the reporting entity did not change. The shares of the parent are listed on the Warsaw Stock Exchange.

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

The Benefit Systems Group is a provider of non-pay employee benefit solutions in the area of sports and recreation offered in the form of the MultiSport fitness membership card, the Group’s leading product, and related products with access to sports networks, including facilities owned by the Group companies. The network of fitness clubs provides infrastructure support for the fitness membership cards business. Activities based on synergies between the sale of fitness membership cards and infrastructure investments are carried out in Poland and in foreign markets. The Group is present in the Czech Republic, Slovakia, Bulgaria, Croatia and Turkey.

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

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

These consolidated financial statements prepared for September 30th 2022 include the parent and the following subsidiaries:

Subsidiary	Principal place of business and country of registration	Group's ownership interest*:	
		September 30th 2022	December 31st 2021
YesIndeed Sp. z o.o.	ul. Przeskok 2, 00-032 Warsaw, Poland	100.00%	100.00%
VanityStyle Sp. z o.o.	ul. Skierniewicka 16/20, 01-230 Warsaw, Poland	100.00%	100.00%
Focusly Sp. z o.o.	ul. Skierniewicka 16/20, 01-230 Warsaw, Poland	100.00%	100.00%
Lunching.pl Sp. z o.o. ¹⁾	ul. Fabryczna 20A, 31-553 Kraków, Poland	77.68%	0.00%
Benefit IP Sp. z o.o. ²⁾	Plac Europejski 2, 00-844 Warsaw, Poland	-	100.00%
Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k. ²⁾	Plac Europejski 2, 00-844 Warsaw, Poland	-	100.00%
Benefit Partners Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
Fit Fabric Sp. z o.o. ³⁾	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
Total Fitness Sp. z o.o. ⁴⁾	Aleja Bohaterów Września 9, 02-389 Warsaw, Poland	88.23%	88.23%
Zdrowe Miejsce Sp. z o.o.	ul. Odyńca 71, 02-644 Warsaw, Poland	80.00%	80.00%
Yes to Move Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
Benefit Systems International S.A. ⁵⁾	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	97.20%
Fit Invest International Sp. z o.o.	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	97.20%
BSI Investments Sp. z o.o.	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	97.20%
Form Factory Slovakia S.R.O.	Prievozská 14, Bratislava - mestská časť Ružinov 821 09, Slovakia	97.20%	97.20%
Form Factory S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	97.20%
Next Level Fitness EOOD	Bul. Simeonovsko Shosse 35, 1700 Sofia, Bulgaria	97.20%	97.20%
Beck Box Club Praha S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	97.20%
MultiSport Benefit S.R.O. ⁶⁾	Lomnického 1705/9, 140 00 Praha 4, Czech Republic	97.20%	95.26%
Benefit Systems Spor Hizmetleri Ltd ⁷⁾	Eski Büyükdere Caddesi No: 7, GİZ 2000 Plaza, Kat 4. 13. VE 14. Bağımsız Bölümler, Maslak, Sarıyer/ 34398 Istanbul, Turkey	97.20%	90.40%
Benefit Systems Slovakia S.R.O.	Ružová dolina 6 Bratislava - mestská časť Ružinov 821 08, Slovakia	95.26%	95.26%
Benefit Systems Bulgaria EOOD	11-13, Yunak Str., floor 1, 1612 Sofia, Bulgaria	93.31%	93.31%
Benefit Systems D.O.O.	Zagreb (Grad Zagreb) Heinzelova ulica 44, Croatia	94.28%	94.28%
Benefit Systems, storitve, D.O.O.	Komenskega street 36, 1000 Lublana, Slovenia	92.34%	92.34%
Multisport Foundation	ul. Racjonalizacji 5, 02-673 Warsaw, Poland	100.00%	100.00%
MW Legal Sp. z o.o. ⁸⁾	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%

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

1) On April 13th 2022, the parent acquired a 75% stake in Lunching.pl Sp. z o.o. On May 23rd 2022, an increase in the share capital of Lunching.pl Sp. z o.o. was registered, following which the parent's interest in the company was 73.97% as at June 30th 2022. Following another share capital increase on August 4th 2022, the parent's ownership interest rose to 77.68% as at September 30th 2022. The company has been consolidated since the acquisition date based on the assumption that the Group exercises full (100%) control in view of the options included in the share purchase agreement.

- 2) On August 31st 2022, the merger of Benefit Systems S.A. with Benefit IP Sp. z o.o. and Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k. was registered.
- 3) On October 28th 2022, Benefit Systems S.A. merged with Fit Fabric sp. z o.o.
- 4) Total Fitness Sp. z o.o. has been consolidated since the acquisition date based on the assumption that the Group exercises full (100%) control in view of the options included in the share purchase agreement.
- 5) On September 29th 2022, the transformation of the legal form of Benefit Systems International from spółka z ograniczoną odpowiedzialnością (limited liability company) into spółka akcyjna (joint-stock company) was registered.
- 6) On January 11th 2022, the sale of 2% of shares in Multisport Benefit S.R.O. was effected, as a result of which Benefit Systems International S.A. holds all shares in the company.
- 7) On September 28th 2022, the sale of 7% of shares in Benefit Systems Spor Hizmetleri Limited Sirketi (Turkey) was effected, as a result of which it became wholly-owned by BSI Investments Sp. z o.o.
- 8) The company is not consolidated as it does not conduct any business activity.

There are no material non-controlling interests in companies in which the Group holds fewer than 100% of shares.

In these consolidated financial statements as at September 30th 2022, the interests in four associates were accounted for using the equity method.

	Principal place of business and country of registration	Equity interest as at September 30th 2022	% of total voting rights	Carrying amount as at September 30th 2022	Carrying amount as at December 31st 2021
Baltic Fitness Center Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw, Poland	49.95%	49.95%	0	0
Instytut Rozwoju Fitness Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw, Poland	48.10%	48.10%	5,091	5,367
Calypso Fitness S.A.	ul. Puławska 427, 02-801 Warsaw, Poland	33.33%	33.33%	0	0
Get Fit Katowice II Sp. z o.o.	ul. Uniwersytecka 13, 40-007 Katowice, Poland	20.00%	20.00%	0	0
Total carrying amount				5,091	5,367

2.2. Basis of preparation and accounting policies

2.2.1. Basis of preparation

This consolidated quarterly report of the Benefit Systems Group was authorised for issue by the Management Board of the parent on November 9th 2022.

This consolidated quarterly report of the Benefit Systems Group covers the nine months ended September 30th 2022 and has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, as endorsed by the European Union, and the requirements laid down in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018 (consolidated text: Dz. U. of 2018, item 757).

The interim condensed consolidated and separate financial statements have been prepared in a condensed form and do not contain all the information required to be disclosed in full-year consolidated and separate financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union. This report should be read in conjunction with the full-year consolidated and separate financial statements of the Group and the parent for 2021 and with the interim condensed consolidated and separate financial statements of the Group and the parent for the six months to June 30th 2022.

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

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

2.2.2. Accounting policies

The interim condensed consolidated and separate financial statements contained in this report have been prepared in accordance with the accounting policies presented in the most recent consolidated and separate financial statements for the year ended December 31st 2021, and in accordance with the policies applied in the same interim period of the previous year.

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

2.2.3. Uncertainty of estimates

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

For information on the estimates and assumptions relevant to the interim condensed consolidated and separate financial statements, see the full-year financial statements of the Group and the parent for 2021.

2.2.4. Correction of errors and changes in accounting policies

No corrections of errors or changes in accounting policies were made by the Group in the reporting period.

2.3. Operating segments

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

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

1. Poland
2. Foreign Markets

In the financial statements for the previous years, the Group presented the Cafeterias segment in addition to the Poland and Foreign Markets segments. In view of the ongoing product integration process and the resulting organisational transition reflected in the merger of Benefit Systems S.A. and MyBenefit Sp. z o.o., the framework based on which the Group's Management Board assesses the Group's business performance and makes decisions on allocation of

resources has been redefined. As a result, the Group has decided to include Cafeterias in the Poland segment.

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 inter-segment 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 of profits (losses) of equity-accounted entities whose business is similar to that of a given segment.

In the reporting period, the Group did not identify any individual customer which would account for more than 10% of the Group's total revenue.

Revenue disclosed in the consolidated statement of profit or loss does not differ from revenue presented by the operating segments, except for consolidation eliminations on intersegment transactions.

Measurement of the operating segments' results used in the management calculations is consistent with the accounting policies applied in the preparation of the consolidated financial statements.

	Poland	Foreign Markets	Corporate	Total
<i>for the period January 1st – September 30th 2022</i>				
Revenue	966,499	380,429	(65)	1,346,863
<i>including from external customers</i>	<i>966,434</i>	<i>380,429</i>	<i>0</i>	<i>1,346,863</i>
<i>including inter-segment sales</i>	<i>65</i>	<i>0</i>	<i>(65)</i>	<i>0</i>
Cost of sales	(709,743)	(297,419)	0	(1,007,162)
<i>including practical expedient under IFRS 16</i>	<i>5,790</i>	<i>264</i>	<i>0</i>	<i>6,054</i>
Gross profit/(loss)	256,756	83,010	(65)	339,701
Selling expenses	(64,373)	(28,949)	0	(93,322)
Administrative expenses	(72,022)	(31,975)	(1,505)	(105,502)
Other income and expenses	(3,069)	1,210	(262)	(2,121)
Operating profit/(loss)	117,292	23,296	(1,832)	138,756
Share of profit/(loss) of equity-accounted entities	(276)	0	0	(276)
Interest expense on lease liabilities	(8,256)	(1,553)	0	(9,809)
Depreciation and amortisation	142,874	27,328	0	170,202
EBITDA	260,166	50,624	(1,832)	308,958
<i>as at September 30th 2022</i>				
Segment's assets	1,994,693	323,452	(252,896)	2,065,249
Segment's liabilities	1,180,983	477,200	(253,396)	1,404,786
Investments in associates	5,091	0	0	5,091

	Poland Restated*	Foreign Markets	Other Activities and Corporate Restated*	Total
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for the period January 1st – September 30th 2021

Revenue	417,993	158,356	(22)	576,327
<i>including from external customers</i>	<i>417,971</i>	<i>158,356</i>	<i>0</i>	<i>576,327</i>
<i>including inter-segment sales</i>	<i>22</i>	<i>0</i>	<i>(22)</i>	<i>0</i>
Cost of sales	(365,893)	(138,099)	0	(503,992)
<i>including practical expedient under IFRS 16</i>	<i>15,589</i>	<i>1,176</i>	<i>0</i>	<i>16,765</i>
Gross profit/(loss)	52,100	20,257	(22)	72,335
Selling expenses	(38,003)	(16,920)	0	(54,923)
Administrative expenses	(54,808)	(25,060)	257	(79,611)
Other income and expenses	5,186	15,143	0	20,329
Operating profit/(loss)	(35,524)	(6,580)	234	(41,870)
Share of profit/(loss) of equity-accounted entities	922	0	0	922
Interest expense on lease liabilities	(7,879)	(959)	0	(8,838)
Depreciation and amortisation	128,633	24,449	0	153,082
EBITDA	93,109	17,869	234	111,212

as at September 30th 2021

Segment's assets	2,013,492	249,452	(236,721)	2,026,223
Segment's liabilities	1,293,527	403,994	(236,322)	1,461,199
Investments in associates	5,333	0	0	5,333

* The restatement reflects the combination of the Poland and Cafeterias segments.

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

	January 1st – September 30th 2022	January 1st – September 30th 2021
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Segments' revenue

Total revenue of operating segments	1,346,928	580,536
Unallocated revenue	0	435
Elimination of revenue from inter-segment transactions	(65)	(4,644)
Revenue	1,346,863	576,327
Segments' profit/(loss)		
Segments' operating profit/(loss)	140,588	(45,582)
Unallocated profit/(loss)	(1,832)	3,712
Operating profit	138,756	(41,870)
Finance income	3,287	5,811
Finance costs	(45,731)	(15,685)
Impairment losses on financial assets	(909)	(43)
Share of profit/(loss) of equity-accounted entities	(276)	922
Profit before tax	95,127	(50,865)

	September 30th 2022	September 30th 2021
Segments' assets		
Total assets of operating segments	2,318,145	2,277,862
Unallocated assets	0	0
Elimination of inter-segment transactions	(252,896)	(251,639)
Total assets	2,065,249	2,026,223

	September 30th 2022	September 30th 2021
Segments' liabilities		
Total liabilities of operating segments	1,658,182	1,712,439
Unallocated liabilities	0	0
Elimination of inter-segment transactions	(253,396)	(251,240)
Total liabilities	1,404,786	1,461,199

Eliminations of assets mainly include loans and trade receivables.

	Poland	Foreign Markets	Corporate	Total
for the period January 1st – September 30th 2022				
Revenue from external customers:	966,434	380,429	0	1,346,863
<i>Poland</i>	966,434	166	0	966,600
<i>Czech Republic</i>	0	220,726	0	220,726
<i>Bulgaria</i>	0	100,798	0	100,798
<i>Other</i>	0	58,739	0	58,739
Non-current assets*:	1,462,615	220,081	0	1,682,696
<i>Poland</i>	1,462,615	109,815	0	1,572,430
<i>Czech Republic</i>	0	47,099	0	47,099
<i>Bulgaria</i>	0	46,707	0	46,707
<i>Other</i>	0	16,460	0	16,460

* Excluding financial instruments and deferred tax assets.

	Poland Restated*	Foreign Markets	Other Activities and Corporate Restated*	Total
for the period January 1st – September 30th 2021				
Revenue from external customers:	417,971	158,356	0	576,327
<i>Poland</i>	417,971	158	0	418,129
<i>Czech Republic</i>	0	63,964	0	63,964
<i>Bulgaria</i>	0	63,264	0	63,264
<i>Other</i>	0	30,970	0	30,970
Non-current assets**:	1,321,263	180,698	0	1,501,961
<i>Poland</i>	1,321,263	3,558	0	1,324,821
<i>Czech Republic</i>	0	106,058	0	106,058
<i>Bulgaria</i>	0	58,087	0	58,087
<i>Other</i>	0	12,995	0	12,995

* The restatement reflects the combination of the Poland and Cafeterias segments.

** Excluding financial instruments and deferred tax assets.

<i>Revenue by category:</i>		January 1st – September 30th 2022	January 1st – September 30th 2021
Sale of sport cards in Poland	B2B	757,335	336,820
Sale of sport cards on foreign markets	B2B	348,128	144,440
Sale of cafeteria benefits	B2B	32,200	29,634
Sale of fitness clubs in Poland	B2B/B2C	172,303	45,975
Sale of fitness clubs on foreign markets	B2B/B2C	32,180	10,999
Other settlements	B2B	1,345	460
Revenue from contracts with customers (IFRS 15)		1,343,491	568,327
<i>Revenue from IFRS 16</i>		3,372	8,000
Total revenue		1,346,863	576,327

2.3.1. Poland

The Poland segment's scope of operations includes non-pay benefits, such as sport cards and cafeteria platforms, management of fitness clubs, and investment in new clubs on the Polish market.

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. At the end of the reporting period, the number of active cards in Poland was 1,064.6 thousand. Card holders benefit from a wide range of services available to them at the Group's own clubs and partner locations, which currently total more than 4.7 thousand facilities.

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 benefits spanning sport and health, culture, entertainment, recreation, leisure, as well as domestic and foreign travel. The offering also comprises shopping vouchers that can be used at popular brand store chains in Poland, training courses, and food offering. Benefits are offered by reliable suppliers, and the partner network comprises over 3.7 thousand 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 Cafeteria – an online platform featuring individual user accounts. The solution, which gives employers full control of the benefits selected and simple settlement methods, has been taken up by companies from the manufacturing, services and trade industries, as well as public institutions. The MyBenefit platform is also an important channel for distributing sport cards offered by the Group.

The MultiBilet Cinema Programme is an independent pillar of the Group's culture and entertainment offering, with tickets available to over 250 partner cinemas across Poland (including Cinema City, Helios and Multikino, in addition to a number of local cinemas).

The QlturaProfit vouchers offered by VanityStyle Sp. z o.o. allow their holders to enjoy selected plays, films and exhibitions as part of a cultural offering created by about 50 theatres, 180 cinemas, 60 museums and 25 thematic parks across Poland.

The Group also offers MultiTeatr, MultiMuzeum, MultiZoo and BenefitLunch, providing access to numerous theatres, museums, zoos and restaurants.

Since 2021, the Group has been offering B2B employee engagement services based on gamification. The gamification services offered by YesIndeed Sp. z o.o. are divided into two categories:

- incentive schemes for sales and marketing departments offered under the YesIndeed brand, and
- own prize cafeterias used in the offered programmes.

The main element of the projects is gamification with tangible and intangible rewards, based on results imported from sales, HR and payroll, and sports systems.

The Benefit Systems Group also invests in fitness clubs to secure access to an adequate base of sports and recreation facilities. As at September 30th 2022, the Group had 171 own clubs in Poland operated by the Fitness Branch within Benefit Systems S.A. and by Fit Fabric Sp. z o.o. and Total Fitness Sp. z o.o. The Group's facilities operate under the following brands: **Zdrofit, Fabryka Formy, Fitness Academy, My Fitness Place, FitFabric, Step One, S4, Total Fitness and AquaPark Wesolandia**. The Group also held equity interests in companies managing another 37 facilities. In addition, the parent operates the Atmosfera Multisport club, which organises activities for children and young people.

	January 1st – September 30th 2022	January 1st – September 30th 2021 Restated*	Change
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Revenue	966,499	417,993	131.2%
Cost of sales	(709,743)	(365,893)	94.0%
Gross profit/(loss)	256,756	52,100	392.8%
Selling expenses	(64,373)	(38,003)	69.4%
Administrative expenses	(72,022)	(54,808)	31.4%
Other income and expenses	(3,069)	5,186	-
Operating profit/(loss)	117,292	(35,524)	-
Share of profit/(loss) of equity-accounted entities	(276)	922	-
EBITDA	260,166	93,109	179.4%
Gross margin	26.6%	12.5%	14.1pp
<i>Number of sport cards ('000)</i>	1,064.6	709.3	50.1%
<i>Number of clubs</i>	171	155	10.3%
<i>Turnover of cafeteria platforms (PLNm)**</i>	256.2	233.5	9.7%
<i>Number of cafeteria platform users (in thousands)</i>	564.2	511.7	10.3%

* The restatement reflects the combination of the Poland and Cafeterias segments.

** Based on the value of services provided and settlement of intermediation in payments in cafeteria e-platforms.

The table below presents the effect of combining the Cafeterias segment with the Poland segment for the nine months ended September 30th 2021.

	Poland Restated* (A)	Poland before combination (B)	Cafeterias before combination (C)	Change (A-B-C)
for the period January 1st – September 30th 2021				
Revenue	417,993	387,971	34,209	(4,187)
Cost of sales	(365,893)	(355,284)	(16,387)	5,778
Gross profit/(loss)	52,100	32,687	17,822	1,591
Selling expenses	(38,003)	(36,962)	(2,152)	1,111
Administrative expenses	(54,808)	(47,348)	(8,190)	730
Other income and expenses	5,186	4,937	203	46
Operating profit/(loss)	(35,524)	(46,686)	7,683	3,479
Share of profit/(loss) of equity-accounted entities	922	922	0	0
EBITDA	93,109	78,101	12,501	2,507

* The restatement reflects the combination of the Poland and Cafeterias segments.

Revenue for the first three quarters of 2022 rose 131.2% year on year. This significant growth is mainly attributable to the low baseline effect in the area of sales of sport cards. The significant decrease in revenue from card sales in 2021 was a consequence of the closure of sports facilities due to the restrictions imposed to contain the spread of COVID-19. Users of sport cards and fitness club clients took advantage of the option to suspend their membership, and the Group did not charge membership fees. In 2022, the Group rebuilt its user base to a large extent.

The Group is intensively developing its online products, such as the exercise platform which provides access to a constantly expanding base of online and live workouts conducted by qualified trainers, and the Yes2Move online store which offers, among other things, food supplements and dietetic food, fitness accessories and many other items to support physical exercise and promote a healthy lifestyle. The parent is continuing the development of MultiLife – a product providing access to online services such as a diet creator, language platform, mindfulness course, e-books, yoga course, and online consultations with experts.

In April 2022, the parent acquired a 75% stake in Lunching.pl Sp. z o.o. The acquired company owns the platform and application for ordering food with delivery to the workplace. 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 shares in Lunching.pl will significantly increase the Group's competence in healthy nutrition and co-financing of meals for employees. Knowledge and experience in this area will be used, among others, to develop and enhance the offering of the MultiLife programme.

As at September 30th 2022, the MyBenefit cafeteria platform had 564 thousand users, up 53 thousand year on year. The more than 10% increase helped drive an over 10% year-on-year growth in Cafeterias' turnover in the nine months to September 30th 2022.

The most popular benefit categories are retail (72.8m turnover vs PLN 65.7m in the corresponding period of 2021), as well as travel, culture and recreation.

Five new fitness clubs were opened in the first quarter of 2022, three of them in Warsaw (Zdrofit Wola Mennica Legacy Tower, Zdrofit Wola The Warsaw HUB, Zdrofit Bemowo Lazurowa), one in Stara Iwiczna near Warsaw (Zdrofit N-Park), and one in Łódź (Fit Fabric Strażacka). One fitness club in Warsaw, namely Zdrofit Wola dla Kobiet, ceased operations in the second quarter of 2022.

In the third quarter of 2022, Zdrofit PZO, a new fitness club, was opened in Warsaw while S4 Wola – Grzybowska club in Warsaw ceased operations.

In February 2022, the Zdrofit Zdrowe Miejsce (Zdrofit Healthy Place) project was reorganised to adapt the offering to market needs and optimise the costs. As a result of the changes, nine fitness clubs providing physical therapy and kinesiotherapy services have been left. Moreover, as part of treatment with exercise, Zdrofit Healthy Place patients receive, among others, individual fitness improvement programmes prepared by physiotherapists.

The financial result for the first nine months of 2022 includes the effect of renegotiation and reduction of lease rents of PLN 5.8m.

In the nine months ended September 30th 2022, the Poland segment recognised depreciation of right-of-use assets of PLN 86.1m and interest expense on lease liabilities of PLN 8.2m.

2.3.2. Foreign Markets

The segment consists of companies engaged in the development of the MultiSport programme, companies managing fitness clubs 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. and BSI Investments Sp. z o.o.

In 2022, operating activities were conducted in the following markets by the local companies named below:

- The Czech Republic – the MultiSport programme (MultiSport Benefit S.R.O.) and fitness clubs (Beck Box Club Praha S.R.O., Form Factory S.R.O.);
- Bulgaria – the MultiSport programme (Benefit Systems Bulgaria EOOD) and fitness clubs (Next Level Fitness EOOD);
- Slovakia – the MultiSport programme (Benefit Systems Slovakia S.R.O.) and fitness clubs (Form Factory Slovakia S.R.O.);
- Croatia – the MultiSport programme (Benefit Systems D.O.O.);
- Turkey – the MultiSport programme (Benefit Systems Spor Hizmetleri Ltd – in operation since the third quarter of 2021).

The segment also includes Benefit Systems, storitve, D.O.O. (Slovenia), which was not operational in 2022. Benefit Systems International S.A. is the parent of the other companies in the segment. All these companies are fully consolidated.

	January 1st – September 30th 2022	January 1st – September 30th 2021	Change
Revenue	380,429	158,356	140.2%
Cost of sales	(297,419)	(138,099)	115.4%
Gross profit/(loss)	83,010	20,257	309.8%
Selling expenses	(28,949)	(16,920)	71.1%
Administrative expenses	(31,975)	(25,060)	27.6%
Other income and expenses	1,210	15,143	(92.0%)
Operating profit/(loss)	23,296	(6,580)	-
EBITDA	50,624	17,869	183.3%
Gross margin	21.8%	12.8%	9.0pp
Number of sport cards ('000)	379.1	275.9	37.4%
Number of clubs	24	24	0.0%

As at the end of 2021, there were 284.6 thousand active cards in the Foreign Markets segment and, as a result of consistent growth in the subsequent months, the first quarter of 2022 was closed with 316.3 thousand cards. The fastest growth, of more than 15%, was recorded on the Bulgarian and Croatian markets. The second quarter saw a higher sales growth, translating into a more than 13% quarter-on-quarter increase in the number of active cards, to 357.7 thousand as at June 30th 2022. In absolute terms, the active card base grew the fastest on the Czech market, by as much as 18 thousand on March 2022. In percentage terms, Slovakia was the fastest growing market, with the number of active cards up by 7.1 thousand. The third quarter saw continuation of the uptrends already observed in the first half of the year. Despite the summer vacation, each geography recorded a quarter-on-quarter increase in the number of active cards, resulting in aggregate growth by 21 thousand cards for the entire segment. The largest number of active cards was added in the Czech Republic, the segment's biggest market. Apart from Turkey, sales grew the fastest in Slovakia, where the number of active cards is approaching the pre-pandemic levels.

Sales activities in the Turkish market were launched in the first quarter of 2022. Since then, the number of active cards in the country has come close to 2,000, a result indicating good growth prospects for the quarters to come.

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

Country	September 30th 2022	June 30th 2022	March 31st 2022	December 31st 2021	% change September 2022 vs June 2022	% change June 2022 vs March 2022	% change March 2022 vs December 2021
Czech Republic	197.3	184.9	167.0	156.2	7%	11%	7%
Bulgaria	115.2	112.1	97.6	82.8	3%	15%	18%
Slovakia	39.7	35.9	28.8	26.5	11%	25%	9%
Croatia	25.0	24.7	22.9	19.1	1%	8%	20%
Turkey	1.9	0.1	-	-	1,431%	-	-
Total ('000)	379.1	357.7	316.3	284.6	6%	13%	11%

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

The increases shown above were supported by the improving pandemic situation on the markets. In early February, all restrictions were lifted in the Czech Republic, while in the other markets, despite some restrictions, customers and users were getting back on track. In the reporting period, in none of the Group's markets were there any indications of the risk that a lockdown or other pandemic-related restrictions could be reimposed. This, combined with summer holiday offerings, i.e. the addition of seasonal activities to the existing activity portfolio, helped reduce the seasonal user churn during the summer holidays and, consequently, improve the retention of existing MultiSport membership card holders and acquisition of new users in the third quarter of 2022.

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 the first quarter of 2022, the MultiSport partnership network operated a total of 4,202 Partner locations, of which nearly 80 were in Turkey. The number of partner locations on the Czech, Slovak, Bulgarian and Croatian markets remained largely flat in the second quarter of 2022 and declined slightly in the third quarter of 2022.

In Turkey, the reporting period saw the number of partner locations increase by close to 50% on March 31st 2022 and by 27% on June 30th 2022.

Number of partner locations:

Country	September 30th 2022	June 30th 2022	March 31st 2022	December 31st 2021	% change September 2022 vs June 2022	% change June 2022 vs March 2022	% change March 2022 vs December 2021
Czech Republic	1,882	1,948	1,960	1,964	(3%)	(1%)	0%
Bulgaria	887	885	890	918	0%	(1%)	(3%)
Slovakia	817	849	848	866	(4%)	0%	(2%)
Croatia	425	429	427	426	(1%)	0%	0%
Turkey	143	113	77	-	27%	47%	0%
Total	4,154	4,224	4,202	4,174	(2%)	1%	1%

As at the end of 2021, the company operated fitness clubs in the Czech Republic (13 clubs), Bulgaria (9 clubs) and Slovakia (2 clubs). In early 2022, the Czech company launched one new club in Ostrava (Avion). In the second quarter of 2022, one club in Prague (Form Factory Chodov) was closed. In the third quarter of 2022, the number of fitness clubs remained unchanged, while the segment's companies carried out work to fit out newly leased locations for new clubs, including in Brno and Sofia.

Numbers of own fitness clubs in Foreign Markets countries

Country	September 30th 2022	June 30th 2022	March 31st 2022	December 31st 2021	% change September 2022 vs June 2022	% change June 2022 vs March 2022	% change March 2022 vs December 2021
Czech Republic	13	13	14	13	0%	(7%)	8%
Bulgaria	9	9	9	9	0%	0%	0%
Slovakia	2	2	2	2	0%	0%	0%
Total	24	24	25	24	0%	(4%)	4%

As no new lockdowns or other restrictions were imposed following the stabilisation of the pandemic situation, the active card base continued to grow rapidly across all foreign markets where the MultiSport programme is offered. At the same time, the companies operating fitness clubs carried out effective marketing activities to increase the number of active B2C subscribers (fitness club passes).

2.3.3. Corporate

The revenue presented in Corporate mainly reflects intersegment eliminations.

	January 1st – September 30th 2022	January 1st – September 30th 2021 Restated*	Change
Revenue	(65)	(22)	195.5%
Cost of sales	0	0	-
Gross profit/(loss)	(65)	(22)	195.5%
Selling expenses	0	0	-
Administrative expenses	(1,505)	257	-
Other income and expenses	(262)	0	-
Operating profit/(loss)	(1,832)	234	-
Share of profit/(loss) of equity-accounted entities	0	0	-
EBITDA	(1,832)	234	-

* The restatement reflects the combination of the Poland and Cafeterias segments.

2.4. Finance income and costs

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

<i>Finance income:</i>	January 1st – September 30th 2022	January 1st – September 30th 2021
Interest on investments	694	182
Interest on loans and receivables	2,593	1,033
Foreign exchange gains	0	1,646
Remeasurement of liability arising from acquisition of shares in a subsidiary	0	2,871
Other finance income	0	79
Total finance income	3,287	5,811

<i>Finance costs:</i>	January 1st – September 30th 2022	January 1st – September 30th 2021
Interest on lease liabilities	(9,809)	(8,838)
Interest on overdraft and investment credit facilities	(6,451)	(2,777)
Interest on loans	(42)	0
Interest on debt securities	(2,737)	(1,993)
Interest on trade and other payables	(155)	(485)
Foreign exchange losses (+/-)	(24,776)	0
Impairment losses on loans and receivables	(909)	0
Remeasurement of liability arising from acquisition of shares in a subsidiary	(364)	0
Other finance costs	(1,397)	(1,592)
Total finance costs	(46,640)	(15,685)

In the nine months ended September 30th 2022, the Group's finance costs were mainly affected by unrealised exchange differences recognised on measurement of lease liabilities, as well as interest expense on borrowings, bonds and lease liabilities.

2.5. Income tax

In the nine months ended September 30th 2022, the Group's effective tax rate was 21%, a figure close to that of the parent.

2.6. Property, plant and equipment and intangible assets

As at September 30th 2022, the carrying amount of property, plant and equipment was PLN 299.1m. The PLN 28.2m decrease in property, plant and equipment relative to the end of 2021 was mainly attributable to depreciation charges. Capital expenditure in the first half of 2022, of PLN 37.5m, was mainly related to investments in new and existing fitness clubs.

As at September 30th 2022, the carrying amount of intangible assets was PLN 121.2m, up by PLN 19.9m relative to the end of 2021. The increase, partly offset by amortisation of PLN 16.3m, was mainly attributable to expenditure incurred to develop, integrate and optimise business and sales systems, online platforms for customers, and the ERP system.

2.7. Leases

2.7.1. Right-of-use assets

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

	Property	Fitness equipment	Other	Total
<i>for the period January 1st – September 30th 2022</i>				
Net carrying amount as at January 1st 2022	769,351	8,825	8,277	786,453
New lease contracts	80,450	0	2,736	83,186
Modifications, termination of contracts	22,324	1,020	366	23,710
Depreciation and amortisation	(98,915)	(2,663)	(2,758)	(104,336)
Exchange differences on translation of foreign operations	7,337	0	(52)	7,285
Net carrying amount as at September 30th 2022	780,547	7,182	8,569	796,298

	Property	Fitness equipment	Other	Total
<i>for the period January 1st – September 30th 2021</i>				
Net carrying amount as at January 1st 2021	757,623	15,705	9,543	782,871
New lease contracts	23,080	0	2,309	25,389
Modifications, termination of contracts	15,341	(753)	(172)	14,416
Depreciation and amortisation	(88,314)	(3,283)	(3,370)	(94,967)
Exchange differences on translation of foreign operations	2,034	0	8	2,042
Net carrying amount as at September 30th 2021	709,764	11,669	8,318	729,751

The lease modifications in the nine months ended September 30th 2022 were chiefly attributable to renegotiation of the terms and conditions of the rental contracts for retail and office space as a result of the COVID-19 pandemic.

2.7.2. Lease liabilities

Changes in lease liabilities for the nine months ended September 30th 2022 and September 30th 2021 are presented below.

	January 1st – September 30th 2022	January 1st – September 30th 2021
Balance at beginning of period	936,835	931,698
New lease contracts	76,755	23,819
Modifications, termination of contracts	21,063	15,243
Effect of application of COVID-19 practical expedient	(6,054)	(16,765)
Accrued interest	9,809	8,838
Exchange differences	32,846	739
Settlement of liabilities	(131,740)	(82,563)
Exchange differences on translation of foreign operations	7,668	2,149
Balance at end of period	947,182	883,158
Non-current	776,559	698,129
Current	170,623	185,029

The lease modifications in the nine months ended September 30th 2022 were attributable, among other things, to renegotiation of the terms and conditions of the rental contracts for retail and office space in connection with the COVID-19 pandemic and a change to other contractual terms.

Maturities of the lease liabilities as at September 30th 2022 and December 31st 2021 are presented below:

<i>as at September 30th 2022</i>	Lease payments due in:			
	up to 1 year	1 to 5 years	over 5 years	total
Lease payments	171,859	562,881	261,664	996,40
Finance costs (-)	(1,236)	(24,187)	(23,799)	(49,222)
Present value	170,623	538,694	237,865	947,182

<i>as at December 31st 2021</i>	Lease payments due in:			
	up to 1 year	1 to 5 years	over 5 years	total
Lease payments	185,955	484,824	252,284	923,063
Finance costs (-)	(926)	(18,584)	(20,395)	(39,905)
Present value	185,029	466,240	231,889	883,158

The Group is a party to lease contracts for fitness clubs whose terms have not yet commenced; the contracts were not recognised in the measurement of lease liabilities. The potential future cash outflows under these contracts were estimated at PLN 93,729 thousand as at September 30th 2022 (December 31st 2021: PLN 99,710 thousand).

2.7.3. Lease amounts disclosed in the reporting period

Amounts disclosed in the nine months ended September 30th 2022 and September 30th 2021 relating to the lease contracts recognised in the statement of financial position are presented below.

	January 1st – September 30th 2022	January 1st – September 30th 2021
Amounts disclosed in the consolidated statement of profit or loss		
Depreciation of right-of-use assets (recognised in cost of sales, selling expenses and administrative expenses)	(104,336)	(94,967)
Gain/(loss) on lease modifications (recognised in other income/expenses)	289	1,394
Application of the COVID-19 practical expedient (recognised in cost of sales)	6,054	16,765
Interest expense on lease liabilities (recognised in finance costs)	(9,809)	(8,838)
Exchange differences on lease liabilities denominated in foreign currencies (recognised in finance income/costs)	(32,846)	(739)
Total	(140,648)	(86,385)
Amounts disclosed in the consolidated statement of cash flows		
Lease payments (recognised in cash flow from financing activities)	(131,740)	(76,869)

Costs of short-term lease contracts and leases of low-value assets that are not recognised in the measurement of the lease liabilities and are expensed in these consolidated statement of profit or loss stood at PLN 1,015 thousand and PLN 434 thousand in the nine months ended September 30th 2022 and September 30th 2021, respectively. The costs included mainly rental of advertising space (PLN 542 thousand and 107 thousand, respectively) and leases of assorted equipment for

fitness clubs and offices (PLN 473 thousand and 327 thousand, respectively). In the nine months ended September 30th 2022 and September 30th 2021, there were no variable lease payments.

In the three months to September 30th 2022, efforts were underway to renegotiate the Group's rental contracts in connection with the COVID-19 pandemic, which had an impact on the amount of lease liabilities. The Group applied the practical expedient introduced by an amendment to IFRS 16 in 2020 in response to the COVID-19 pandemic, whereby rent concessions resulting from the renegotiation of lease contracts are not treated as lease modification, and the effects of remeasurement of lease liabilities are recognised in the statement of profit or loss.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022); and
- there is no substantive change to other terms and conditions of the lease.

As a result, the lease liability is remeasured at an unchanged interest rate and the effect of the remeasurement is recognised in the statement of profit or loss in the core operating activities as a reduction of the respective operating expenses depending on where the costs of the respective lease contract are allocated.

Each lease contract was assessed to determine whether the criteria for applying the practical expedient are met. The practical expedient was applied with respect to rent concessions under property rental contracts (sports clubs, offices) and advertising space rental contracts. The amount of the lease liability remeasurement resulting from the negotiated concessions, recognised in operating profit or loss as a decrease in cost of sales in the nine months ended September 30th 2022 and September 30th 2021, was PLN 6,054 thousand and PLN 16,765 thousand, respectively.

2.7.4. Subleases

The Group is a lessor and an intermediate lessor of fitness equipment leased out to facilities which are the Group's partners, as well as office space. The respective contracts were recognised as operating leases.

In the nine months ended September 30th 2022, the Group recognised income from operating sublease of fitness equipment of PLN 2,895 thousand and income from sublease of office space of PLN 476 thousand. In the nine months ended September 30th 2021, the amounts were PLN 5,221 thousand and PLN 276 thousand, respectively. These amounts include minimum fixed sublease payments only. In the reporting period, there were no contingent or other payments.

2.8. Cash and cash equivalents

As at September 30th 2022, the amount of cash and cash equivalents was PLN 143.4m. The PLN 109.7m decrease in cash and cash equivalents relative to the end of 2021 was mainly attributable to redemption of two series of bonds in total amount of PLN 100m and PLN 78.7m repayment of outstanding loans. In addition in 2022 the Company utilised loans in the amount of PLN 52.0m

2.9. Borrowings, other debt instruments

The table below presents information about borrowings and other debt instruments.

	Carrying amount	Non-current liabilities	Current liabilities
as at September 30th 2022			
Loans	92,345	65,156	27,189
Other Borrowings	1,135	931	204
Total loans, borrowings, other debt instruments as at September 30th 2022	93,480	66,087	27,393

	Carrying amount	Non-current liabilities	Current liabilities
as at December 31st 2021			
Loans	113,353	34,692	78,661
Series A Bonds	49,905	0	49,905
Series B Bonds	49,905	49,546	359
Other Borrowings	8,772	7,205	1,567
Total loans, borrowings, other debt instruments as at December 31st 2021	221,935	91,443	130,492

On April 7th 2022, 50,000 Series A bonds issued by the parent, with a total nominal value of PLN 50m, were redeemed when due. On April 14th 2022, 50,000 Series B bonds with a total nominal value of PLN 50m were redeemed early. During nine months period ended September 30th 2022 the Group utilised PLN 52.0m loans and borrowings and repaid PLN 78.7m loans and borrowings.

2.10. Seasonality of operations

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 vouchers tends to be lower than in the first, second and fourth quarters of the year, which affects revenue and profitability of the fitness membership 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.

2.11. Significant events and transactions in the period

Information on the impact of the armed conflict in Ukraine on the Group's operations

On February 24th 2022, Russia began a military invasion of Ukraine. The Group does not hold any assets in Ukraine or Russia, nor does it operate in any of these countries or provide services to entities located there. As at the date of these condensed consolidated financial statements, there was no noticeable effect of the war on the Group's operations. The Management Board does not rule out the risk of a material adverse effect of the ongoing conflict on the Group's trading partners. However, since there is no concentration of sales to or receivables from a single trading partner, other entities' potential liquidity problems should not have any significant effect on the Group's financial condition.

Although the armed conflict in Ukraine has not had any material effect on the Group's day-to-day operations, in a longer run it may harm the economies of the countries where the Group operates through, inter alia, higher prices of fuels, raw materials and energy, further inflation increase or the weakening of the local currencies, which may hamper the demand for the services and products offered by the Group and lead to higher operating expenses.

Execution of a financing agreement with the European Bank for Reconstruction and Development and Santander Bank Polska S.A.

On April 1st 2022, the parent and some of its subsidiaries signed a long-term financing agreement (the "Agreement") with the European Bank for Reconstruction and Development ("EBRD") and Santander Bank Polska S.A. ("Santander") (jointly: the "Banks") for PLN 205m (the "Financing"). The Financing amount may be additionally increased by no more than PLN 35m.

Under the Agreement, the Banks grant the Company Financing which may be used to cover capital expenditure on the organic growth of the Group, development of the MultiLife platform, acquisitions, environmental projects, refinancing of the Company's existing debt under bank borrowings in Poland, and general corporate objectives.

Redemption of Series A and Series B bonds

On April 7th 2022, 50,000 Series A bonds issued by the parent, with a total nominal value of PLN 50m, were redeemed when due.

On March 24th 2022, a meeting of holders of Series B ordinary bearer bonds issued by Benefit Systems S.A. (the "Bonds") (the "Bondholders Meeting") was held. Resolution No. 3/03/2022 of the Bondholders Meeting amended the terms and conditions of the Bonds to allow the Company to redeem the Bonds early, on April 7th or 14th 2022.

On April 14th 2022, 50,000 Series B bonds with a total nominal value of PLN 50m were redeemed early.

Acquisition of shares in Lunching.pl Sp. z o.o.

On April 13th 2022, Benefit Systems S.A. signed an agreement to purchase 75% of shares in Lunching.pl Sp. z o.o. for PLN 12.6m, payable upon execution of the agreement. Subsequently, the Company paid PLN 0.75m and PLN 3m to increase the latter's share capital and, as a result, acquired 77.68% of shares in the acquiree as at September 30th 2022. The company has been consolidated since the acquisition date based on the assumption that the Group exercises full (100%) control in view of the options included in the share purchase agreement. The acquired company owns the platform and application for ordering food with delivery to the workplace. Lunching is a solution designed to facilitate the organisation of meals for employee teams by employers in a financing model of their choice. The new project will expand the Group's offering in the growing segment of the non-pay benefit market, i.e., co-financing of meals and supporting healthy eating habits of employees. Moreover, the acquisition of shares in Lunching.pl will significantly increase the Group's competence in healthy nutrition and co-financing of meals for employees. Knowledge and experience in this area will be used, among others, to develop and enhance the offering of the MultiLife programme.

Agreements signed with PKO BP S.A.

On May 5th 2022, agreements were signed between PKO BP S.A. and Benefit Systems S.A. Pursuant to the agreements, the PLN 50m multi-purpose credit facility agreement of August 22nd 2017 and the PLN 100m investment facility agreement of March 19th 2018 were terminated. The multi-purpose credit facility agreement was terminated with effect from May 5th 2022. The investment facility agreement was terminated with effect from May 13th 2022. The outstanding balance of PLN 37m was repaid in full on the same day.

Coverage of the parent's net loss for 2021

On June 29th 2022, the parent's Annual General Meeting passed a resolution to cover the net loss of PLN 15.6m for the financial year 2021 from future profits.

ESG objectives in the Articles of Association of Benefit Systems S.A.

On August 12th, 2022, the Management Board of Benefit Systems S.A. received information that the District Court for the City of Warsaw in Warsaw issued a decision on July 22th, 2022 to register an amendment to the Articles of Association, passed by the Ordinary General Meeting of the parent company on June 29th, 2022.

As a result, social and environmental goals have been included in the Articles of Association as an integral part of business activities. The amendment to the Articles of Association means that activities for society and sustainability issues are not only an important part of Benefit Systems Group's mission, but also one of its statutory goals. The new provisions indicate that as part of its business activities, Benefit Systems S.A. will strive to have a positive impact on society, particularly on local communities, the environment and all stakeholders.

Merger of Benefit Systems S.A. with Benefit IP Sp. z o.o. and Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k.

The merger of the Company as the acquiring company with its subsidiaries Benefit IP Sp. z o.o. and Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k. was registered on August 31st, 2022. as the acquired companies.

Adoption of the Diversity Policy regarding the members of the Supervisory Board of Benefit Systems S.A.

On September 30, 2022, Extraordinary General Meeting of Shareholders approved the "Diversity Policy regarding the members of the Supervisory Board of Benefit Systems S.A.". The Policy was introduced as an implementation of the Company's objectives within the framework of what is known as the sustainable corporate governance, which includes appropriate management of the environmental, social and governance factors (ESG for short), and in conjunction with the "Best Practices for GPW Listed Companies 2021" as adopted by the Supervisory Board of the Warsaw Stock Exchange S.A. by Resolution No. 13/1834/2021 of March 29th, 2021.

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

The pandemic caused a shift in many Poles' wellbeing and healthy lifestyle needs. The lockdown of sports facilities and reduced physical activity levels had an adverse effect on the health and wellbeing of Poland's population. Consequently, as many as 65% of the respondents in the MultiSport Index 2022 survey conducted in the country declared that they were physically active, of which 20% worked out at fitness clubs, an increase of 8pp relative to the results of the same survey in the previous year. The increased awareness among Poles of the importance of mental and physical health has also been reflected in the customer activity at sports and other recreational facilities across the country – as at September 30th 2022, B2C passes for Benefit Systems' own clubs were held by more than 162 thousand gym goers. What is noteworthy, according to the aforementioned survey, mental wellbeing has become the number-one motivation for Poles to engage in physical activity, with 42% of the respondents including it in their answers. What is more, as many as 92% of people in employment consider physical activity to be a crucial element of preventive healthcare, with 88% emphasising the benefits of being physically active for mental health improvement and maintenance. According to Spotdata's 'Poland's Sports GDP' report, various sports and sports-related goods and services, including the

manufacture of sports clothing and equipment and recreational services, contribute PLN 47.5bn to the country's GDP.

The growing interest in sports and increasing mental and physical health issues in the society at large have prompted the Group to step up its efforts to improve the quality of life of people living in Poland. For nearly 20 years now, MultiSport cards, which are currently held by more than a million people in the country, have played a vital role in promoting and supporting active lifestyles among employees. According to surveys conducted by the Group, as many as 73% of MultiSport members attribute their increased exercise frequency to holding a MultiSport membership card. The demand for this particular perk has also remained high, with 91% of MultiSport users admitting that they treat a fitness membership card as an important element of their employment terms.

In view of new employee and employer needs and expectations, which the Company carefully studies on a regular basis, a decision was made during the pandemic to commence work on MultiLife, a programme comprising more than ten different services dedicated to supporting users in their everyday caring for their health, well-being and personal development.

Another indication of the evolving market environment is the growing interest in cafeteria platforms, including MyBenefit. In 2022, a dedicated gamification module was added to the platform, giving employers yet another attractive tool to increase employee motivation and engagement.

Another edition of the MultiSport Summer Game

In June 2022, another edition of the MultiSport Summer Game was launched to help MultiSport membership card holders to keep up the habit of regular physical activity throughout the summer. During the project, which ended on August 10th 2022, MultiSport members scored points for various activities, including regular workouts, visiting new sports and recreational facilities, taking part in educational activities such as knowledge quizzes, and reading expert articles on active lifestyles.

One million active MultiSport membership cards in Poland

As at June 30th 2022, there were more than a million active MultiSport members in Poland. Membership in the MultiSport programme is an effective tool helping prevent development of lifestyle diseases through promoting and supporting active and healthy lifestyles among employees. The increasing awareness of the positive impact of exercise on mental and physical wellbeing is reflected in the growing number of Benefit Systems fitness membership card holders.

As at September 30th 2022, the total number of active sport cards issued by the Group stood at 1,443.6 thousand (including 1,064.6 thousand in Poland and 379.1 thousand in other markets).

As at October 31st 2022, the number of active sport cards across the Benefit Systems Group was 1,517 thousand, including 1,117 thousand in Poland and 400 thousand on foreign markets. By the end of November 2022, the Group expects to record 1,579 thousand active fitness membership cards, including 1,159 thousand in Poland and 420 thousand on foreign markets.

"We Have More in Common Than You Think" campaign

The "We Have More in Common Than You Think" campaign launched in January 2022 is based on comical antagonisms known from social media. The brand incorporated them in contrasting videos and graphics, each promoting a specific sports discipline available with the MultiSport membership card. The "We Have More in Common Than You Think" campaign was supported with marketing materials for Benefit Systems customers, social media competitions, influencer collaborations (campaign ambassadors included Karolina Tuchalska-Siermińska (a psychologist) and Janina Bąk), as well as PR activities such as online media publications.

Żabka Nano at Zdrofit

The Zdrofit Bemowo fitness club in Warsaw is the first sports facility in Poland featuring Żabka Nano, a self-service convenience store that uses an innovative method of authorisation and

payment for purchases. The store offers around 300 products, such as healthy snacks, ready meals and beverages for consumption before, during or after a workout. Żabka Nano is equipped with a camera system using several algorithms, including machine learning, to identify the products removed from shelves, calculate the amount due and charge the shopper automatically to a payment card used to enter the store.

2.13. Outlook

The outlook for the coming periods is significantly affected by the armed conflict in Ukraine, which may harm the economies of the countries where the Group operates in a number of ways, such as higher prices of energy, raw materials and fuels, accelerating inflation or depreciation of local currencies, and this, in turn, may hamper the demand for the services and products offered by the Group and lead to higher operating expenses.

The Group invariably sees high long-term growth potential for the MultiSport programme, which is currently at a relatively early stage of development, in Poland and foreign markets. Moreover, the COVID-19 pandemic may, in the long term, increase public awareness of matters related to health protection and immunity improvement. This in turn may generate demand for physical activity services, which are the Group's main business area.

2.14. Research and development activities

The rapid pace of change in the market for non-pay benefit services, driven by the development of modern technologies, prompt the transformation of the service offering, sales channels, service provision models, as well as internal cooperation and the need to improve the operation of IT systems through automation of internal processes.

The parent conducts R&D activities on a systematic basis ("R&D Activities") to offer better, more technologically advanced and competitive product solutions on the market.

The purpose of R&D Activities is to:

- develop new tools, platforms and applications,
- develop new technological concepts,
- improve integrability with other software,
- make significant improvements to existing Programmes,
- work on new auxiliary software.

The parent conducts, in conceptual form or in the form of targeted projects carried out as development work, a wide range of conceptual and programming projects aimed at building applications, developing software and creating algorithms in order to expand the knowledge base and use knowledge resources to come up with new applications, products, services and processes.

Net revenue from sale of research and development services generated by the parent, classified as scientific research and development work services, was PLN 564.7m for the financial year ended December 31st 2021 (mainly revenue from sale of MultiSport fitness membership cards, MultiLife product, and other non-pay benefits).

In June 2022, the parent received PLN 2.4m in income tax refund on account of a R&D tax relief granted for 2017–2020.

The parent identified a group of expenses which meet the definition of eligible expenses, i.e., salaries and wages of employees, in the form of:

- the portion of the amortisation charge on development work corresponding to capitalised salaries and wages of employees, and
- salaries and wages of employees performing tasks for the purposes of R&D activities – these salaries and wages have not been recognised by the Company as part of development work or amortised.

2.15. Share capital

As at September 30th 2022, the parent's share capital amounted to PLN 2,934 thousand (December 31st 2021: PLN 2,934 thousand) and was divided into 2,933,542 shares with a par value of PLN 1 per share. All the shares were paid up in full. All shares participate equally in the distribution of dividends and each share confers the right to one vote at the General Meeting.

Share capital as at the reporting date is presented below.

	September 30th 2022	December 31st 2021
Number of shares	2,933,542	2,933,542
Par value of shares (PLN)	1	1
Share capital (PLN)	2,933,542	2,933,542

2.16. Earnings per share

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

The calculation of diluted earnings per share takes into account the effect of options convertible into parent shares that have been issued under the Group's incentive schemes. The calculation of earnings per share is presented below.

	January 1st – September 30th 2022	January 1st – September 30th 2021
Number of shares used as denominator		
Weighted average number of ordinary shares	2,933,542	2,810,828
Dilutive effect of options convertible into shares	0	15,849
Diluted weighted average number of ordinary shares	2,933,542	2,826,677
Continuing operations		
Net profit/(loss) from continuing operations attributable to owners of the parent	74,111	(48,622)
Basic earnings/(loss) per share (PLN)	25.26	(17.30)
Diluted earnings/(loss) per share (PLN)	25.26	(17.20)

2.17. 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. The Incentive Scheme is open to selected senior and middle management staff.

On February 3rd 2021, the Supervisory Board resolved to establish an Incentive Scheme for 2021–2025 at the Company. 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 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.

In the nine months ended September 30th 2022, the parent did not recognise any costs of the Incentive Scheme for 2022. The Parent did not recognise any costs of the Scheme in the same period of 2021, either.

2.18. Dividend

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

2.19. Shareholding structure

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, and 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.

Shareholder	As at the issue date of the report for nine months ended September 30th 2022			As at the issue date of the report for six months ended June 30th 2022			Change
	Number of shares	Ownership interest	Voting interest	Number of shares	Ownership interest	Voting interest	
James van Bergh*	453,691	15.47%	15.47%	463,691	15.81%	15.81%	(10,000)
Benefit Invest Ltd.*	295,421	10.07%	10.07%	295,421	10.07%	10.07%	-
Invesco Ltd.	288,577	9.84%	9.84%	288,577	9.84%	9.84%	-
Marek Kamola	237,440	8.09%	8.09%	237,440	8.09%	8.09%	-
Fundacja Drzewo i Jutro*	233,497	7.96%	7.96%	235,997	8.05%	8.05%	(2,500)
MetLife OFE	219,655	7.49%	7.49%	219,655	7.49%	7.49%	-
Nationale-Nederlanden OFE	199,000	6.78%	6.78%	199,000	6.78%	6.78%	-
Aviva OFE AVIVA Santander	199,000	6.78%	6.78%	199,000	6.78%	6.78%	-
Other	807,261	27.52%	27.52%	794,761	27.09%	27.09%	12,500
TOTAL	2,933,542	100.00%	100.00%	2,933,542	100.00%	100.00%	-

* Related individuals and/or entities as described in 'Related-party transactions' in the Group's full-year consolidated financial statements for 2021.

The amount of the Parent's share capital is PLN 2,933,542. Number of shares comprising the share capital: 2,933,542 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 and 184,000 Series F shares. All Series F shares have a par value of PLN 1.00 per share. The total number of voting rights carried by all outstanding shares is 2,933,542. The equity interests held by individual shareholders in Benefit Systems S.A. are equal to their respective voting interests in the Company.

2.20. Shares or other rights to shares held by members of the Management Board or the Supervisory Board

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

Management Board Member	As at the issue date of the report for nine months ended September 30th 2022		As at the issue date of the report for six months ended June 30th 2022		Change
	Number of shares	Ownership interest	Number of shares	Ownership interest	
Bartosz Józefiak	664	0.02%	664	0.02%	-
Emilia Rogalewicz	2,500	0.09%	2,500	0.09%	-
Wojciech Szwarc	2,620	0.09%	2,620	0.09%	-
TOTAL	5,784	0.20%	5,784	0.20%	-

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

Member of the Supervisory Board	As at the issue date of the report for nine months ended September 30th 2022		As at the issue date of the report for six months ended June 30th 2022		Change
	Number of shares	Ownership interest	Number of shares	Ownership interest	
James van Bergh*	453,691	15.47%	463,691	15.81%	(10,000)
Marcin Marczuk	0	0.00%	0	0.00%	-
Artur Osuchowski	0	0.00%	0	0.00%	-

Michael Sanderson	0	0.00%	0	0.00%	-
Michael Rohde Pedersen	0	0.00%	0	0.00%	-
Total	453,691	15.47%	463,691	15.81%	(10,000)

* Direct interest; additionally, a person closely related to the Chairman of the Supervisory Board (within the meaning of Art. 160(2)(1) of the Act on Trading in Financial Instruments) controls Benefit Invest Ltd. and that company holds 295,421 shares in Benefit Systems S.A., representing 10.07% of its share capital and the same percentage of total voting rights (as at the issue date of the report for the three quarters of 2022). In addition, a person closely related to the Chairman of the Supervisory Board is the Chairperson of the Supervisory Board of the Drzewo i Jutro Foundation, holding 7.96% of Benefit Systems S.A. share capital.

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

2.21. Non-compliance with debt covenants

In the nine months ended September 30th 2022, the Group did not breach any of its debt covenants.

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

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

	September 30th 2022	December 31st 2021
<i>Associates</i>		
Guarantees provided / Surety for repayment of liabilities	8,224	7,752
Total contingent liabilities	8,224	7,752

Pending proceedings before administrative authorities

Antitrust proceedings against Benefit Systems S.A.

The antitrust proceedings against Benefit Systems S.A. (and other entities) were initiated by the President of the Office of Competition and Consumer Protection (the "President of UOKiK") on June 22nd 2018 in connection with the suspicion of certain activities potentially restricting competition on the domestic market of sports and recreational services packages or on the domestic market of fitness clubs or local fitness clubs (the "Proceedings").

On January 4th 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 Article 6(1)(3) of the Act on Competition and Consumer Protection and Article 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 Company recognised a provision for the fine of PLN 10.8m in 2020. In the absence of any new circumstances affecting the case, the provision remained unchanged as at September 30th 2022.

The Company does not agree with the Decision and has therefore filed an appeal against the Decision within the period prescribed by law.

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 December 7th 2021, of a decision by the President of UOKiK ("Decision 2") under Art. 12.1 of the Act on Competition and Consumer Protection of February 16th 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 2021.

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

The Company has not released any profit forecasts for 2022.

2.24. Related-party transactions executed by the Group on non-arm's length terms

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

2.25. Events after the reporting date

Launch of review of available courses of action towards the Company's investment in the associate Calypso Fitness S.A.

On October 7th 2022, the parent's Management Board resolved to launch a detailed review of available courses of action towards the Company's investment in the associate Calypso Fitness S.A. in view of the significant level of debt owed by Calypso Fitness to Benefit Systems S.A.

Benefit Systems S.A. holds a 33.33% ownership interest in Calypso Fitness S.A., which the former acquired in 2011–2014. As at October 7th 2022, the carrying amount of the parent's investment in Calypso Fitness S.A. was PLN nil. In addition, the parent and its subsidiaries have provided a total of PLN 67.6m worth of cash and fitness equipment to Calypso Fitness S.A. and its subsidiaries under various loans and leases, which have largely been written off.

During the review process, Benefit Systems S.A. will consider the various courses of action it can take towards its investment in Calypso Fitness S.A. and its assets, including the option to acquire certain assets from Calypso Fitness S.A. or its shareholders primarily, but not exclusively, in consideration for retirement of all or some of Calypso Fitness S.A.'s liabilities towards Benefit Systems S.A. Accordingly, the review may result in Benefit Systems S.A. concluding a transaction or a series of transactions, including with Calypso Fitness S.A., or may end with the status quo maintained without any new action taken.

Merger of Benefit Systems S.A. with Fit Fabric sp. z o.o.

On October 28th 2022, the merger of the parent as the acquirer with its subsidiary Fit Fabric sp. z o.o. as the acquiree was registered.

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

3.1. CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

ASSETS	September 30th 2022	December 31st 2021
Goodwill	277,555	277,555
Intangible assets	101,334	84,352
Property, plant and equipment	175,940	193,771
Right-of-use assets	613,141	625,542
Investments in subsidiaries	167,118	137,668
Investments in associates	2,415	2,415
Trade and other receivables	4,306	4,780
Loans and other non-current financial assets	341,465	322,947
Deferred tax assets	27,073	28,082
Non-current assets	1,710,347	1,677,112
Inventories	3,666	2,887
Trade and other receivables	134,070	159,670
Current tax assets	0	147
Loans and other current financial assets	6,384	6,907
Cash and cash equivalents	72,450	195,699
Current assets	216,570	365,310
Total assets	1,926,917	2,042,422

EQUITY AND LIABILITIES	September 30th 2022	December 31st 2021
Share capital	2,934	2,934
Share premium	230,792	230,792
Retained earnings	591,232	488,417
Total equity	824,958	722,143
Employee benefit provisions	180	209
Other provisions	10,767	10,767
Trade and other payables	0	2
Other financial liabilities	3,446	7,871
Borrowings, other debt instruments	65,156	108,476
Lease liabilities	597,035	595,970
Non-current liabilities	676,584	723,295
Employee benefit provisions	3,111	1,622
Trade and other payables	211,293	271,118
Current income tax liabilities	4,055	0
Other financial liabilities	16,676	21,188
Borrowings, other debt instruments	27,189	127,764
Lease liabilities	152,347	167,776
Contract liabilities	10,704	7,516
Current liabilities	425,375	596,984
Total liabilities	1,101,959	1,320,279
Total equity and liabilities	1,926,917	2,042,422

3.2. CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS

	January 1st – September 30th 2022	July 1st – September 30th 2022	January 1st – September 30th 2021	July 1st – September 30th 2021
Revenue	892,495	319,287	371,955	188,098
Revenue from sales of services	880,170	315,005	368,780	185,665
Revenue from sales of merchandise and materials	12,325	4,282	3,175	2,433
Cost of sales	(666,858)	(223,818)	(329,267)	(163,463)
Cost of services sold	(660,008)	(220,936)	(327,631)	(162,223)
Cost of merchandise and materials sold	(6,850)	(2,882)	(1,636)	(1,240)
Gross profit/(loss)	225,637	95,469	42,688	24,635
Selling expenses	(54,663)	(18,972)	(31,090)	(13,537)
Administrative expenses	(61,771)	(24,616)	(43,273)	(19,241)
Other income	3,306	641	6,994	391
Other expenses	(5,582)	(2,072)	(6,231)	(2,624)
Operating profit/(loss)	106,927	50,450	(30,912)	(10,376)
Finance income	15,942	2,753	11,125	(4,930)
Finance costs	(42,762)	(23,439)	(15,747)	(5,368)
Impairment losses on financial assets	(19)	0	(45)	(1)
Profit/(loss) before tax	80,088	29,764	(35,579)	(20,675)
Income tax	(12,909)	(6,947)	7,540	2,055
Net profit/(loss) from continuing operations	67,179	22,817	(28,039)	(18,620)
Net profit/(loss)	67,179	22,817	(28,039)	(18,620)

3.3. CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	January 1st – September 30th 2022	July 1st – September 30th 2022	January 1st – September 30th 2021	July 1st – September 30th 2021
Net profit/(loss)	67,179	22,817	(28,039)	(18,620)
Other comprehensive income	0	0	0	0
<i>Items not reclassified to profit or loss</i>	0	0	0	0
<i>Items reclassified to profit or loss</i>	0	0	0	0
Comprehensive income	67,179	22,817	(28,039)	(18,620)

3.4. CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

	Equity				
	Share capital	Treasury shares	Share premium	Retained earnings	Total
Balance as at January 1st 2022	2,934	0	230,792	488,417	722,143
<i>Changes in equity in the period January 1st – September 30th 2022</i>					
Merger reserve	0	0	0	35,636	35,636
Total transactions with owners	0	0	0	35,636	35,636
Net profit/(loss) for period	0	0	0	67,179	67,179
Total comprehensive income	0	0	0	67,179	67,179
Balance as at September 30th 2022	2,934	0	230,792	591,232	824,958

	Equity				
	Share capital	Treasury shares	Share premium	Retained earnings	Total
Balance as at January 1st 2021	2,894	(118,157)	211,521	504,737	600,995
<i>Changes in equity in the period January 1st – September 30th 2021</i>					
Sale of treasury shares	0	118,157	0	(25,697)	92,460
Total transactions with owners	0	118,157	0	(25,697)	92,460
Net profit/(loss) for period	0	0	0	(28,039)	(28,039)
Total comprehensive income	0	0	0	(28,039)	(28,039)
Balance as at September 30th 2021	2,894	0	211,521	451,001	665,416

3.5. CONDENSED SEPARATE STATEMENT OF CASH FLOWS

	January 1st – September 30th 2022	January 1st – September 30th 2021
Cash flows from operating activities		
Profit/(loss) before tax	80,088	(35,579)
Adjustments:		
Depreciation and amortisation of non-financial non-current assets	125,595	115,955
Change in impairment losses and write-off of assets	0	187
Effect of lease modifications	(6,006)	(14,462)
Measurement of liabilities arising from acquisition of shares	364	(2,935)
(Gains)/losses on sale and value of liquidated non-financial non-current assets	1,153	(196)
Foreign exchange (gains)/losses	23,774	(228)
Interest expense	17,843	14,757
Interest income	(15,942)	(5,487)
Dividend income	0	(2,475)
Change in inventories	(779)	507
Change in receivables	21,240	(14,569)
Change in liabilities	(30,796)	37,463
Change in provisions	1,412	438
Other adjustments	331	(744)
Income tax paid	(4,292)	(4,129)
Net cash from operating activities	213,985	88,503
Cash flows from investing activities		
Purchase of intangible assets	(27,391)	(14,863)
Purchase of property, plant and equipment	(32,497)	(11,669)
Proceeds from sale of property, plant and equipment	2,249	104
Acquisition of subsidiaries, net of cash acquired	(39,293)	(16,307)
Repayments of loans	24,972	16,081
Loans	(27,227)	(7,595)
Interest received	832	1,834
Dividends received	1,493	6,474
Net cash from investing activities	(96,862)	(25,941)
Cash flows from financing activities		
Net proceeds from issue of shares	0	13,409
Sale of treasury shares	0	92,460
Redemption of debt securities	(100,000)	0
Proceeds from borrowings	51,983	4,000
Repayment of borrowings	(66,603)	(48,218)
Payment of lease liabilities	(116,262)	(64,079)
Interest paid	(9,490)	(5,431)
Net cash from financing activities	(240,372)	(7,859)
Net change in cash and cash equivalents	(123,249)	54,703
Cash and cash equivalents at beginning of period	195,699	170,560
Cash and cash equivalents at end of period	72,450	225,263

AUTHORISATION FOR ISSUE

The consolidated quarterly report of the Benefit Systems Group for the nine months ended September 30th 2022 (including the comparative information) was authorised for issue by the Management Board of the parent on November 9th 2022 by means of a qualified electronic signature.

Signatures of Members of the Management Board

Date	Full name	Position	Signature
November 9th 2022	Bartosz Józefiak	Member of the Management Board	
November 9th 2022	Emilia Rogalewicz	Member of the Management Board	
November 9th 2022	Wojciech Szwarc	Member of the Management Board	

Signature of the person responsible for preparing the interim condensed consolidated financial statements

Date	Full name	Position	Signature
November 9th 2022	Katarzyna Beuch	Finance Director	