INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BENEFIT SYSTEMS GROUP

FOR THE SIX MONTHS ENDED JUNE 30TH 2021

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1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	**June 30th 2021**	**December 31st 2020**
Goodwill	6.7	369,744	363,330
Intangible assets	6.8	86,099	72,998
Property, plant and equipment	6.8	310,439	333,727
Right-of-use assets	6.9	738,043	782,871
Investments in associates	6.1	5,235	4,411
Trade and other receivables		8,605	8,848
Loans and other non-current financial assets	6.10	25,714	26,939
Deferred tax assets		31,829	27,649
Non-current assets		**1,575,708**	**1,620,773**
Inventories		3,736	4,140
Trade and other receivables		115,258	183,818
Current tax assets		9,546	3,298
Loans and other current financial assets	6.10	7,682	8,494
Cash and cash equivalents		198,386	223,780
Current assets		**334,608**	**423,530**
Total current assets		**334,608**	**423,530**
Total assets		**1,910,316**	**2,044,303**

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

EQUITY AND LIABILITIES	Notes	June 30th 2021	December 31st 2020
Equity attributable to owners of the parent:			
Share capital	6.12	2,894	2,894
Treasury shares (-)		(118,157)	(118,157)
Share premium		272,107	272,107
Translation reserve		(3,800)	(4,562)
Retained earnings		333,393	372,245
Equity attributable to owners of the parent		486,437	524,527
Non-controlling interests	6.6	(2,346)	(1,527)
Total equity		**484,091**	**523,000**
Employee benefit provisions	6.13	377	379
Other provisions		10,767	10,767
Total long-term provisions		**11,144**	**11,146**
Trade and other payables		526	24
Deferred tax liability		2,817	2,151
Other financial liabilities	6.22	15,714	15,178
Borrowings, other debt instruments	6.14	95,230	188,084
Lease liabilities	6.9	697,826	752,853
Contract liabilities		298	0
Non-current liabilities		**823,555**	**969,436**
Employee benefit provisions	6.13	5,528	3,221
Other provisions		0	77
Total short-term provisions		**5,528**	**3,298**
Trade and other payables		231,007	234,719
Current income tax liabilities		484	10,570
Other financial liabilities	6.22	17,530	29,884
Borrowings, other debt instruments	6.14	140,015	73,417
Lease liabilities	6.9	184,116	178,845
Contract liabilities		23,990	21,134
Current liabilities		**602,670**	**551,867**
Total current liabilities		**602,670**	**551,867**
Total liabilities		**1,426,225**	**1,521,303**
Total equity and liabilities		**1,910,316**	**2,044,303**

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	January 1st – June 30th 2021	April 1st – June 30th 2021	January 1st – June 30th 2020	April 1st – June 30th 2020
Continuing operations					
Revenue	**6.5**	**279,073**	**180,560**	**547,472**	**161,392**
Revenue from sales of services		276,618	178,575	541,171	159,801
Revenue from sales of merchandise and materials		2,455	1,985	6,301	1,591
Cost of sales		**(263,077)**	**(146,740)**	**(432,118)**	**(140,963)**
Cost of services sold		(261,624)	(145,426)	(427,771)	(139,615)
Cost of merchandise and materials sold		(1,453)	(1,314)	(4,347)	(1,348)
Gross profit/(loss)		**15,996**	**33,820**	**115,354**	**20,429**
Selling expenses		(32,661)	(16,376)	(39,815)	(15,910)
Administrative expenses		(49,180)	(25,429)	(58,377)	(28,005)
Other income	6.16	21,748	12,134	8,766	5,382
Other expenses	6.16	(4,005)	(2,884)	(16,862)	(15,769)
Operating profit/(loss)		**(48,102)**	**1,265**	**9,066**	**(33,873)**
Finance income	6.17	15,179	13,183	4,038	(5,571)
Finance costs	6.17	(11,019)	(1,783)	(43,036)	8,642
Impairment losses on financial assets		(103)	(54)	(1,242)	(1,022)
Share of profit/(loss) of equity-accounted entities (+/-)		824	934	804	(80)
Profit/(loss) before tax		**(43,221)**	**13,545**	**(30,370)**	**(31,904)**
Income tax	6.11	4,210	(2,763)	(7,320)	(7,203)
Net profit/(loss) from continuing operations		**(39,011)**	**10,782**	**(37,690)**	**(39,107)**

Net profit/(loss)		**(39,011)**	**10,782**	**(37,690)**	**(39,107)**
Net profit/(loss) attributable to:					
- owners of the parent		(38,648)	10,268	(38,761)	(40,810)
- non-controlling interests		(363)	514	1,071	1,703

EARNINGS/(LOSS) PER ORDINARY SHARE (PLN)

	Notes	January 1st – June 30th 2021	January 1st – June 30th 2020
from continuing operations			
- basic	6.18	(13.92)	(14.14)
- diluted	6.18	(13.84)	(13.98)
from continuing and discontinued operations			
- basic	6.18	(13.92)	(14.14)
- diluted	6.18	(13.84)	(13.98)

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

3. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	January 1st – June 30th 2021	April 1st – June 30th 2021	January 1st – June 30th 2020	April 1st – June 30th 2020
Net profit/(loss)	**(39,011)**	**10,782**	**(37,690)**	**(39,107)**
Other comprehensive income	**306**	**1,910**	**(996)**	**(847)**
Items not reclassified to profit or loss	**0**	**0**	**0**	**0**
Items reclassified to profit or loss	**306**	**1,910**	**(996)**	**(847)**
- *Exchange differences on translation of foreign operations*	306	1,910	(996)	(847)
Comprehensive income	**(38,705)**	**12,692**	**(38,686)**	**(39,954)**
Comprehensive income attributable to:				
- owners of the parent	(37,886)	12,600	(39,722)	(41,735)
- non-controlling interests	(819)	92	1,036	1,781

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

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 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–June 30th 2021								
Increase in shares in subsidiary due to acquisition of non-controlling interest without change of control	0	0	0	0	(204)	(204)	0	**(204)**
Total transactions with owners	**0**	**0**	**0**	**0**	**(204)**	**(204)**	**0**	**(204)**
Net profit/(loss) for period	0	0	0	0	(38,648)	(38,648)	(363)	**(39,011)**
Exchange differences on translation of foreign operations	0	0	0	762	0	762	(456)	**306**
Total comprehensive income	**0**	**0**	**0**	**762**	**(38,648)**	**(37,886)**	**(819)**	**(38,705)**
Total changes	0	0	0	762	(38,852)	(38,090)	(819)	**(38,909)**
Balance as at June 30th 2021	**2,894**	**(118,157)**	**272,107**	**(3,800)**	**333,393**	**486,437**	**(2,346)**	**484,091**

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

CONTD.

	Share capital	Treasury shares	Share premium	Translation reserve	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance as at January 1st 2020	**2,859**	**(118,157)**	**272,107**	**(725)**	**462,473**	**618,557**	**1,703**	**620,260**
Changes in equity in the period January 1st to June 30th 2020								
Share issue in connection with exercise of options (incentive scheme)	0	0	0	0	147	147	0	**147**
Cost of equity-settled share-based payment plan	0	0	0	0	924	924	0	**924**
Increase in shares in subsidiary due to acquisition of non-controlling interest without change of control	0	0	0	0	353	353	(1,372)	**(1,019)**
Provision for share buy-back	0	0	0	0	(6,065)	(6,065)	0	**(6,065)**
Total transactions with owners	**0**	**0**	**0**	**0**	**(4,641)**	**(4,641)**	**(1,372)**	**(6,013)**
Net profit/(loss) for period	0	0	0	0	(38,761)	(38,761)	1,071	**(37,690)**
Exchange differences on translation of foreign operations	0	0	0	(961)	0	(961)	(35)	**(996)**
Total comprehensive income	**0**	**0**	**0**	**(961)**	**(38,761)**	**(39,722)**	**1,036**	**(38,686)**
Total changes	0	0	0	(961)	(43,402)	(44,363)	(336)	**(44,699)**
Balance as at June 30th 2020	**2,859**	**(118,157)**	**272,107**	**(1,686)**	**419,071**	**574,194**	**1,367**	**575,561**

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	January 1st – June 30th 2021	January 1st – June 30th 2020
Cash flows from operating activities			
Profit/(loss) before tax		**(43,221)**	**(30,370)**
Adjustments:			
Depreciation and amortisation		102,023	106,514
Change in impairment losses and write-off of assets		(113)	13,625
Effect of amendments to lease contracts	6.9.3	(15,085)	(3,073)
Measurement of liabilities arising from acquisition of shares	6.17	(1,802)	(427)
Gains/(losses) on sale and value of liquidated non-financial non-current assets		(58)	(1,235)
Foreign exchange gains/(losses)	6.17	(12,254)	27,203
Interest expense	6.17	9,329	9,386
Interest income	6.17	(838)	(1,448)
Cost of share-based payments (Incentive Scheme)		0	924
Share of profit/(loss) of associates		(824)	(804)
Change in inventories		582	1,724
Change in receivables		73,610	21,471
Change in liabilities		(7,702)	(8,740)
Change in provisions		2,454	9,654
Other adjustments		11	3,468
Cash flows provided by (used in) operating activities		**106,112**	**147,872**
Income tax paid		(18,045)	(6,788)
Net cash from operating activities		**88,067**	**141,084**
Cash flows from investing activities			
Purchase of intangible assets		(15,287)	(8,478)
Proceeds from sale of intangible assets		0	(28)
Purchase of property, plant and equipment		(9,853)	(17,359)
Proceeds from sale of property, plant and equipment		599	1,129
Acquisition of subsidiaries, net of cash acquired		(8,156)	0
Repayments of loans	6.10	570	8,695
Loans	6.10	(45)	(260)
Interest received	6.10	455	766
Dividends received		0	565
Net cash from investing activities		**(31,717)**	**(14,970)**
Cash flows from financing activities			
Expenditure on transactions with non-controlling parties	6.6.2	(10,467)	(36,059)
Redemption of debt securities		0	(30,250)
Proceeds from borrowings		0	50,000
Repayment of borrowings		(26,937)	(11,865)
Payment of lease liabilities	6.9	(40,127)	(35,967)
Interest paid		(4,213)	(2,873)
Net cash from financing activities		**(81,744)**	**(67,014)**
Net change in cash and cash equivalents before exchange differences		**(25,394)**	**59,100**
Exchange differences		0	0
Net change in cash and cash equivalents		**(25,394)**	**59,100**
Cash and cash equivalents at beginning of period		223,780	72,050
Cash and cash equivalents at end of period		**198,386**	**131,150**

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

6. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.1. 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 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 sport cards business. Activities based on synergies between the sale of sport cards and infrastructure investments are carried out in Poland and in foreign markets. The Group is present in the Czech Republic, Slovakia, Bulgaria and Croatia.

The Group offers unique products, such as Cafeteria e-platforms, which allow employees to 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 Cafeterias channel.

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

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

Subsidiary	**Principal place of business and country of registration**	**Group's ownership interest*:**	
		June 30th 2021	**December 31st 2020**
VanityStyle Sp. z o.o.	ul. Skierniewicka 16/20, 01-230 Warsaw, Poland	100.00%	100.00%
Benefit IP Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
Yes To Move Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
MW Legal Sp. z o.o.[1)]	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	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.[2)]	al. 1 Maja 119/121, 90-766 Łódź, Poland	100.00%	52.50%

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YesIndeed Sp. z o. o.[3)]	ul. Przeskok 2, 00-032 Warsaw, Poland	100.00%	0.00%
Rehabilitacja i Ortopedia Sp. z o. o.[4)]	ul. Biały Kamień 2, 02-593 Warsaw, Poland	80.00%	0.00%
MyBenefit Sp. z o.o.	ul. Powstańców Śląskich 28/30, 53-333 Wrocław, Poland	100.00%	100.00%
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%
Fit Invest Slovakia S.R.O.	Ružová dolina 480/6 Bratislava - mestská časť Ružinov 821 08, Slovakia	97.20%	97.20%
Form Factory S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	97.20%
Next Level Fitness EOOD	Krasno Selo district, 11-13 Yunak str., 1612 Sofia, Bulgaria	97.20%	97.20%
Beck Box Club Praha S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, Czech Republic	97.20%	97.20%
Benefit Systems International Sp. z o.o.	ul. Młynarska 8/12, 01-194 Warsaw, Poland	97.20%	97.20%
Benefit Systems D.O.O.	Zagreb (Grad Zagreb) Heinzelova ulica 44, Croatia	95.74%	95.74%
Benefit Systems Slovakia S.R.O.	Ružová dolina 6 Bratislava - mestská časť Ružinov 821 08, Slovakia	95.26%	95.26%
MultiSport Benefit S.R.O.[5)]	Lomnickeho 1705/9, 140 00 Praha 4, Czech Republic	95.26%	93.31%
Benefit Systems Bulgaria EOOD	11-13, Yunak Str., floor 1 Sofia 1612, Bulgaria	93.31%	93.31%
Benefit Systems, storitve, D.O.O.	Komenskega street 36, 1000 Lublana, Slovenia	92.34%	92.34%

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

1) The company is not consolidated as it does not conduct any business activity.
2) FitFabric Sp. z o.o. has been consolidated since 2018 based on the assumption that the Group exercises full (100%) control, as agreements have been executed with the minority shareholders committing them to sell their residual interests. On May 18th 2021, the parent signed an agreement with the minority shareholders of Fit Fabric Sp. z o.o., whereby it acquired 47.5% of the company's share capital, increasing its equity interest to 100%.
3) On June 17th 2021, the purchase of 100% of shares in YesIndeed Sp. z o.o. was effected, as a result of which Benefit Systems S.A. holds 100% of shares in the company.
4) On April 26th 2021, Benefit Systems S.A. acquired 80% of shares in Rehabilitacja i Ortopedia Sp. z o.o.
5) On September 21st 2020, agreements were signed obliging minority shareholders to dispose of the remaining shares, and therefore, as of that date, the company is consolidated on the assumption the Group holds a 97.2% equity interest. On April 1st 2021, the sale of 2% of shares in Multisport S.R.O. was effected, as a result of which Benefit Systems International Sp. z o.o. holds 98% of shares in the company.

The key financial data of the subsidiaries with significant non-controlling interests as at the reporting date and for the six months ended June 30th 2021 is presented below.

	Assets	**Liabilities**	**Equity attributable to owners**	**Non-controlling interests**	**Net profit/(loss) attributable to owners of the parent**	**Net profit/(loss) attributable to non-controlling interests**	**Revenue**
MultiSport Benefit S.R.O.	41,197	21,588	19,609	582	2,337	156	19,429
Benefit Systems Bulgaria EOOD	19,661	10,813	8,848	603	1,165	78	34,584

In the interim condensed consolidated financial statements prepared as at June 30th 2021, the interests in four associates were accounted for using the equity method.

	Principal place of business and country of registration	Equity interest as at June 30th 2021	% of total voting rights	Carrying amount as at June 30th 2021	Carrying amount as at December 31st 2020
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%	5,235	4,411
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.	Uniwersytecka St. 13, 40-007 Katowice	20.00%	20.00%	0	0
Total carrying amount				**5,235**	**4,411**

6.2. Basis of preparation and accounting policies

6.2.1. Basis of preparation

These interim condensed consolidated financial statements were authorised for issue by the Parent's Management Board on August 18th 2021.

These interim condensed consolidated financial statements of the Group cover the period of six months ended June 30th 2021 and have 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).

These interim condensed consolidated have been prepared in a condensed form and do not contain all the information which is typically disclosed in full-year consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union. These interim condensed consolidated financial statements should be read in conjunction with the Group's full-year consolidated financial statements for 2020.

The functional currency of the parent and the presentation currency of these interim condensed consolidated financial statements is the Polish złoty, and all amounts are expressed in thousands of Polish złoty (unless indicated otherwise).

The interim condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of authorisation of these interim condensed consolidated financial statements, no circumstances have been identified which would indicate any threat to the Group's or the Parent's ability to continue as a going concern.

6.2.2. Accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with the accounting policies presented in the Group's most recent consolidated financial statements for the year ended December 31st 2020, and in accordance with the policies applied in the same interim period of the previous year, except for the application of the practical expedient described in note 6.2.5.

These interim condensed consolidated 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.

6.2.3. New and amended standards applied by the Group as of January 1st 2021

No new standards and interpretations have been published since the date of issue of the Consolidated Financial Statements for the year ended December 31st 2020, prepared in accordance with International Financial Reporting Standards as endorsed by the European Union.

6.2.4. Uncertainty of estimates

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

For information on estimates and assumptions which are material to the interim condensed consolidated financial statements, see the Group's full-year consolidated financial statements for 2020, as well as the following notes to these interim condensed consolidated financial statements: 6.6 Acquisitions and change in non-controlling interests, 6.7 Goodwill, 6.9 Leases, 6.21 Provisions and contingent liabilities, 6.22 Financial instruments, and 6.23.1 Credit risk.

6.2.5. Presentation adjustment and change of accounting policies

In the preparation of the full-year consolidated financial statements for 2020, the Group elected to early apply the practical expedient provided by the amendment to IFRS 16 in the wake of the COVID-19 pandemic. The practical expedient gives the lessee the option not to assess whether a rent concession is a lease modification and to account for any change in lease payments resulting from the rent concession the same way it would account for the change if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only under certain conditions.

The amendment does not affect lessors.

The amendment applies to annual periods beginning on or after June 1st 2020. The Group applied the amendment retrospectively, with no effect the balance of retained earnings as at January 1st 2020.

These interim condensed consolidated financial statements for the first half of 2020 were prepared before approval by the European Union of the amendments to IFRS 16 enabling the practical expedient to be applied. The effect of the amendment on the comparative period would be PLN 7.3m on account of a decrease in cost of sales and lease liabilities, PLN 1.4m on account of higher income tax expense in the consolidated statement of profit or loss and lower deferred tax assets, and PLN 5.9m on account of an increase in net result and equity.

6.3. Significant events and transactions

COVID-19 pandemic

In the six months ended June 30th 2021, the Group’s business was affected by the coronavirus pandemic, and in particular by the temporary government restrictions imposed in the Group’s home markets on the operation of sports facilities. The Group's customers and card users used the option to suspend sport cards, and the Group did not charge membership fees. Since January 18th 2021, the parent has earned revenue from sales of services relating to active sport cards.

The management of the Group and its subsidiaries took a number of measures to secure and support revenue streams and reduce operating costs. Managing the Group's liquidity is of the highest priority, and the steps taken by the Group include securing access to various sources of financing, monitoring of debt repayments on an ongoing basis, reducing capital expenditure, using public aid instruments, and, where justified, extending payment deadlines and maintaining safe levels of the net debt and liquidity ratios. As at the end of June 2021, the number of active sport cards was 548.1 thousand (up +15.3% on the end of 2020) in the Poland segment, while in the foreign markets the number of sport cards which were active in June 2021 was 249.9 thousand (down 1.5% on the end of 2020).

The sports facilities in all markets where the Group operates have been gradually resuming operations since February 2021. Poland was the last market where sports facilities resumed operations (on May 28th 2021).

As at June 30th 2021, the Group held PLN 198.4m of available funds in bank accounts and had access to PLN 125.5m of available and undrawn overdraft facilities.

In the opinion of the Group, the COVID-19 pandemic has not significantly affected the long-term prospects of the market's potential and the factors supporting the sale of sport cards.

The Group is expanding its offering of online products (such as sports, recreational and health exercises online, Yes2Move online training platform and online shop, the new MultiLife card) and additional services (advice, diets, urban bicycles, special holiday offers), and is continuing to develop the partnership network, which is of strategic importance to the Group. In addition, optimisation measures were taken with a focus on: (i) new customer retention processes and sales of services, implementation of subscription contracts better suited to consumer preferences, (ii) implementation of a new management structure and centralisation of functions across all networks (procurement, administration, back office), and (iii) implementation of restructuring plans at sports clubs with the least potential.

Execution of an annex to an agreement with BNP Paribas

On February 19th 2021, the parent signed an annex to the multi-purpose credit facility agreement with BNP Paribas Bank Polska S.A., extending the facility availability period until February 19th 2023. The facility limit was set at PLN 30m and as at the date of this report its full amount was available for drawdown.

Execution of an agreement with the minority shareholders of Fit Fabric Sp. z o.o.

On May 18th 2021, the parent signed an agreement with the minority shareholders of Fit Fabric Sp. z o.o. and made a payment of PLN 5.1m whereby it acquired 47.5% of the company’s share capital, thus increasing its equity interest to 100%. The deferred portion of consideration of PLN 7.5m, payable in two instalments in the second half of 2021, was disclosed as other current financial liabilities.

Decision on amendments to the Articles of Association of the parent

On May 19th 2021, the Management Board of the parent was notified that on May 7th 2021 the District Court for the Capital City of Warsaw issued a decision to dismiss the parent’s application for the registration of amendments to its Articles of Association in connection with a reduction of the share capital of the parent through the cancellation of treasury shares, based on resolutions passed by the Annual General Meeting on June 10th 2020.

On May 19th 2021, the Management Board of the parent was notified that on May 7th 2021 the District Court for the Capital City of Warsaw issued a decision to register amendments to the parent’s Articles of Association adopted by its Extraordinary General Meeting on February 3rd 2021, concerning a change to the conditional share capital of the parent for the purpose of granting the right to acquire E and G Series shares to the holders of subscription warrants under the 2021–2025 Incentive Scheme.

Changes on the Management Board of the parent

In the period from January 1st to June 30th 2021 the following changes occurred in the composition of the parent's Management Board:

On May 19th 2021, the Supervisory Board of the parent removed, with effect from the end of May 19th 2021, all existing members of the Management Board and appointed, with effect from May 20th 2021, the following persons to serve as members of the parent's Management Board for another four-year joint term of office:

1. Emilia Rogalewicz,
2. Bartosz Józefiak,
3. Adam Radzki,
4. Wojciech Szwarc,

On June 22nd 2021, Adam Radzki resigned as Member of the parent's Management Board with effect from June 23rd 2021.

Execution of agreements with Santander Bank Polska

On May 27th 2021, the PLN 45m multi-purpose and multi-currency credit facility agreement of July 18th 2012 between the parent and Santander Bank Polska was terminated. On May 28th 2021, the parent and Santander Bank Polska executed a PLN 22.5m working capital facility agreement. The facility will be available until September 30th 2021 and may be used to finance day-to-day operations. The facility repayment date is May 31st 2023.

On May 28th 2021, an annex to a bank guarantee facility agreement was executed, whereby the facility limit was increased from PLN 60m to PLN 65m.

Also on May 28th 2021, an annex to the guarantee facility agreement was executed. Pursuant to the annex, the parent was granted an overdraft facility of up to PLN 45m, and the guarantee limit was raised from PLN 5m to PLN 10m, with the proviso that the aggregate amount of drawdowns under the overdraft facility and the guarantee facility based on the agreement may not exceed PLN 50m. The facility repayment date is May 31st 2023.

Acquisition of shares in YesIndeed Sp. z o.o.

On June 17th 2021, a share purchase agreement was signed under which the parent purchased 100% of shares in YesIndeed Sp. z o.o., a company providing staff activation services in the B2B model. For details of the transaction and information on recognition the acquisition in the financial statements, see Note 6.6.1.

Appropriation of the parent's net loss for 2020

On June 29th 2021, the parent's Annual General Meeting passed a resolution to cover the net loss of PLN 81.7m for the financial year 2020 from future earnings.

Extension of deadline for closing of antitrust proceedings

On May 31st 2021, the Management Board of the parent received a decision of the President of the Office of Competition and Consumer Protection ("UOKiK"), whereby the antitrust proceedings are expected to be closed on October 29th 2021.

For detailed information on the proceedings, see Note 6.21 to this report.

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

6.4. 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 sport card business and the operation of fitness clubs. On the other hand, seasonality in the Cafeterias segment is reflected in an increase in turnover in the last month of the year due to, among other things, the Christmas period.

In the first half of 2021, the seasonality patterns observed to date could change as a result of the coronavirus pandemic and the temporary closure of fitness clubs and other sports facilities.

6.5. Operating segments

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

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

1. Poland
2. Foreign Markets
3. Cafeterias

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

The Group has 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 measure applied under international accounting standards) defined by the Group as operating profit before depreciation and amortisation. In addition, the Group allocates to the operating segments interest on lease liabilities and share in the results of equity-accounted companies whose business is similar to that of a given segment.

Reconciliation of the segments' results to the Group's total results in the six months ended June 30th 2021 and in the comparative period is presented below.

for the period January 1st – June 30th 2021	Poland	Foreign Markets	Cafeterias	Corporate	Total
Revenue	**192,001**	**69,015**	**20,344**	**(2,287)**	**279,073**
including from external customers	*191,937*	*69,015*	*17,981*	*140*	***279,073***
including inter-segment sales	*64*	*0*	*2,363*	*(2,427)*	***0***
Cost of sales	**(183,983)**	**(71,950)**	**(10,294)**	**3,150**	**(263,077)**
including practical expedient under IFRS 16	*14,127*	*997*	*0*	*0*	***15,124***
Gross profit	**8,018**	**(2,935)**	**10,050**	**863**	**15,996**
Selling expenses	*(21,374)*	*(10,432)*	*(1,461)*	*606*	**(32,661)**
Administrative expenses	*(28,536)*	*(16,062)*	*(5,321)*	*739*	**(49,180)**
Other income and expenses	*3,395*	*14,056*	*245*	*47*	**17,743**

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

Operating profit/(loss)	**(38,497)**	**(15,373)**	**3,513**	**2,255**	**(48,102)**
Share of profit of equity-accounted entities	824	0	0	0	**824**
Interest expense on lease liabilities	(5,282)	(646)	(59)	30	**(5,957)**
Depreciation and amortisation	83,173	16,254	3,234	(638)	**102,023**
EBITDA	**44,676**	**881**	**6,747**	**1,617**	**53,921**
Segment's assets	1,775,559	232,438	149,064	(246,745)	**1,910,316**
Segment's liabilities	1,182,266	386,545	103,649	(246,234)	**1,426,225**
Investments in associates	5,235	0	0	0	**5,235**

for the period January 1st to June 30th 2020

Revenue	**364,342**	**171,378**	**15,556**	**(3,804)**	**547,472**
including from external customers	*363,086*	*171,378*	*12,354*	*654*	***547,472***
including inter-segment sales	*1,256*	*0*	*3,202*	*(4,458)*	***0***
Cost of sales	**(290,607)**	**(129,880)**	**(11,497)**	**7,172**	**(432,118)**
Gross profit	**73,735**	**41,498**	**4,059**	**3,368**	**115,354**
Selling expenses	(22,561)	(14,602)	(2,652)	0	(39,815)
Administrative expenses	(36,756)	(17,946)	(2,949)	(726)	(58,377)
Other income and expenses	(4,948)	(647)	(2,582)	81	(8,096)
Operating profit/(loss)	**9,470**	**8,303**	**(4,124)**	**2,723**	**9,066**
Share of profit of equity-accounted entities	0	0	0	804	804
Interest expense on lease liabilities	(6,713)	(833)	(82)	132	(7,496)
Depreciation and amortisation	89,847	17,588	2,861	(3,782)	106,514
EBITDA	**99,317**	**25,891**	**(1,263)**	**(1,059)**	**115,580**
Segment's assets	1,793,508	297,080	121,776	(200,082)	2,012,282
Segment's liabilities	1,192,729	421,447	80,378	(257,833)	1,436,721
Investments in associates	3,326	0	0	10,481	13,807

There is no significant concentration of sales to one or more external customers. In the reporting period of the six months ended June 30th 2021, 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 for the operating segments, except for unallocated revenue and consolidation eliminations on inter-segment transactions. As of 2020, the segment data is presented down to the level of operating profit as financing decisions are made from the perspective of the Group as a whole.

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

	January 1st – June 30th 2021	January 1st – June 30th 2020
Segments' revenue		
Total revenue of operating segments	281,360	551,276
Unallocated revenue	140	654
Elimination of revenue from inter-segment transactions	(2,427)	(4,458)
Revenue	**279,073**	**547,472**
Segments' profit/(loss)		
Segments' operating profit/(loss)	(50,357)	6,343
Elimination of profit/(loss) from inter-segment transactions (IFRS 16)	62	62

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

Unallocated profit/(loss)	2,193	2,661
Operating profit	**(48,102)**	**9,066**
Finance income	15,179	4,038
Finance costs (-)	(11,019)	(43,036)
Impairment losses on financial assets	(103)	(1,242)
Share of profit/(loss) of equity-accounted entities	824	804
Profit/(loss) before tax	**(43,221)**	**(30,370)**

Segments' assets	**June 30th 2021**	**December 31st 2020**
Total assets of operating segments	2,157,061	2,292,772
Unallocated assets	0	0
Elimination of intragroup balances and transactions	(246,745)	(248,469)
Total assets	**1,910,316**	**2,044,303**

Segments' liabilities	**June 30th 2021**	**December 31st 2020**
Total liabilities of operating segments	1,672,460	1,769,231
Unallocated liabilities	0	0
Elimination of intragroup balances and transactions	(246,234)	(247,928)
Total liabilities	**1,426,225**	**1,521,303**

The Corporate segment primarily includes eliminations of inter-segment transactions, with the most significant item being settlements for the provision of cafeteria platforms as sales channels for sport cards. Other income and expenses are related to support functions and other activities not allocated to the operating segments, including sublease of space, marketing activities and costs of the Incentive Scheme. The Corporate segment also includes amounts from elimination of the Group trademark amortisation expense. Eliminations of assets and liabilities include primarily inter-segment loans and trade receivables arising from inter-segment transactions.

	Poland	**Foreign Markets**	**Cafeterias**	**Corporate**	**Total**
January 1st – June 30th 2021					
Revenue from external customers:	**191,937**	**69,015**	**17,981**	**140**	**279,073**
Poland	*191,937*	*73*	*17,981*	*140*	*210,131*
Czech Republic	*0*	*21,520*	*0*	*0*	*21,520*
Bulgaria	*0*	*36,871*	*0*	*0*	*36,871*
Other	*0*	*10,551*	*0*	*0*	*10,551*
June 30th 2021					
Non-current assets*:	**1,275,513**	**175,891**	**61,103**	**(3,223)**	**1,509,284**
Poland	*1,275,513*	*3,879*	*61,103*	*(3,223)*	*1,337,272*
Czech Republic	*0*	*104,563*	*0*	*0*	*104,563*
Bulgaria	*0*	*56,304*	*0*	*0*	*56,304*
Other	*0*	*11,145*	*0*	*0*	*11,145*
January 1st – June 30th 2020					
Revenue from external customers:	**363,086**	**171,378**	**12,354**	**654**	**547,472**
Poland	*363,086*	*89*	*12,354*	*654*	*376,183*
Czech Republic	*0*	*116,857*	*0*	*0*	*116,857*
Bulgaria	*0*	*34,705*	*0*	*0*	*34,705*

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

Other	*0*	*19,727*	*0*	*0*	*19,727*
June 30th 2020					
Non-current assets*:	**1,388,188**	**194,317**	**56,480**	**(3,569)**	**1,635,416**
Poland	*1,388,188*	*4,477*	*56,480*	*(3,569)*	*1,445,576*
Czech Republic	*0*	*121,045*	*0*	*0*	*121,045*
Bulgaria	*0*	*56,397*	*0*	*0*	*56,397*
Other	*0*	*12,398*	*0*	*0*	*12,398*

** Excluding financial instruments and deferred tax assets.*

Revenue by category:		**January 1st – June 30th 2021**	**January 1st – June 30th 2020**
Sale of sport cards in Poland	B2B	177,302	301,280
Sale of sport cards on foreign markets	B2B	64,406	158,115
Sale of cafeteria benefits	B2B	17,981	12,354
Sale of fitness clubs in Poland	B2B/B2C	11,034	60,032
Sale of fitness clubs on foreign markets	B2C	4,536	13,263
Other settlements	B2B	155	608
Revenue from contracts with customers (IFRS 15)		**275,414**	**545,652**
Revenue from IFRS 16		*3,659*	*1,820*
Total revenue from sales of services		**279,073**	**547,472**

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

6.6. Acquisitions and change in non-controlling interests

6.6.1. Acquisitions in the six months ended June 30th 2021

On June 17th 2021, Benefit Systems S.A. signed an agreement to purchase 100% of shares in YesIndeed Sp. z o.o. for PLN 10.7m. The purchase price consists of PLN 8m, payable upon execution of the agreement, and two deferred payments totalling PLN 2.7m, which will be made subject to the achievement of assumed business objectives by the purchased company.

By the date of these consolidated financial statements, the process of fair value measurement of the acquired assets and liabilities had not been completed. The fair value will be conclusively determined within 12 months of the acquisition date. The provisional amounts of identified assets and liabilities of the acquired business, recognised in the consolidated financial statements, are as follows:

	June 17th 2021
Purchase price (cash)	**10,652**
Net assets acquired:	
Intangible assets	4,803
Property, plant and equipment	0
Inventories	178
Trade and other receivables	1,466
Other assets	0
Cash	51
Trade and other payables	(2,260)

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

Total net assets	**4,238**
Goodwill	**6,414**

YesIndeed Sp. z o.o. specialises in the development of comprehensive gamification systems based on the SaaS (software as a service) model , such as the WannaBuy cafeteria system, combining well-being solutions and elements of gamification. Investment in gamification expands the Group's offering to include modern solutions and know-how which are a response to the needs of the Group's customers and fit with the Group's long-term strategy for product development. The goodwill arising from accounting for the transaction results from synergies expected to be derived from merging the company's operations with the Group's business and represents the value of assets that could not be recognised separately in accordance with IAS 38 (mainly the established position on the gamification market, employees and their knowledge). The goodwill was allocated to cash generating units in the Poland segment.

6.6.2. Change in non-controlling interests

On April 1st 2021, the call option to purchase shares in Mulisport Benefit S.R.O. was exercised, following which the Group company Benefit Systems International Sp. z o.o. increased its equity interest in Mulisport Benefit S.R.O. by 2 pp, to 98%. The price paid for the shares was PLN 5.4m.

On May 18th 2021, the parent signed an agreement with the minority shareholders of Fit Fabric Sp. z o.o. and made a payment of PLN 5.1m whereby it acquired 47.5% of the company's share capital, thus increasing its equity interest to 100%. The deferred portion of consideration of PLN 7.5m, payable in two instalments in the second half of 2021, was disclosed as other current financial liabilities.

6.7. Goodwill

The changes in goodwill in the reporting periods are presented below.

	June 30th 2021	**December 31st 2020**
Gross carrying amount		
Balance at beginning of period	363,330	363,330
Acquisitions and business combinations	6,414	0
Gross carrying amount at end of period	**369,744**	**363,330**
Impairment losses		
Accumulated impairment losses at end of period	0	0
Goodwill – net carrying amount at end of period	**369,744**	**363,330**

Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the business combination, provided that the cash-generating units are not larger than the operating segments. The Group identifies cash-generating units for sales of sport cards and operation of fitness clubs at country level, given the complementary nature of these two business lines. The cafeteria business has been defined as a separate cash-generating unit.

Goodwill was allocated in accordance with the policies described above to the following cash-generating units:

	June 30th 2021	**December 31st 2020**
Poland	310,305	303,891
Cafeterias	30,710	30,710
Czech Republic	28,340	28,340
Bulgaria	389	389

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

Total goodwill	**369,744**	**363,330**

As at the reporting date, no indications of impairment were identified for any of the cash-generating units.

6.8. Property, plant and equipment and intangible assets

As at June 30th 2021, the carrying amount of property, plant and equipment was PLN 310.4m. The PLN 23.3m decrease in property, plant and equipment relative to the end of 2020 was mainly attributable to depreciation charges. Capital expenditure incurred in the first half of 2021, in the amount of PLN 11.2m, was mainly related to investments in the existing fitness clubs.

As at June 30th 2021, the carrying amount of intangible assets was PLN 86.1m, up by PLN 13.1m on December 31st 2020. The increase, offset by amortisation of PLN 7m, was mainly attributable to expenditure of PLN 15.3m on development, integration and optimisation of business and sales systems and online platforms for customers and on development of the ERP system, as well as to the purchase of software as part of the acquisition of YesIndeed Sp. z o.o. (the recognised value of the acquired software was estimated at PLN 4.8m).

6.9. Leases

6.9.1. Right-of-use assets

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

for the period January 1st – June 30th 2021	Property	Fitness equipment	Other	Total
Net carrying amount as at January 1st 2021	**757,623**	**15,705**	**9,543**	**782,871**
New lease contracts	4,293	0	1,889	6,182
Modifications, termination of contracts	13,231	(12)	(75)	13,144
Depreciation and amortisation	(58,871)	(2,705)	(2,381)	(63,957)
Exchange differences on translation of foreign operations	(179)	0	(18)	(197)
Net carrying amount as at June 30th 2021	**716,097**	**12,988**	**8,958**	**738,043**

for the period January 1st – June 30th 2020	Property	Fitness equipment	Other	Total
Net carrying amount as at January 1st 2020	**860,118**	**24,968**	**11,752**	**896,838**
New lease contracts	17,400	0	2,860	20,260
Modifications, termination of contracts	(15,945)	(1,383)	(2,587)	(19,915)
Depreciation and amortisation	(61,298)	(2,869)	(2,011)	(66,178)
Exchange differences on translation of foreign operations	1,171	0	37	1,208
Net carrying amount as at June 30th 2020	**801,446**	**20,716**	**10,051**	**832,213**

The modifications of lease contracts in the six months ended June 30th 2021 were mainly attributable to renegotiation of the terms and conditions of the rental contracts for retail and office space and change of other contractual terms.

6.9.2. Lease liabilities

Changes in lease liabilities for the six months ended June 30th 2021 are presented below.

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

	January 1st – June 30th 2021	January 1st – June 30th 2020
Balance at beginning of period	**931,698**	**956,128**
New lease contracts	6,182	20,260
Modifications, termination of contracts	10,634	(22,988)
Effect of application of COVID-19 practical expedient	(15,124)	0
Accrued interest	5,957	7,496
Exchange differences	(12,769)	31,715
Settlement of liabilities	(44,447)	(35,967)
Exchange differences on translation of foreign operations	(188)	1,233
Balance at end of period	**881,942**	**957,877**
Non-current	697,826	795,012
Current	184,116	162,865

The modifications of lease contracts in the six months ended June 30th 2021 were mainly 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 and change of other contractual terms.

Maturities of the lease liabilities as at June 30th 2021 and December 31st 2020 are presented below:

	Lease payments due in:			
As at June 30th 2021	up to 1 year	1 to 5 years	over 5 years	total
Lease payments	185,099	478,089	260,017	923,204
Finance costs (-)	(983)	(18,664)	(21,615)	(41,262)
Present value	184,116	459,425	238,402	881,942

	Lease payments due in:			
As at December 31st 2020	up to 1 year	1 to 5 years	over 5 years	Total
Lease payments	179,901	502,841	298,557	981,299
Finance costs (-)	(1,056)	(20,628)	(27,917)	(49,601)
Present value	178,845	482,213	270,640	931,698

The Group is a party to rental contracts for fitness clubs whose leases 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 113,315 thousand as at June 30th 2021 (December 31st 2020: PLN 94,614 thousand).

6.9.3. Lease amounts disclosed in the reporting period

Amounts disclosed in the six months ended June 30th 2021 and 2020 relating to the lease contracts recognised in the statement of financial position are presented below.

	January 1st – June 30th 2021	January 1st – June 30th 2020
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)	(63,957)	(66,178)
Gain/(loss) on amendments to lease contracts (recognised in other income/expenses)	(39)	3,073

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

Application of the COVID-19 practical expedient (recognised in cost of sales)	15,124	0
Interest expense on lease liabilities (recognised in finance costs)	(5,957)	(7,496)
Exchange differences on lease liabilities denominated in foreign currencies (recognised in finance income/costs)	12,769	(31,715)
Total	**(42,060)**	**(102,316)**

Amounts disclosed in the consolidated statement of cash flows

Lease payments (recognised in cash flow from financing activities)	(40,127)	(35,967)

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 the interim consolidated statement of profit or loss stood at PLN 264 thousand and PLN 475 thousand in the six months ended June 30th 2021 and June 30th 2020, respectively. The costs included mainly rental of advertising space (PLN 69 thousand and 58 thousand, respectively) and leases of assorted equipment for fitness clubs and offices (PLN 195 thousand and 418 thousand, respectively). In the six months ended June 30th 2021 and June 30th 2020, there were no variable lease payments.

In the first half of 2021, in connection with the ongoing COVID-19 pandemic, the Group renegotiated the terms of its rental contracts, 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 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); 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). 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 six months ended June 30th 2021, is PLN 15,124 thousand. A similar remeasurement of liabilities due to negotiated rent concessions for the first half of 2020 would reduce the cost of sales by PLN 7,343 thousand (Note 6.2.5).

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

6.9.4. Subleases

The Group is an intermediate lessor with respect to fitness equipment leased to facilities which are the Group's partners, and with respect to office space. The sublease contracts were recognised as operating leases.

In the interim consolidated statement of profit or loss for the six months ended June 30th 2021, the Group recognised income from leases of fitness equipment under an operating sublease of PLN 3,460 thousand and income from sublease of office space of PLN 198 thousand. In the six months ended June 30th 2020, the amounts were PLN 1,774 thousand and PLN 45 thousand, respectively. These amounts include minimum fixed sublease payments only. In the reporting period, there were no contingent or other payments.

6.10. Loans

Loans account for the largest part of 'Loans and other financial assets' in the Group's statement of financial position. The table below presents the breakdown of the loans into long-term and short-term loans.

	June 30th 2020	December 31st 2020
Long-term loans	25,620	26,842
Short-term loans	7,648	8,393
Total loans	**33,268**	**35,235**

Changes in the carrying amount of the loans, including impairment losses, are presented below.

	June 30th 2021	December 31st 2020
Gross carrying amount		
Balance at beginning of period	73,028	81,608
Loans advanced in period	45	9,037
Interest accrued at the effective interest rate	735	2,007
Payment of principal and interest (-)	(1,025)	(16,157)
Other changes (offsets, net exchange differences on translation)	(1,678)	(3,467)
Gross carrying amount at end of period	71,105	73,028
Impairment losses		
Balance at beginning of period	37,793	2,667
Impairment losses expensed in period	44	35,126
Accumulated impairment losses at end of period	37,837	37,793
Carrying amount at end of period	**33,268**	**35,235**

6.11. Effective tax rate

In the six months ended June 30th 2021, the effective tax rate was 10%. The lower effective income tax expense in the first half of 2021 relative to the entire 2020 results mainly from a decrease in expenses which are permanently non-deductible, as well as a positive effect of the adjustment of taxable income of PLN 1.7m following the change, as of January 1st 2020, of the royalty rate under the licence agreement on the use of trademarks between the Company and its subsidiary Benefit IP Sp. z o.o. sp.k.

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6.12. Share capital

In the first six months of 2021, there were no changes in the parent's share capital.

As at June 30th 2021, the parent's share capital was PLN 2,894 thousand (December 31st 2020: PLN 2,894 thousand) and was divided into 2,894,287 shares with a par value of PLN 1 per share. All the shares were paid up in full. All the shares confer equal rights to profit distributions and each share carries one vote at the General Meeting, with the proviso that the Company did not exercise voting rights attached to 118,053 treasury shares.

Share capital as at the reporting date is presented below.

	January 1st – June 30th 2021	January 1st – December 31st 2020
Shares issued and fully paid up:		
Number of shares at beginning of period	2,894,287	2,858,842
Issue of shares	0	35,445
Share capital (PLN)	**2,894,287**	**2,894,287**

6.13. Employee benefit obligations and provisions

The amounts of employee benefit obligations and provisions are presented below.

	Current liabilities and provisions		Non-current liabilities and provisions	
Employee benefits:	**June 30th 2021**	**December 31st 2020**	**June 30th 2021**	**December 31st 2020**
Salaries and wages payable	5,825	3,555	0	0
Social security contributions payable	18,894	13,260	0	0
Provisions for bonuses, commissions and other	5,774	9,257	0	0
Provisions for retirement gratuity benefits	2	2	377	379
Provision for accrued holiday entitlements	5,526	3,219	0	0
Total employee benefit obligations and provisions	**36,020**	**29,293**	**377**	**379**

The significant increase in social security liabilities relative to the end of 2020 was a result of the consent of the social security authority to postpone payment of the liabilities.

Wages and social security contributions payable, provisions for bonuses, commissions and others items are disclosed under trade and other payables. Provisions for retirement severance payments and accrued holiday entitlements are included in employee benefit provisions.

6.14. Borrowings, other debt instruments

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

	Currency	Interest rate	Maturity	Carrying amount, PLN thousand	Current liabilities	Non-current liabilities
As at June 30th 2021						
Investment credit facility	PLN	Variable, 1M WIBOR + margin	March 18th 2023	51,241	17,080	34,161
Investment credit facility	PLN	Variable, 1M WIBOR + margin	May 31st 2022	21,250	21,250	0
Working capital facility	PLN	Variable, 1M WIBOR + margin	May 31st 2023	23,334	11,548	11,786

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Investment credit facility	PLN	Variable, 1M WIBOR + margin	June 30th 2022	40,217	40,217	0
Overdraft facilities	PLN	Variable	-	3	3	0
Series A Notes	PLN	Variable, 6M WIBOR + margin	April 8th 2022	49,540	49,540	0
Series B Notes	PLN	Variable, 6M WIBOR + margin	October 8th 2024	49,596	345	49,251
Loan from unrelated party (PFR subsidy)	PLN	-	June 26th 2026	64	32	32
Total borrowings, other debt instruments at June 30th 2021				**235,245**	**140,015**	**95,230**
As at December 31st 2020						
Investment credit facility	PLN	Variable, 1M WIBOR + margin	March 18th 2023	59,782	17,081	42,701
Investment credit facility	PLN	Variable, 1M WIBOR + margin	May 31st 2022	28,750	15,000	13,750
Investment credit facility	PLN	Variable, 1M WIBOR + margin	August 31st 2021	27,708	27,708	0
Investment credit facility	PLN	Variable, 1M WIBOR + margin	June 30th 2022	46,740	13,044	33,696
Series A Notes	PLN	Variable, 6M WIBOR + margin	April 8th 2022	49,202	234	48,968
Series B Notes	PLN	Variable, 6M WIBOR + margin	October 8th 2024	49,319	350	48,969
Total borrowings, other debt instruments at December 31st 2020				**261,501**	**73,417**	**188,084**

6.15. Issue and redemption of debt securities

In the first six months of 2021, the parent and its subsidiaries did not issue any debt securities.

6.16. Other income and expenses

In the first six months of 2021, the Group recognised other income of PLN 21.7m and other expenses of PLN 4.0m, which translated into net other income of PLN 17.4m.

The largest contributor to the Group's performance were the grants received by the Group companies as emergency financial assistance provided by the government in connection with the COVID-19 pandemic. The grants included mainly subsidies to salaries and wages. The total amount of grants received was PLN 17.1m, of which PLN 13.6m was attributable to the Foreign Markets segment and PLN 3.5m was attributable to the Poland segment. In the first half of 2020, the grants amounted to PLN 3.6m, of which PLN 2.6m was attributable to the Poland segment, PLN 0.7m to the Cafeteria segment, and PLN 0.3m to the Foreign Markets segment.

In the first half of 2021, the Group recognised fees of PLN 1.5m for early termination of lease contracts.

In the comparative period, the Group recognised net other loss of PLN 8.1m, mainly as a result of recognition of impairment losses on property, plant and equipment and intangible assets.

6.17. Finance income and costs

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

	January 1st – June 30th 2021	January 1st – June 30th 2020
Finance income, including:	**15,179**	**4,038**
Interest on loans	*735*	*1,231*

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Remeasurement of liabilities arising from acquisition of shares	*1,802*	*427*
Foreign exchange gains	*12,254*	*0*
Finance costs, including:	**(11,019)**	**(43,036)**
Foreign exchange losses	*0*	*(26,680)*
Credit and bond costs	*(3,263)*	*(3,000)*
Interest expense on lease liabilities	*(5,957)*	*(7,496)*
Total finance income and costs	**4,160**	**(38,998)**

6.18. Earnings/(loss) per share and appropriation of net loss for 2020

6.18.1. Earnings/(loss) 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 – June 30th 2021	**January 1st – December 31st 2020**
Number of shares used as denominator		
Weighted average number of ordinary shares	2,776,234	2,746,296
Dilutive effect of options convertible into shares	16,698	26,822
Diluted weighted average number of ordinary shares	2,792,932	2,773,118
Continuing operations		
Net profit/(loss) from continuing operations attributable to owners of the parent	(38,648)	(100,034)
Basic earnings/(loss) per share (PLN)	(13.92)	(36.43)
Diluted earnings/(loss) per share (PLN)	(13.84)	(36.07)

6.18.2. Appropriation of net loss for 2020

On June 29th 2021, the parent's Annual General Meeting passed a resolution to cover the net loss of PLN 81.7m for the financial year 2020 from future earnings.

6.19. Discontinued operations

On June 30th 2020, the Group sold the company operating on the Greek market. The scale of the company's business was insignificant for the Group at large.

No operations were discontinued in 2021.

6.20. Related-party transactions

Related-party transactions which have been recognised in the Group's interim condensed consolidated financial statements (i.e. which were not eliminated in consolidation) are presented below.

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	Revenue	
	January 1st – June 30th 2021	**January 1st – June 30th 2020**
Sales to:		
Associate	3,438	1,658
Other related parties	17	0
Total	**3,455**	**1,658**

	Receivables	
	June 30th 2021	**December 31st 2020**
Sales to:		
Associate	7,593	1,884
Other related parties	4	0
Total	**7,597**	**1,884**

	Purchase (costs, assets)	
	January 1st – June 30th 2021	**January 1st – June 30th 2020**
Purchases from:		
Associate	183	6,249
Other related parties	0	0
Total	**183**	**6,249**

	Liabilities	
	June 30th 2021	**December 31st 2020**
Purchases from:		
Associate	50	40
Other related parties	0	0
Total	**50**	**40**

	January 1st – June 30th 2021			**January 1st – December 31st 2020**		
	Granted in the period	Cumulative balance	Finance income	Granted in the period	Cumulative balance	Finance income
Loans to:						
Associate	0	944	22	0	1,940	42
Total	**0**	**944**	**22**	**0**	**1,940**	**42**

Sales to associates include mainly income from lease of fitness equipment by Benefit Systems Sp. z o.o., while expenses are related to settlements of visits by holders of sport cards to the associates' clubs.

Transactions with key management personnel

The Group's key management personnel includes members of the Management Board of the parent.

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Total amount of the remuneration and other benefits paid to members of the Management Board of the parent:

	At the parent		At subsidiaries and associates		Total
	Remuneration	Other benefits	Remuneration	Other benefits	
January 1st – June 30th 2021					
Members of the Management Board of Benefit Systems S.A.	990	31	0	0	1,021
January 1st – June 30th 2020					
Members of the Management Board of Benefit Systems S.A.	858	27	0	0	885

6.21. Provisions and contingent liabilities

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

	June 30th 2021	**December 31st 2020**
Associates		
Guarantees provided / Surety for repayment of liabilities	9,248	9,038
Total contingent liabilities	**9,248**	**9,038**

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 June 30th 2021.

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

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Pursuant to the decision of the President of UOKiK, as announced by the Company in Current Report No. 19/2021 of May 31st 2021, with respect to the two remaining allegations (allegation of entering in exclusivity arrangements with fitness clubs and allegation of concerted practices to restrict competition in the market for sports and recreation package services), the proceedings should be concluded on May 29th 2021 (the deadline has been postponed several times). So far, the President of UOKiK has not presented detailed grounds for the allegations.

6.22. Financial instruments

The amounts of financial assets presented in the interim condensed consolidated statement of financial position relate to the following categories of financial instruments specified in IFRS 9:

- financial assets measured at amortised cost,
- financial assets at fair value through profit or loss (Financial assets at fair value through profit or loss designated as such on initial recognition or subsequently).

The Group does not hold:

- equity instruments designated upon initial recognition as measured at fair value through other comprehensive income,
- financial assets at fair value through other comprehensive income,
- financial instruments designated as hedging instruments.

The table below does not include those categories of financial assets which the Group did not recognise as at June 30th 2021. In addition, the table below presents assets other than financial instruments.

	Note	Categories of financial instruments in accordance with IFRS 9 Financial assets at amortised cost	Categories of financial instruments in accordance with IFRS 9 Financial assets at fair value through profit or loss designated as such on initial recognition or subsequently	Non-financial assets outside the scope of IFRS 9	Total
As at June 30th 2021					
Non-current assets:					
Trade and other receivables		6,967	0	1,638	8,605
Loans and other non-current financial assets	6.10	25,714	0	0	25,714
Current assets:					
Trade and other receivables		82,571	0	32,687	115,258
Loans and other current financial assets	6.10	7,648	34	0	7,682
Cash and cash equivalents		198,386	0	0	198,386
Total carrying amount		**321,286**	**0**	**34,359**	**355,645**
As at December 31st 2020					
Non-current assets:					
Trade and other receivables		0	0	8,848	8,848
Loans and other non-current financial assets	6.10	26,939	0	0	26,939
Current assets:					

Trade and other receivables		102,763	0	81,055	183,818
Loans and other current financial assets	6.10	8,393	0	101	8,494
Cash and cash equivalents		223,780	0	0	223,780
Total carrying amount		**361,875**	**0**	**90,004**	**451,879**

The amounts of financial liabilities presented in the interim condensed consolidated statement of financial position relate to the following categories of financial instruments specified in IFRS 9:

- financial liabilities measured at amortised cost,
- financial liabilities at fair value through profit or loss – designated as such on initial recognition or subsequently,
- liabilities outside the scope of IFRS 9 (non-IFRS 9).

The table below does not include those categories of financial liabilities which the Group did not recognise as at June 30th 2021. In addition, the table below presents liabilities other than financial instruments.

	Note	Categories of financial instruments Financial liabilities at amortised cost	Categories of financial instruments Financial liabilities at fair value through profit or loss designated as such on initial recognition or subsequently	Categories of financial instruments outside the scope of IFRS 9	Non-financial liabilities outside the scope of IFRS 9	Total
As at June 30th 2021						
Non-current liabilities:						
Borrowings, other debt instruments	6.14	95,230	0	0	0	95,230
Lease liabilities	6.9	0	0	697,826	0	697,826
Other financial liabilities		0	15,714	0	0	15,714
Current liabilities:						
Trade and other payables		83,637	0	0	147,370	231,007
Borrowings, other debt instruments	6.14	140,015	0	0	0	140,015
Lease liabilities	6.9	0	0	184,116	0	184,116
Other financial liabilities		0	17,530	0	0	17,530
Total carrying amount		**318,882**	**33,244**	**881,942**	**147,370**	**1,381,438**
As at December 31st 2020						
***Non-current liabilities**:*						
Borrowings, other debt instruments	6.14	188,084	0	0	0	188,084
Lease liabilities	6.9	0	0	752,853	0	752,853
Other financial liabilities		24	15,178	0	0	15,202
***Current liabilities**:*						
Trade and other payables		118,126	0	0	116,593	234,719
Borrowings, other debt instruments	6.14	73,417	0	0	0	73,417
Lease liabilities	6.9	0	0	178,845	0	178,845
Other financial liabilities		0	29,884	0	0	29,884
Total carrying amount		**379,651**	**45,062**	**931,698**	**116,593**	**1,473,004**

In the reporting period, there were no material transfers between Level 1 and Level 2 of the fair value hierarchy.

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Other financial liabilities disclosed in the Group's statement of financial position include mainly liabilities under the options to purchase minority interests in companies of the Foreign Markets segment. This item also includes contingent payments for acquired shares in YesIndeed Sp. z o.o., Fit Fabric Sp. z o.o., Fabryka Formy S.A., Masovian Sports Center Sp. z o.o. and NewCo3 Sp. z o.o. The following tables present relevant data:

	Note	June 30th 2021	December 31st 2020
Benefit Systems Bulgaria EOOD		5,519	5,519
Benefit Systems International Sp. z o.o.		5,451	5,451
Benefit Systems Slovakia S.R.O.		459	459
Benefit Systems d.o.o. (Croatia)		271	271
Liability arising from contingent consideration for Calypso Fitness S.A.		152	1,565
Contingent liability arising from acquisition of shares in Fabryka Formy Sp. z o.o.		1,200	1,652
Liability arising from purchase of shares in YesIndeed Sp. z o.o.	6.6.1	2,662	0
Other		0	261
Other non-current financial liabilities		**15,714**	**15,178**

	Note	36.06.2021	December 31st 2020
Liabilities arising from purchase of shares in Fit Fabric Sp. z o.o.	6.6.2	7,500	12,536
MultiSport Benefit SRO	6.6.2	10,030	15,193
Other		0	2 155
Other current financial liabilities		**17,530**	**29,884**

6.23. Risk arising from financial instruments

6.23.1. Credit risk

The Group's maximum exposure to credit risk is determined by the carrying amounts of financial assets and off-balance-sheet liabilities presented in the table below.

	June 30th 2021	December 31st 2020
Loans	33,268	35,235
Trade receivables and other financial receivables	82,571	110,291
Cash and cash equivalents	198,386	223,780
Contingent liabilities under guarantees and sureties issued	9,248	9,038
Total credit risk exposure	**323,473**	**378,344**

The Group continuously monitors clients' and creditors' outstanding payments by analysing the credit risk for individual items or for entire asset classes (arising from e.g. industry, region or structure of the customer base). In addition, as part of its credit risk management, the Group enters into transactions with trading partners with proven credibility.

In the table above, receivables do no include non-financial receivables, such as taxes and other benefits receivable, costs paid in advance, prepayments and advances, and the inventory value of purchased cafeteria codes.

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

Financial receivables and loans, by stage of impairment, are presented below.

The Group applies a 3-stage classification of financial assets for impairment purposes, described in section *Impairment losses on financial assets* of the accounting policies (item d) in the Consolidated Financial Statements of the Benefit Systems Group for 2020.

	Measurement at amortised cost (stage of impairment)			
Balance as at June 30th 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**322,854**	**4,324**	**47,292**	**374,470**
Trade receivables	93,612	0	11,066	104,678
Loans	30,556	4,324	36,226	71,106
Cash	198,686	0	0	198,686
Impairment losses (IFRS 9)	**(13,204)**	**(1,081)**	**(46,530)**	**(60,815)**
Trade receivables	(12,373)	0	(10,305)	(22,678)
Loans	(531)	(1,081)	(36,226)	(37,837)
Cash	(300)	0	0	(300)
Net carrying amount (IFRS 9)	**309,650**	**3,243**	**761**	**313,655**

	Measurement at amortised cost (stage of impairment)			
Balance as at December 31st 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount	**356,826**	**5,312**	**55,968**	**418,106**
Trade receivables	100,853	0	20,145	120,998
Loans	31,893	5,312	35,823	73,028
Cash	224,080	0	0	224,080
Impairment losses (IFRS 9)	**(2,987)**	**(1,334)**	**(56,684)**	**(61,005)**
Trade receivables	(2,051)	0	(20,861)	(22,912)
Loans	(636)	(1,334)	(35,823)	(37,793)
Cash	(300)	0	0	(300)
Net carrying amount (IFRS 9)	**353,839**	**3,978**	**(716)**	**357,101**

In the opinion of the Management Board of the parent, the above financial assets, which are not past due, can be considered as assets of good credit quality. Therefore, the Group did not demand any security or other credit enhancements.

The aging structure and past due information for the Group's receivables as the most significant category of assets exposed to credit risk are presented below.

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	June 30th 2021		December 31st 2020	
	Not past due	Past due	Not past due	Past due
Short-term receivables:				
Trade receivables	61,134	43,545	87,435	33,563
Impairment losses on trade receivables (-)	(6,393)	(16,287)	(8,409)	(14,503)
Net trade receivables	54,742	27,259	79,026	19,060
Other net financial receivables	570	0	4,677	0
Impairment loss on other receivables (-)	0	0	0	0
Other net financial receivables	570	0	4,677	0
Financial receivables	**55,312**	**27,259**	**83,703**	**19,060**

	June 30th 2021	December 31st 2020
	Trade receivables	Trade receivables
Short-term receivables past due (net):		
less than 1 month	9,611	11,167
1 to 6 months	12,233	5,373
6 to 12 months	1,718	1,648
more than one year	3,697	873
Net past due financial receivables	**27,259**	**19,060**

With respect to trade receivables, the Group is not exposed to credit risk of a single major trading partner or a group of partners with similar characteristics. Based on historical past due trends, net arrears do not show a significant deterioration in quality.

The credit risk of cash and cash equivalents, market securities and derivative financial instruments is considered immaterial due to the high credibility of the counterparties (primarily banks).

6.23.2. Currency risks

Most transactions executed by the Group entities are denominated in respective local currencies of the Group companies. Foreign exchange transactions are CZK-, HRK- and EUR-denominated loans to consolidated entities of the Benefit Systems Group, which are eliminated on consolidation. Costs of leasing/renting office space and sports facilities are denominated in EUR and disclosed under lease liabilities, which amounted to EUR 144,486 thousand (PLN 653,191 thousand) as at June 30th 2021 and EUR 145,208 thousand (PLN 670,107 thousand) as at December 31st 2020.

Below is presented the sensitivity of net profit/(loss) as at June 30th 2021 to potential +/-10% movements in the EUR/PLN exchange rate relative to the closing rate as at the reporting date.

	Exchange rate movements	Effect on profit/(loss):
As at June 30th 2021		
Exchange rate increase	10%	(65,030)
Exchange rate decrease	-10%	65,030
As at December 31st 2020		
Exchange rate increase	10%	(65,138)
Exchange rate decrease	-10%	65,138

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

The Group's exposure to other currencies in connection with its operations outside of Poland is not material. No effect on other comprehensive income.

6.23.3. Liquidity risk

The Group's financial liabilities other than derivative instruments as at the reporting date are presented below.

	Short-term:		Long-term:			Total cash flows before discounting
	up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	over 5 years	
As at June 30th 2021						
Credit facilities	27,681	62,414	45,947	0	0	136,042
Overdraft facilities	3	0	0	0	0	3
Loans	16	16	32	0	0	64
Debt securities	633	49,253	0	49,251	0	99,136
Lease liabilities	107,371	76,745	252,231	207,194	238,402	881,942
Trade payables	78,111	0	0	0	0	78,111
Purchase of non-current assets	5,526	0	0	0	0	5,526
Total exposure to liquidity risk	**219,340**	**188,427**	**298,210**	**256,445**	**238,402**	**1,200,824**
As at December 31st 2020						
Credit facilities	26,937	45,896	90,147	0	0	162,980
Overdraft facilities	0	0	0	0	0	0
Loans	0	0	0	0	0	0
Debt securities	0	584	48,968	48,969	0	98,521
Lease liabilities	102,636	76,209	268,175	214,038	270,640	931,698
Trade payables	118,126	0	0	0	0	118,126
Total exposure to liquidity risk	**247,699**	**122,689**	**407,290**	**263,007**	**270,640**	**1,311,325**

The table presents liabilities at amounts disclosed in the consolidated statement of financial position. The above amounts do not include future interest payments and any payments under sureties issued.

As at June 30th 2021, the Group also had undrawn overdraft facilities of PLN 125.5m.

6.23.4. Interest rate risk

The management of interest rate risk focuses on minimising the fluctuations in interest cash flows from financial assets and liabilities bearing variable rates of interest. The Group is exposed to interest rate risk in connection with the following categories of variable-rate financial assets and liabilities:

- loans grants,
- borrowings, bonds.

The analysis does not take into account cash in bank accounts as the asset's exposure to the currency risk is estimated as low – currently, interest rates on bank deposits are very low.

Sensitivity of net profit/(loss) as at June 30th 2021 to potential +/-1pp movements in the interest rates is presented below.

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

	Interest rate movements	Effect on profit/(loss):	
		January 1st – June 30th 2021	**January 1st – December 31st 2020**
Interest rate increase	1pp	(1,010)	(2,263)
Interest decrease	1pp	1,010	2,263

No effect on other comprehensive income.

6.24. Non-compliance with debt covenants

Under some of its credit facility agreements, the parent agreed to maintain the debt service coverage ratio (DSCR) of not less than 1.2. The parent received a letter from the Bank which is party to these agreements, informing the parent that it waived its rights to verify the debt service coverage ratio (DSCR) as at June 30th 2021.

6.25. Events after the balance sheet date

Sale (resale) of the parent's treasury shares

On July 8th 2021, as part of block transactions executed on the regulated market operated by the Warsaw Stock Exchange, the parent sold 118,053 treasury shares, representing approximately 4.08% of the parent’s share capital and conferring the right to approximately 4.08% of total voting rights at its General Meeting (“Treasury Shares”), with a total value – being the product of the number of Treasury Shares sold and the selling price of PLN 800 per Treasury Share – of PLN 94,442,400 (“Sale of Treasury Shares”).

Following the sale of Treasury Shares, the Parent does not hold any of treasury shares.

Notification of exceeding the threshold of 5% of total voting rights at the parent

On July 13th 2021, the parent received a notification from Aviva Powszechne Towarzystwo Emerytalne Aviva Santander S.A. of Warsaw, to the effect that Aviva Otwarty Fundusz Emerytalny Aviva Santander had exceeded the threshold of 5% of total voting rights at the parent following acquisition of the parent’s shares on July 8th 2021.

Execution of annexes to agreements with PKO BP S.A.

On August 11th 2021, the parent signed an annex to the multi-purpose credit facility agreement with PKO Bank Polski S.A., extending the facility availability period until August 21st 2022. The overdraft facility limit is PLN 50m.

On August 11th 2021, the parent signed an annex to the investment credit facility agreement, introducing uniform definitions of ratios in the bank agreements.

ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF POLISH ZLOTY (UNLESS INDICATED OTHERWISE)

AUTHORISATION FOR ISSUE

These interim condensed consolidated financial statements for the six months ended June 30th 2021 (including the comparative information) were authorised for issue by the Management Board of the parent on August 18th 2021.

Signatures of all Members of the Management Board

Date	Full name	Position	Signature
August 18th 2021	Bartosz Józefiak	Member of the Management Board	
August 18th 2021	Emilia Rogalewicz	Member of the Management Board	
August 18th 2021	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
August 18th 2021	Katarzyna Beuch	Finance Director	