

CONSOLIDATED QUARTERLY REPORT OF THE BENEFIT SYSTEMS GROUP

FOR THE THREE MONTHS
ENDED MARCH 31ST 2023



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SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA OF THE BENEFIT SYSTEMS GROUP	PLN '000		EUR '000	
	for the period January 1st – March 31st 2023	for the period January 1st – March 31st 2022	for the period January 1st – March 31st 2023	for the period January 1st – March 31st 2022
Revenue	625,311	401,834	133,032	86,468
Operating profit	65,734	19,323	13,985	4,158
Profit before tax	64,734	10,184	13,772	2,191
Net profit from continuing operations	53,527	8,126	11,388	1,749
Net profit attributable to owners of the parent	52,372	8,100	11,142	1,743
Net cash from operating activities	177,101	68,816	37,677	14,808
Net cash from investing activities	(39,583)	(46,292)	(8,421)	(9,961)
Net cash from financing activities	(55,647)	(71,170)	(11,839)	(15,315)
Net change in cash and cash equivalents	81,871	(48,646)	17,418	(10,468)
Earnings per share attributable to owners of the parent (PLN/EUR)	17.85	2.76	3.80	0.59
Diluted earnings per share attributable to owners of the parent (PLN/EUR)	17.84	2.76	3.80	0.59

	as at March 31st 2023	as at December 31st 2022	as at March 31st 2023	as at December 31st 2022
Assets	2,378,221	2,234,021	508,656	476,347
Non-current liabilities	958,684	896,959	205,044	191,253
Current liabilities	640,061	611,646	136,897	130,418
Equity attributable to owners of the parent	779,940	727,033	166,814	155,021
Share capital	2,934	2,934	628	626
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 – March 31st 2023	for the period January 1st – March 31st 2022	for the period January 1st – March 31st 2023	for the period January 1st – March 31st 2022
Revenue	408,365	268,423	86,878	57,760
Operating profit	48,557	16,233	10,330	3,493
Profit before tax	52,878	10,779	11,250	2,319
Net profit from continuing operations	43,328	9,808	9,218	2,111
Net cash from operating activities	151,048	49,492	32,135	10,650
Net cash from investing activities	(9,298)	(45,082)	(1,978)	(9,701)
Net cash from financing activities	(56,717)	(46,854)	(12,066)	(10,082)
Net change in cash and cash equivalents	85,033	(42,444)	18,090	(9,133)
Earnings per share attributable to owners of the parent (PLN/EUR)	14.77	3.34	3.14	0.72

	as at March 31st 2023	as at December 31st 2022	as at March 31st 2023	as at December 31st 2022
Assets	2,160,628	2,087,709	462,117	445,150
Non-current liabilities	755,673	726,281	161,624	154,861
Current liabilities	510,506	511,562	109,187	109,077
Equity	894,449	849,866	191,306	181,212
Share capital	2,934	2,934	628	626
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:

	March 31st 2023	December 31st 2022	March 31st 2022
Data as at – exchange rate as at	4.6755	4.6899	4.6525
Data for period – average exchange rate for 3 months	4.7005	-	4.6472

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE BENEFIT SYSTEMS GROUP

1.1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	March 31st 2023	December 31st 2022
Goodwill	2.6	499,682	460,624
Intangible assets	2.7	130,025	128,983
Property, plant and equipment	2.7	286,935	294,412
Right-of-use assets	2.8	939,206	834,176
Investments in associates		2,583	2,435
Trade and other receivables		9,139	9,510
Loans and other non-current financial assets		9,742	9,653
Deferred tax assets		29,169	27,917
Non-current assets		1,906,481	1,767,710
Inventories		7,575	6,472
Trade and other receivables		161,070	236,756
Current tax assets		399	482
Loans and other current financial assets		2,498	4,274
Cash and cash equivalents	2.9	300,198	218,327
Current assets		471,740	466,311
Total current assets		471,740	466,311
Total assets		2,378,221	2,234,021

EQUITY AND LIABILITIES	Notes	March 31st 2023	December 31st 2022
<i>Equity attributable to owners of the parent:</i>			
Share capital	2.15	2,934	2,934
Share premium		291,378	291,378
Exchange differences on translating foreign operations		(11,081)	(10,361)
Retained earnings		496,709	443,082
Equity attributable to owners of the parent		779,940	727,033
Non-controlling interests		(464)	(1,617)
Total equity		779,476	725,416
Provisions			
Employee benefit provisions		487	259
Other provisions		10,783	10,767
Total long-term provisions		11,270	11,026
Trade and other payables		111	111
Deferred tax liability		2,945	3,212
Other financial liabilities		32,572	32,328
Borrowings, other debt instruments	2.10	55,904	60,566
Lease liabilities	2.8	855,882	789,716
Non-current liabilities		958,684	896,959
Current liabilities			
Employee benefit provisions		2,571	3,081
Other provisions		0	24
Total short-term provisions		2,571	3,105
Trade and other payables		369,179	369,888
Current income tax liabilities		14,157	9,515
Other financial liabilities		17,170	16,788
Borrowings, other debt instruments	2.10	20,866	24,140
Lease liabilities	2.8	188,788	164,879
Contract liabilities		27,330	23,331
Current liabilities		640,061	611,646
Total current liabilities		640,061	611,646
Total liabilities		1,598,745	1,508,605
Total equity and liabilities		2,378,221	2,234,021

1.2. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	January 1st – March 31st 2023	January 1st – March 31st 2022
Continuing operations			
Revenue	2.3	625,311	401,834
Revenue from sales of services		615,828	395,917
Revenue from sales of merchandise and materials		9,483	5,917
Cost of sales	2.3	(479,610)	(324,909)
Cost of services sold		(474,343)	(321,690)
Cost of merchandise and materials sold		(5,267)	(3,219)
Gross profit		145,701	76,925
Selling expenses	2.3	(39,946)	(27,920)
Administrative expenses	2.3	(38,569)	(30,637)
Other income		1,475	1,360
Other expenses		(2,927)	(405)
Operating profit		65,734	19,323
Finance income	2.4	6,150	378
Finance costs	2.4	(9,755)	(8,605)
Impairment losses on financial assets	2.4	2,457	(808)
Share of profit of equity-accounted entities		148	(104)
Profit before tax		64,734	10,184
Income tax	2.5	(11,207)	(2,058)
Net profit from continuing operations		53,527	8,126
Net profit		53,527	8,126
Net profit attributable to:			
- owners of the parent		52,372	8,100
- non-controlling interests		1,155	26

EARNINGS PER ORDINARY SHARE (PLN)

	Notes	January 1st – March 31st 2023	January 1st – March 31st 2022
Earnings per share			
Basic earnings per share from continuing operations		17.85	2.76
Basic earnings per share from discontinued operations		0.00	0.00
Earnings per share	2.16	17.85	2.76
Diluted earnings per share from continuing operations		17.84	2.76
Diluted earnings per share from discontinued operations		0.00	0.00
Diluted earnings per share	2.16	17.84	2.76

1.3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	January 1st – March 31st 2023	January 1st – March 31st 2022
Net profit	53,527	8,126
Other comprehensive income	(722)	(1,823)
Items not reclassified to profit or loss	0	0
Items reclassified to profit or loss	(722)	(1,823)
- <i>Exchange differences on translating foreign operations</i>	(722)	(1,823)
Comprehensive income	52,805	6,303
Comprehensive income attributable to:		
- owners of the parent	52,372	6,363
- non-controlling interests	1,153	(60)

1.4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Share premium	Exchange differences on translating foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at January 1st 2023	2,934	0	291,378	(10,361)	443,082	727,033	(1,617)	725,416
<i>Changes in equity in the period January 1st – March 31st 2023</i>								
Cost of equity-settled share-based payment plan (Note 2.17)	0	0	0	0	1,255	1,255	0	1,255
Total transactions with owners	0	0	0	0	1,255	1,255	0	1,255
Net profit for the period January 1st – March 31st 2023	0	0	0	0	52,372	52,372	1,155	53,527
Exchange differences on translating foreign operations	0	0	0	(720)	0	(720)	(2)	(722)
Total comprehensive income	0	0	0	(720)	52,372	51,652	1,153	52,805
Total changes	0	0	0	(720)	53,627	52,907	1,153	54,060
Balance as at March 31st 2023	2,934	0	291,378	(11,081)	496,709	779,940	(464)	779,476

CONTD.

	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
<i>Changes in equity in the period January 1st to March 31st 2022</i>								
Increase in shares in subsidiary due to acquisition of non-controlling interest without change of control	0	0	0	0	(5,774)	(5,774)	105	(5,669)
Valuation of put options attributable to minority shareholders	0	0	0	0	287	287	(287)	0
Dividends	0	0	0	0	157	157	(157)	0
Total transactions with owners	0	0	0	0	(5,330)	(5,330)	(339)	(5,669)
Net profit for the period January 1st – March 31st 2022	0	0	0	0	8,100	8,100	26	8,126
Exchange differences on translating foreign operations	0	0	0	(1,737)	0	(1,737)	(86)	(1,823)
Total comprehensive income	0	0	0	(1,737)	8,100	6,363	(60)	6,303
Total changes	0	0	0	(1,737)	2,770	1,033	(399)	634
Balance as at March 31st 2022	2,934	0	291,378	(9,153)	319,621	604,780	(2,469)	602,311

1.5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	January 1st – March 31st 2023	January 1st – March 31st 2022
Cash flows from operating activities			
Profit before tax		64,734	10,184
Adjustments:			
Depreciation and amortisation of non-financial non-current assets	2.7, 2.8	63,377	55,318
Measurement of liabilities arising from acquisition of shares		304	(62)
Change in impairment losses and write-off of assets	2.4	(2,383)	679
Effect of lease modifications	2.8	(23)	(2,481)
(Gains)/losses on sale and value of liquidated non-financial non-current assets		(99)	171
Foreign exchange gains/(losses)	2.4	(4,163)	3,123
Interest expense	2.4	9,032	5,227
Interest income	2.4	(1,987)	(316)
Cost of share-based payments (Incentive Scheme)		1,255	0
Share of profit/(loss) of associates		(148)	104
Change in inventories		(1,089)	(856)
Change in receivables		63,575	57,428
Change in liabilities		(9,250)	(60,570)
Change in provisions		(290)	225
Other adjustments		224	2,422
Cash flows provided by (used in) operating activities		183,069	70,596
Income tax paid		(5,968)	(1,780)
Net cash from operating activities		177,101	68,816
Cash flows from investing activities			
Purchase of intangible assets	2.7	(8,689)	(9,104)
Purchase of property, plant and equipment	2.7	(21,039)	(17,442)
Proceeds from sale of property, plant and equipment		585	0
Acquisition of subsidiaries, net of cash acquired	2.6, 2.12	(13,135)	(19,889)
Repayments of loans		1,415	15
Loans advanced		(530)	0
Interest received		1,810	128
Net cash from investing activities		(39,583)	(46,292)
Cash flows from financing activities			
Expenditure on transactions with non-controlling interests		0	(4,842)
Repayment of borrowings	2.10	(7,952)	(25,736)
Payment of lease liabilities	2.8	(45,276)	(37,553)
Payments of interest		(2,419)	(3,039)
Net cash from financing activities		(55,647)	(71,170)
Net change in cash and cash equivalents before exchange differences		81,871	(48,646)
Exchange differences		0	0
Net change in cash and cash equivalents		81,871	(48,646)
Cash and cash equivalents at beginning of period		218,327	253,015
Cash and cash equivalents at end of period		300,198	204,369

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 sport card 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, Croatia and Turkey.

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.

The Group offers unique products, such as Cafeteria e-platforms, which allow employees of B2B customers 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 March 31st 2023 include the Parent and the following subsidiaries:

Subsidiary	Principal place of business and country of registration	Group's ownership interest*	
		March 31st 2023	December 31st 2022
Focusly Sp. z o.o.	ul. Skierniewicka 16/20, 01-230 Warsaw, Poland	100.00%	100.00%
VanityStyle Sp. z o.o.	ul. Skierniewicka 16/20, 01-230 Warsaw, Poland	100.00%	100.00%
YesIndeed Sp. z o.o.	ul. Przeskok 2, 00-032 Warsaw, Poland	100.00%	100.00%
Benefit Partners Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
Lunching.pl Sp. z o.o. ¹⁾	ul. Fabryczna 20A, 31-553 Kraków, Poland	79.89%	77.68%
Yes to Move Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%

FIT 1 Sp. z o.o. ²⁾	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	100.00%
FIT 2 Sp. z o.o. ²⁾	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	-
Sport Operator Sp. z o.o. ²⁾	Plac Europejski 2, 00-844 Warsaw, Poland	100.00%	-
Total Fitness Sp. z o.o. ³⁾	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%
Benefit Systems International S.A.	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.	Prievozska 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.	Lomnického 1705/9, 140 00 Praha 4, Czech Republic	97.20%	97.20%
Benefit Systems Spor Hizmetleri Ltd	Eski Büyükdere Caddesi No: 7, GİZ 2000 Plaza, Kat 4. 13. VE 14. Bağımsız Bölümler, Maslak, Sarıyer/ 34398 İstanbul, Turkey	97.20%	97.20%
Benefit Systems Slovakia S.R.O.	Prievozska 14, Bratislava - mestská časť Ružinov 821 09, Slovakia	95.26%	95.26%
Benefit Systems D.O.O.	Zagreb (Grad Zagreb) Heinzelova ulica 44, Croatia	94.28%	94.28%
Benefit Systems Bulgaria EOOD	11-13, Yunak Str., floor 1, 1612 Sofia, Bulgaria	93.31%	93.31%
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. ⁴⁾	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 February 27th 2023, an increase in the share capital of Lunching.pl Sp. z o.o. was registered, following which the Parent's interest in the company rose to 79.89% as at March 31st 2023. Since the date of acquisition of 73.97% of Lunching.pl shares (i.e. April 13th 2022), the company has been consolidated based on the assumption that the Group exercises full (100%) control in view of the options included in the share purchase agreement.

2) On March 31st 2023, the Parent acquired shares in FIT 2 Sp. z o.o. and Sport Operator Sp. z o.o., which had taken over assets spun off from Calypso Fitness S.A., comprising 9 out of the 12 organised parts of business (fitness clubs) owned by the company. The remaining 3 out of the 12 fitness clubs were spun off to FIT 1 Sp. z o.o., which is wholly owned by Benefit Systems (see Note 2.6).

3) On April 4th 2023, Benefit Systems S.A. acquired the residual 11.77% of shares in Total Fitness Sp. z o.o., and thus its equity interest in the company rose to 100%. Since the date of acquisition of 88.23% of Total Fitness Sp. z o.o. shares (i.e. November 4th 2021), the company has been consolidated based on the assumption that the Group exercises full (100%) control in view of the options included in the share purchase agreement.

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

The Group's voting interests in its subsidiaries are consistent with its respective interests in their share capital. The Parent and the consolidated entities were incorporated for indefinite time.

In these consolidated financial statements as at March 31st 2023, the interests in four associates are accounted for using the equity method.

	Principal place of business and country of registration	Equity interest as at March 31st 2023	% of total voting rights as at March 31st 2023	Carrying amount as at March 31st 2023	Carrying amount as at March 31st 2022
Baltic Fitness Center Sp. z o.o. ¹⁾	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%	2,583	2,435
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				2,583	2,435

1) On April 27th 2023, Benefit Systems S.A. sold its entire equity interest in Baltic Fitness Center Sp. z o.o. to Calypso Fitness S.A. (see Note 2.25).

2.2. Basis of accounting and accounting policies

2.2.1. Basis of accounting

This consolidated quarterly report of the Benefit Systems Group was authorised for issue by the Management Board of the Parent on May 17th 2023.

This consolidated quarterly report of the Benefit Systems Group covers the three months ended March 31st 2023 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 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 currency of the primary economic environment in which the Company operates, i.e. in which it generates and expends cash, is the Polish złoty. For consolidation purposes, financial statements of foreign companies are translated into the Polish currency in accordance with the accounting policies presented in the most recent consolidated financial statements for the year ended December 31st 2022.

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 2022, 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 2022.

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

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
for the period January 1st – March 31st 2023				
Revenue	435,391	189,922	(2)	625,311
<i>including from external customers</i>	435,389	189,922	0	625,311
<i>including inter-segment sales</i>	2	0	(2)	0
Cost of sales	(329,244)	(150,366)	0	(479,610)
Gross profit/(loss)	106,147	39,556	(2)	145,701
Selling expenses	(28,276)	(11,670)	0	(39,946)
Administrative expenses	(25,521)	(11,883)	(1,165)	(38,569)
Other income and expenses	(1,651)	380	(181)	(1,452)
Operating profit/(loss)	50,699	16,383	(1,348)	65,734
Share of profit/(loss) of equity-accounted entities	148	0	0	148
Interest expense on lease liabilities	(5,530)	(1,024)	0	(6,554)
Depreciation and amortisation	53,571	9,806	0	63,377
EBITDA	104,270	26,189	(1,348)	129,111
as at March 31st 2023				
Segment's assets	2,294,598	314,385	(230,762)	2,378,221
Segment's liabilities	1,356,230	473,377	(230,862)	1,598,745
Investments in associates	2,583	0	0	2,583

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

	Poland	Foreign Markets	Corporate	Total
for the period January 1st – March 31st 2022				
Revenue	291,649	110,191	(6)	401,834
<i>including from external customers</i>	291,643	110,191	0	401,834
<i>including inter-segment sales</i>	6	0	(6)	0
Cost of sales	(233,017)	(91,892)	0	(324,909)
<i>including practical expedient under IFRS 16</i>	2,264	120	0	2,384
Gross profit/(loss)	58,632	18,299	(6)	76,925
Selling expenses	(19,835)	(8,085)	0	(27,920)
Administrative expenses	(20,972)	(9,738)	72	(30,638)
Other income and expenses	352	604	0	956
Operating profit	18,177	1,080	66	19,323
Share of profit/(loss) of equity-accounted entities	(104)	0	0	(104)
Interest expense on lease liabilities	(2,354)	(427)	0	(2,781)
Depreciation and amortisation	46,212	9,106	0	55,318
EBITDA	64,389	10,186	66	74,641
as at March 31st 2022				
Segment's assets	2,011,601	272,341	(240,519)	2,043,423
Segment's liabilities	1,247,108	434,716	(240,712)	1,441,112
Investments in associates	5,263	0	0	5,263

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

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 – March 31st 2023	January 1st – March 31st 2022
Segments' revenue		
Total revenue of operating segments	625,313	401,840
Unallocated revenue	0	0
Elimination of revenue from inter-segment transactions	(2)	(6)
Revenue	625,311	401,834
Segments' profit/(loss)		
Segments' operating profit/(loss)	67,082	19,257
Elimination of profit/(loss) from inter-segment transactions (IFRS 16)	0	172
Unallocated profit/(loss)	(1,348)	(106)
Operating profit	65,734	19,323
Finance income	6,150	378
Finance costs	(9,755)	(8,605)
Impairment losses on financial assets	2,457	(808)
Share of profit/(loss) of equity-accounted entities	148	(104)
Profit before tax	64,734	10,184

	March 31st 2023	December 31st 2022
Segments' assets		
Total assets of operating segments	2,608,983	2,478,142
Unallocated assets	135	294
Elimination of inter-segment transactions	(230,897)	(244,415)
Total assets	2,378,221	2,234,021

	March 31st 2023	December 31st 2022
Segments' liabilities		
Total liabilities of operating segments	1,829,607	1,752,919
Unallocated liabilities	41	19
Elimination of inter-segment transactions	(230,903)	(244,333)
Total liabilities	1,598,745	1,508,605

Eliminations of assets mainly include loans and trade receivables.

	Poland	Foreign Markets	Corporate	Total
for the period January 1st – March 31st 2023				
Revenue from external customers:	435,389	189,922	0	625,311
<i>Poland</i>	435,389	74	0	435,463
<i>Czech Republic</i>	0	108,930	0	108,930
<i>Bulgaria</i>	0	47,652	0	47,652
<i>Other</i>	0	33,266	0	33,266
Non-current assets*:	1,684,930	173,501	0	1,858,431
<i>Poland</i>	1,684,930	109,493	0	1,794,423
<i>Czech Republic</i>	0	7,678	0	7,678
<i>Bulgaria</i>	0	43,005	0	43,005
<i>Other</i>	0	13,325	0	13,325

* Excluding financial instruments and deferred tax assets.

	Poland	Foreign Markets	Corporate	Total
for the period January 1st – March 31st 2022				
Revenue from external customers:	291,642	110,192	0	401,834
<i>Poland</i>	291,642	66	0	291,708
<i>Czech Republic</i>	0	64,873	0	64,873
<i>Bulgaria</i>	0	28,888	0	28,888
<i>Other</i>	0	16,365	0	16,365
Non-current assets*:	1,439,703	202,306	(374)	1,641,635
<i>Poland</i>	1,439,703	3,611	(374)	1,442,940
<i>Czech Republic</i>	0	121,142	0	121,142
<i>Bulgaria</i>	0	53,921	0	53,921
<i>Other</i>	0	23,632	0	23,632

* Excluding financial instruments and deferred tax assets.

Revenue by category:		January 1st – March 31st 2023	January 1st – March 31st 2022
Sale of sport cards in Poland	B2B	342,019	224,605
Sale of sport cards on foreign markets	B2B	176,886	100,180
Sale of cafeteria benefits	B2B	12,201	10,041
Sale of fitness clubs in Poland	B2B/B2C	78,909	55,776
Sale of fitness clubs on foreign markets	B2B/B2C	12,986	9,969
Other settlements	B2B	1,284	60
Revenue from contracts with customers (IFRS 15)		624,285	400,631
<i>Revenue from IFRS 16</i>		1,026	1,203
Total revenue		625,311	401,834

Operating expenses by segment:

	Poland	Foreign Markets	Corporate	Total
for the period January 1st – March 31st 2023				
Depreciation and amortisation	53,571	9,806	0	63,377
<i>including depreciation of right-of-use assets</i>	32,123	6,248	0	38,371
Employee benefits	56,729	21,170	1,255	79,154
Raw materials and consumables used	13,855	4,852	0	18,707
Services	246,282	135,521	(90)	381,713
Taxes and charges	1,091	45	0	1,136
Other expenses	7,205	1,566	0	8,771
Total expenses by nature of expense	378,733	172,960	1,165	552,858
Cost of merchandise and materials sold	4,308	959	0	5,267
Cost of sales, selling expenses and administrative expenses	383,041	173,919	1,165	558,125

	Poland	Foreign Markets	Corporate	Total
for the period January 1st – March 31st 2022				
Depreciation and amortisation	46,212	9,106	0	55,318
<i>including depreciation of right-of-use assets</i>	27,743	5,564	0	33,307
Employee benefits	47,140	16,655	(6)	63,789
Raw materials and consumables used	9,610	3,556	0	13,166
Services	162,734	77,388	(66)	240,056
Taxes and charges	1,065	35	0	1,100
Other expenses	4,496	2,322	0	6,818
Total expenses by nature of expense	271,257	109,062	(72)	380,247
Cost of merchandise and materials sold	2,566	653	0	3,219
Cost of sales, selling expenses and administrative expenses	273,823	109,715	(72)	383,466

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. The Group also creates online products in areas related to employee wellbeing.

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 1,309.1 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 4.8 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 nearly three thousand entities and is constantly adapted to market and customer needs.

The MyBenefit cafeteria platform allows employees to choose freely from among a range of available benefits, within the limits and budgets set by their employers. Users can select benefits directly from 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 200 partner cinemas across Poland (including Cinema City, Helios and Multikino, in addition to a number of local cinemas).

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

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

Benefit Systems Group is actively developing a range of online products, including the **MultiLife programme** that includes services focused on employee wellbeing, especially in the areas of mental health, personal development, healthy eating and physical activity. MultiLife currently combines more than a dozen services such as psychologist's support, mindfulness course, consultations with dieticians and coaches, diet creator, yoga course, access to the Yes2Move.com online exercise platform, preventive medical examination package, e-books on Legimi, and Leanovatica, a streaming learning service.

Furthermore, the Group operates the Yes2Move online store selling dietary supplements and foodstuffs, fitness accessories and other items to support training and healthy lifestyles.

In the area of healthy eating and co-financing of employee meals, the Group is working on the Lunching.pl platform and application for ordering food to the workplace. It can be used by employers to facilitate the process of organising meals for their teams based on any financing model they may choose.

The Group offers 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 the end of March 2023, the Group had 185 own clubs in Poland operated by the Fitness Branch within Benefit Systems S.A., Total Fitness Sp. z o.o., Sport Operator Sp. z o.o., FIT 1 Sp. z o.o., and FIT 2 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 holds equity interests in companies managing a further 23 facilities. In addition, the Parent operates the Atmosfera Multisport club, which organises activities for children and young people. On April 13th 2023, the Group acquired a 100% stake in Saturn Fitness Group Sp. z o.o., which manages 6 fitness clubs (see Note 2.25).

Poland Segment	January 1st – March 31st 2023	January 1st – March 31st 2022	Change
Revenue	435,391	291,649	49.3%
Cost of sales	(329,244)	(233,017)	41.3%
Gross profit	106,147	58,632	81.0%
Selling expenses	(28,276)	(19,835)	42.6%
Administrative expenses	(25,521)	(20,972)	21.7%
Other income and expenses	(1,651)	352	-
Operating profit	50,699	18,177	178.9%
Share of profit/(loss) of equity-accounted entities	148	(104)	-
EBITDA	104,270	64,389	61.9%
Gross margin	24.4%	20.1%	4.3pp
<i>Number of sport cards ('000)</i>	<i>1,309.1</i>	<i>940.5</i>	<i>39.2%</i>
<i>Number of clubs</i>	<i>185</i>	<i>172</i>	<i>7.6%</i>
<i>Turnover of cafeteria platforms (PLNm)*</i>	<i>90.2</i>	<i>79.5</i>	<i>13.5%</i>
<i>Number of cafeteria platform users (in thousands)</i>	<i>653.1</i>	<i>500.1</i>	<i>30.6%</i>

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

Revenue for the first quarter rose by 49.3% year on year, driven by an increase in the number of sport cards to 1,309 thousand vs 940 thousand in the comparative period.

In March 2023, in the first stage of the transaction with Calypso Fitness S.A. (see Notes 2.12 and 2.6), the Group acquired 13 fitness clubs (12 clubs in the form of an organised part of and 1 club by way of assignment of the lease contract), of which 7 are located in the Gdańsk-Sopot-Gdynia agglomeration, 4 in Szczecin and 1 in Warsaw and Wrocław each. The club in Gdynia started operating under the Zdrofit Gdynia Witawa brand on March 20th 2023. The other facilities started operating under the Zdrofit and Fitness Academy (1 club in Wrocław) brands on April 1st 2023.

Furthermore, 2 new fitness clubs were opened in Kraków in the first quarter of 2023: My Fitness Place ATUT Galicyjska and My Fitness Place ATUT Ruczaj.

The number of partner facilities as at the end of the first quarter of 2023 amounted to around 4.6 thousand.

As at the end of the first quarter of 2023, the MyBenefit cafeteria platform had a total of 653.1 thousand users, 153.0 thousand more than at the end of March 2022. The growth in the number of users translated into higher turnover compared with the corresponding period of 2022. The most popular benefit categories are shops (73.7m turnover vs PLN 64.6m in the corresponding period of 2022), as well as travel and food.

In the first three months of 2023, the Poland segment recognised depreciation of right-of-use assets of PLN 32.1m and interest expense on lease liabilities of PLN 5.5m.

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 2023, 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.);
- Turkish – the MultiSport programme (Benefit Systems Spor Hizmetleri Ltd.).

The segment also includes Benefit Systems, storitve, D.O.O. (Slovenia), which was not operational in 2023. Benefit Systems International S.A. is the parent of the other companies in the segment. All these companies are fully consolidated.

Foreign Segment	January 1st – March 31st 2023	January 1st – March 31st 2022	Change
Revenue	189,922	110,191	72.4%
Cost of sales	(150,366)	(91,892)	63.6%
Gross profit	39,556	18,299	116.2%
Selling expenses	(11,670)	(8,085)	44.3%
Administrative expenses	(11,883)	(9,738)	22.0%
Other income and expenses	380	604	(37.1%)
Operating profit	16,383	1,080	1,416.9%
EBITDA	26,189	10,186	157.1%
Gross margin	20.8%	16.6%	4.2pp
<i>Number of sport cards</i>	462.1	316.3	46.1%
<i>Number of clubs</i>	25	25	-

As at the end of 2022, there were 430.8 thousand active cards in the Foreign Markets segment. The following months saw a stable growth, and as a result the first quarter of 2023 closed with 462.1 thousand cards. The highest increase in the card volume was recorded in Turkey, the 'youngest' of all markets. Of the markets where the Group had been present for more than five years, the highest volume growth was seen on the Croatian market, where the number of cards increased by almost 16% relative to December 2022. The largest growth in the number of cards in nominal terms was traditionally observed in the Czech market, where the number of cards rose by almost 12.0 thousand compared with December 2022. In the Slovak and Bulgarian markets, the number of active cards grew by 5.6 thousand and 7.1 thousand, respectively. In all markets in the Foreign Markets segment the results in terms of the number of cards were significantly above the pre-pandemic levels.

Number of active sport cards* in Foreign Markets countries:

Country	March 31st 2023	December 31st 2022	% change
Czech Republic	229.1	217.2	5%
Bulgaria	141.7	134.6	5%
Slovakia	51.0	45.4	12%
Croatia	37.8	32.7	16%
Turkey	2.5	0.9	179%
Total	462.1	430.8	7%

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

In parallel to the sales activities, the Foreign Markets segment companies improved the experience for MultiSport customers by developing the partnership network and monitoring the quality of cooperation with partners within the existing network. As at the end of 2022, the MultiSport partnership network comprised a total of 4,195 facilities, of which more than 300 were located in Turkey. In the first quarter of 2023, more than 100 partners were acquired for cooperation. The majority of growth comes from the Turkish market, where the MultiSport partner network had more than 400 partners in total at the end of March 2023. Nominal growth in the number of partner locations was seen in all markets except for the Croatian market, where the number of cooperating partners remained virtually unchanged.

Number of partner locations:

Country	March 31st 2023	December 31st 2022	% change
Czech Republic	1,817	1,805	1%
Bulgaria	879	876	-
Slovakia	791	797	(1%)
Croatia	412	413	-
Turkey	406	304	34%
Total	4,305	4,195	3%

As at the end of the fourth quarter of 2022, the companies in this segment operated a total of 24 own fitness clubs in foreign markets. In the first quarter of 2023, leased space conversion was completed and 2 new clubs were opened: Zaimov in Sofia and Luzanky in Brno. At the same time, the Lamac club in Slovakia was closed down in the first quarter of 2023.

Number of own clubs:

Country	March 31st 2023	December 31st 2022	% change
Czech Republic	15	14	7%
Bulgaria	9	8	13%
Slovakia	1	2	(50%)
Total	25	24	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 memberships).

2.3.3. Corporate

The revenue presented in Corporate mainly reflects intersegment eliminations.

Corporate	January 1st – March 31st 2023	January 1st – March 31st 2022	Change
Revenue	(2)	(6)	(66.7%)
Cost of sales	0	0	-
Gross profit/(loss)	(2)	(6)	(66.7%)
Selling expenses	0	0	-
Administrative expenses	(1,165)	72	-
<i>including cost of the Incentive Scheme</i>	<i>(1,255)</i>	<i>0</i>	<i>-</i>
Other income and expenses	(181)	0	-
Operating profit/(loss)	(1,348)	66	-
Share of profit/(loss) of equity-accounted entities	0	0	-
EBITDA	(1,348)	66	-

2.4. Finance income and costs

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

Finance income	January 1st – March 31st 2023	January 1st – March 31st 2022
Interest on investments	1,630	0
Interest on loans and receivables	357	214
Foreign exchange gains	4,163	0
Measurement of other financial liabilities	0	62
Reversal of impairment losses on financial assets – loans	2,457	0
Other finance income	0	102
Total finance income	8,607	378

Finance costs	January 1st – March 31st 2023	January 1st – March 31st 2022
Interest on lease liabilities	6,554	2,781
Interest on overdraft and investment credit facilities	2,419	1,278
Interest on debt securities	0	1,065
Interest on loans	5	0
Interest on trade and other payables	54	0
Foreign exchange losses	0	3,123
Measurement of other financial liabilities	304	0
Impairment losses on financial assets – loans	0	808
Other finance costs	419	358
Total finance costs	9,755	9,413

In the first quarter of 2023, the following had a material bearing on the Group's finance income and costs: foreign exchange gains recognised on measurement of lease liabilities, interest

expense on borrowings and lease liabilities, and reversal of impairment losses on loans, including loans advanced to Calypso Fitness S.A. (see Note 2.6)

2.5. Income tax

In the three months ended March 31st 2023, the Group's effective tax rate was 17%, close to the effective tax rate of the Parent.

2.6. Goodwill and acquisition of control of subsidiaries

Acquisition of organised parts of enterprise comprising 12 fitness clubs

As part of the ongoing review of the available courses of action towards the Company's investment in the associate Calypso Fitness S.A. ("CF"), and as a result of the performance of the agreements of February 28th 2023 (see Note 2.12), the demerger of CF, agreed under the CF demerger plan prepared on October 7th 2022, was registered on March 31st 2023. The demerger was effected by spinning off 12 organised parts of CF's business (fitness clubs) to three companies: FIT 1 Sp. z o.o. (3 clubs), FIT 2 Sp. z o.o. (2 clubs) and Sport Operator Sp. z o.o. (7 clubs). As at the demerger date, the sole shareholders in the respective companies were CF shareholders: Benefit Systems S.A., Cal Capital Sp. z o.o. ("CC") and Camaro Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("Camaro"). Subsequently, on the same day, the Parent acquired all shares in FIT 2 Sp. z o.o. and Sport Operator Sp. z o.o. from CC and Camaro.

Acquisition of organised parts of enterprise by FIT 1 Sp. z o.o.

On March 31st 2023, 3 organised parts of enterprise were spun off to FIT 1 Sp. z o.o., which is wholly owned by Benefit Systems S.A.

As a result of the acquisition of the organised parts of enterprise by FIT 1 Sp. z o.o, 3 clubs in Szczecin, Gdańsk and Gdynia were added to the Group's own club portfolio.

Acquisition of FIT 2 Sp. z o.o.

On March 31st 2023, the Parent acquired 100% of shares in FIT 2 Sp. z o.o. from Cal Capital Sp. z o.o. The total purchase price for the shares was PLN 7.2m. The consideration was settled by transferring Benefit Systems S.A.'s claims against CF Group companies of PLN 7.2m to CC.

As part of the provisional accounting for the acquisition, as at the acquisition date the Group allocated the excess of the purchase price paid over net assets acquired to goodwill.

As a result of the acquisition of FIT 2 Sp. z o.o., 2 clubs in Szczecin and Gdańsk were added to the Group's own club portfolio.

Acquisition of Sport Operator Sp. z o.o.

On March 31st 2023, the Parent acquired 100% of shares in Sport Operator Sp. z o.o. from Camaro. The total purchase price for the shares was PLN 21.8m. The consideration was settled by transferring Benefit Systems S.A.'s claims against CF Group companies of PLN 10.8m to Camaro and making a cash payment of PLN 11m.

As part of the provisional accounting for the acquisition, as at the acquisition date the Group allocated the excess of the purchase price paid over net assets acquired to goodwill.

As a result of the acquisition of Sport Operator Sp. z o.o., 7 clubs were added to the Group's own club portfolio: in Gdańsk (3 clubs), Warsaw, Szczecin (2 clubs) and Wrocław.

As at March 31st 2023, the transactions described above were accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations* as at the acquisition date. The goodwill was allocated to cash generating units in the Poland segment.

As at the date of this consolidated quarterly report, the purchase price allocation process for the above transactions had not been completed by the Group. The Group is currently reviewing, identifying and measuring the assets and liabilities acquired and therefore the goodwill recognised on the acquisition of Sport Operator Sp. z o.o., FIT 2 Sp. z o.o. and contribution of organised parts of enterprise to FIT 1 Sp. z o.o. may change within 12 months from the acquisition date.

Company	FIT 1 Sp. z o.o.	FIT 2 Sp. z o.o.	Sport Operator Sp. z o.o.	Total
Date of acquisition	March 31st 2023	March 31st 2023	March 31st 2023	
Purchase price, including:				
<i>cash</i>	0	0	11,000	11,000
<i>settlement of claims*</i>	0	7,196	10,763	17,959
Purchase price as at March 31st 2023	0	7,196	21,763	28,959
Net assets acquired:				
Right-of-use assets	16,541	5,183	27,396	49,120
Other non-current assets	1,283	255	1,392	2,930
Cash	300	79	486	865
Other current assets	1,348	630	3,238	5,216
Non-current lease liabilities	(13,667)	(3,709)	(21,719)	(39,095)
Current lease liabilities	(2,874)	(1,474)	(5,677)	(10,025)
Other current liabilities	(4,917)	(1,525)	(12,346)	(18,788)
Total net assets as at the acquisition date	(1,986)	(561)	(7,230)	(9,777)
Goodwill as at March 31st 2023	1,986	7,757	28,993	38,736

* The settlement of claims involved settlement of PLN 15.9m worth of trade receivables and PLN 2.1m worth of loans. The provision for an impairment loss on loans of PLN 2.1m was reversed. In addition, trade receivables from the 12 clubs acquired totalling PLN 11.6m were settled as part of the elimination of intra-group transactions.

2.7. Property, plant and equipment and intangible assets

As at March 31st 2023, the carrying amount of property, plant and equipment was PLN 286.9m. The PLN 7.5m decrease in property, plant and equipment relative to the end of 2022 was mainly attributable to a depreciation charge of PLN 17.4m and settlement of the PLN 14.1m investment in new clubs. Capital expenditure of PLN 21.0m in 2023 was mainly related to investments in new and existing fitness clubs. The carrying amount of property, plant and equipment increased by PLN 2.9m as a result of acquisition of organised parts of enterprise (see Note 2.6).

As at March 31st 2023, the carrying amount of intangible assets was PLN 130.0m, up by PLN 1.0m on December 31st 2022. The increase, offset by the recognition of a PLN 7.6m amortisation charge, results mainly from expenditure of PLN 8.7m on the development, integration and optimisation of business and sales systems and online platforms for customers.

2.8. Leases

2.8.1. 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 – March 31st 2023</i>				
Net carrying amount as at January 1st 2023	813,805	10,766	9,605	834,176
New lease contracts	31,722	0	688	32,410
Business combinations (Note 2.6)	49,120	0	0	49,120
Modifications, termination of contracts	57,804	2,451	157	60,412
Depreciation and amortisation	(36,715)	(243)	(1,399)	(38,357)
Exchange differences on translating foreign operations	1,433	0	12	1,445
Net carrying amount as at March 31st 2023	917,169	12,974	9,063	939,206

	Property	Fitness equipment	Other	Total
<i>for the period January 1st – March 31st 2022</i>				
Net carrying amount as at January 1st 2021	769,351	8,825	8,277	786,453
New lease contracts	3,522	0	277	3,799
Modifications, termination of contracts	6,856	(1)	18	6,873
Depreciation and amortisation	(31,418)	(972)	(917)	(33,307)
Exchange differences on translating foreign operations	14	0	(48)	(34)
Net carrying amount as at March 31st 2022	748,325	7,852	7,607	763,784

The lease modifications in the three months ended March 31st 2023 followed mainly from renegotiation of the terms and conditions of rental contracts for retail and office and indexations to lease contract rates.

2.8.2. Lease liabilities

Changes in lease liabilities are presented below.

	January 1st – March 31st 2023	January 1st – March 31st 2022
Balance at beginning of period	954,595	936,835
New lease contracts	24,134	3,799
Business combinations (Note 2.6)	49,120	0
Modifications, termination of contracts	56,948	2,301
Effect of application of COVID-19 practical expedient	0	(2,384)
Accrued interest	6,554	2,781
Exchange differences	(2,897)	5,827
Settlement of liabilities	(45,276)	(37,870)
Exchange differences on translating foreign operations	1,492	10
Balance at end of period	1,044,670	911,299
Non-current	855,882	731,830
Current	188,788	179,469

The lease modifications in the three months ended March 31st 2023 were attributable, among other things, to renegotiation of the terms and conditions of rental contracts for retail and office space and indexations to lease contract rates.

Maturities of the lease liabilities as at March 31st 2023 and December 31st 2022 are presented below.

<i>as at March 31st 2023</i>	Lease payments due in:			
	up to 1 year	1 to 5 years	over 5 years	total
Lease payments	190,949	662,896	280,747	1,134,592
Finance costs (-)	(2,161)	(43,768)	(43,993)	(89,922)
Present value	188,788	619,128	236,754	1,044,670

<i>as at December 31st 2022</i>	Lease payments due in:			
	up to 1 year	1 to 5 years	over 5 years	total
Lease payments	166,231	584,002	258,607	1,008,840
Finance costs (-)	(1,352)	(26,963)	(25,930)	(54,245)
Present value	164,879	557,039	232,677	954,595

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 52,232 thousand as at March 31st 2023 (December 31st 2022: PLN 70,769 thousand).

2.8.3. Lease amounts disclosed in the reporting period

Amounts disclosed in the three months ended March 31st 2023 and March 31st 2022 relating to the lease contracts recognised in the statement of financial position are presented below.

	January 1st – March 31st 2023	January 1st – March 31st 2022
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)	(38,357)	(33,307)
Gain/(loss) on lease modifications (recognised in other income/expenses)	23	97
Application of the COVID-19 practical expedient (recognised in cost of sales)	0	2,384
Interest expense on lease liabilities (recognised in finance costs)	(6,554)	(2,781)
Exchange differences on lease liabilities denominated in foreign currencies (recognised in finance income/costs)	2,897	(5,827)
Total	(41,991)	(39,434)
Amounts disclosed in the consolidated statement of cash flows		
Lease payments (recognised in cash flow from financing activities)	(45,276)	(37,553)

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 463 thousand and PLN 281 thousand in the three months ended March 31st 2023 and March 31st 2022, respectively. The costs included mainly rental of advertising

space (PLN 298 thousand and 123 thousand, respectively) and leases of assorted equipment for fitness clubs and offices (PLN 165 thousand and 158 thousand, respectively). In the three months ended March 31st 2023 and March 31st 2022, there were no variable lease payments.

In 2022, in connection with the COVID-19 pandemic, the Group renegotiated terms of the lease contracts, which impacted the amount of lease liabilities. The Group applied the practical expedient introduced by the amendment to IFRS 16, whereby rent concessions resulting from the renegotiation of lease contracts do not constitute lease modification, and the effects of remeasurement of lease liabilities are recognised in profit or loss for the period. The practical expedient could be applied with respect to rent payments originally due on or before June 30th 2022. 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 lease contracts (sports clubs, offices). In the first quarter of 2022, the amount of the remeasurement of the lease liability resulting from the negotiated concessions was recognised in the statement of profit and loss as a PLN 2,384 thousand decrease in cost of sales. The abovementioned amendment to IFRS 16 cannot be applied in 2023.

2.8.4. 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 three months ended March 31st 2023, the Group recognised income from operating sublease of fitness equipment of PLN 780 thousand and income from sublease of office space of PLN 246 thousand. In the three months ended March 31st 2022, the amounts were PLN 1,012 thousand and PLN 191 thousand, respectively. These amounts include minimum fixed sublease payments only. In the reporting period, there were no contingent or other payments.

2.9. Cash and cash equivalents

As at March 31st 2023, cash stood at PLN 300.2m. The PLN 81.9m increase in cash relative to the end of 2022 was mainly attributable to cash provided by operating activities and a decrease in receivables compared with the previous period. Furthermore, in the first quarter of 2023 the Company repaid borrowings totalling PLN 8.0m.

2.10. Borrowings, other debt instruments

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

	Carrying amount	Non-current liabilities	Current liabilities
As at March 31st 2023			
Bank borrowings	76,669	55,904	20,765
Loans	101	0	101
Total borrowings, other debt instruments as at March 31st 2023	76,770	55,904	20,866

	Carrying amount	Non-current liabilities	Current liabilities
As at December 31st 2022			
Bank borrowings	84,548	60,566	23,982
Loans	158	0	158
Total borrowings, other debt instruments as at December 31st 2022	84,706	60,566	24,140

During the three-month period ended March 31st 2023, the Group repaid PLN 8.0m in borrowings.

2.11. 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 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.

2.12. Significant events and transactions in the period

Share capital increase at Lunching Sp. z o.o.

On February 27th 2023, an increase in the share capital of Lunching.pl Sp. z o.o. was registered, following which the Parent's interest in the company rose from 77.68% as at December 31st 2022 to 79.89% as at March 31st 2023.

Executed activity in respect of the associate company Calypso Fitness S.A. ("CF")

As part of the ongoing review of the available courses of action towards the Company's investment in the associate Calypso Fitness S.A., described in more detail in Note 33 to the consolidated financial statements for 2022, on February 28th 2023 the CF shareholders, i.e. Benefit Systems S.A., Camaro Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("Camaro") and Cal Capital Sp. z o.o. ("CC"), executed an agreement in which they confirmed the key terms of the transaction the purpose of which is, among other things, to settle CF's liabilities towards its shareholders (the "Transaction").

As part of the first stage of the Transaction executed in the first quarter of 2023:

- a) A demerger of CF was effected by spinning off 12 organised parts of enterprise comprising fitness clubs to FIT 1 Sp. z o.o. (3 clubs), FIT 2 Sp. z o.o. (2 clubs) and Sport Operator Sp. z o.o. (7 clubs), controlled by, respectively, Benefit Systems S.A., Camaro and CC (CF shareholders).
- b) The Parent acquired shares in FIT 2 Sp. z o.o. and Sport Operator Sp. z o.o., which had taken over CF's assets comprising 9 out of the 12 organised parts of CF's business (fitness clubs), located in the Gdańsk-Sopot-Gdynia agglomeration (6), Szczecin (4), Warsaw (1) and Wrocław (1). The title to the shares was transferred on March 31st 2023, i.e. the date of registration of the CF demerger, as agreed in the Calypso Fitness demerger plan of October 7th 2022. The remaining 3 out of the 12 organised parts of CF's business were contributed to FIT 1 Sp. z o.o., which is wholly owned by Benefit Systems S.A. The total consideration for the acquisition of the companies from Camaro and CC was PLN 29m, and was paid by: (i) transferring the Company's claims against CF of PLN 18m to the other CF shareholders, and (ii) making a payment of PLN 11m in cash to Camaro (see Note 2.6).
- c) The share capital of CF was increased by converting Benefit Systems S.A.'s claims against CF of PLN 14.5m and claims held by Camaro and CC into shares in the increased share capital of CF, with the existing shareholding structure of CF retained, i.e. the Parent's interest in CF remained at 33.33%. The share capital increase at CF was registered by the registry court on April 26th 2023 (see Note 2.25) and as a consequence the Parent Company cancelled amounts owed by CF in respect of loan interest of PLN 10.3 in April 2023.
- d) Outside the demerger process described above, on March 20th 2023, CF assigned its rights and obligations under a lease contract for another fitness club located in the Gdańsk-Sopot-Gdynia agglomeration to Benefit Systems S.A.. The assignment was settled against amounts owed by CF to the Parent totalling PLN 1.1m.
- e) In addition, on February 28th 2023, the Parent placed PLN 3m in a notarial deposit for the purpose of future acquisitions of companies in the second stage of the Transaction.

Impact of above mentioned activities on consolidated financial statement of the Group for the three months ended March 31st 2023 has been presented below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of March 31st 2023	Acquisition of organized parts of the enterprises in the form of 12 fitness clubs (see Note 2.6)				The assignment of rent agreement of 1 fitness club	IMPACT
	Purchase price	Goodwill	Net assets acquired:	Elimination of intra-group transactions		
Goodwill	-	38,736	-	-	-	38,736
Right-of-use assets	-	-	49,120	-	6,229	55,349
Claims settled in the transaction:	-	-	-	-	-	-
gross value	(17,959)	-	-	(11,568)	(1,121)	(30,648)
Provision for impairment	2,099	-	-	-	-	2,099
Other non-current assets	-	-	2,930	-	-	2,930
Other current assets	-	-	5,216	-	-	5,216
Cash	(11,000)	-	865	-	-	(10,135)
TOTAL ASSETS	(26,860)	38,736	58,131	(11,568)	5,108	63,547
EQUITY	2,099	-	-	-	-	2,099
Non-current lease liabilities	-	-	39,095	-	4,404	43,499
Current lease liabilities	-	-	10,025	-	704	10,729
Other current liabilities	-	-	18,788	(11,568)	-	7,220
TOTAL LIABILITIES	-	-	67,908	(11,568)	5,108	61,448
TOTAL EQUITY AND LIABILITIES	2,099	-	67,908	(11,568)	5,108	63,547
<i>IMPACT ON THE GROUP EQUITY</i>	<i>2,099</i>	-	-	-	-	<i>2,099</i>
<i>IMPACT ON THE GROUP NET PROFIT</i>	<i>2,099</i>	-	-	-	-	<i>2,099</i>

Following completion of the steps described above, the Company continues to hold debt claims against CF totalling PLN 17.8m (in respect of which impairment losses have been recognised), which the Company will be able to settle in potential subsequent transactions, as agreed as part of the ongoing review process.

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

B Corp recertification

Benefit Systems S.A. is the first and so far the only listed company in Poland that was recertified, after it had joined the B Corp movement in 2018. B Corp is a certificate issued by B Lab, an international NGO originating from the United States. It is granted to companies whose business model is aligned with the principles of sustainable development and whose activities make a key contribution to solving today's social, labour and environmental problems.

New fitness clubs

In January 2023, 2 new large-format clubs were opened in the My Fitness Place network. The facilities, with their spa zones, salt walls, and saunas, offer solutions promoting physical health and post-workout recovery, and help people boost their immunity, relax, and regain mental balance. Each new club has about 2,000 square metres of floor space with a selection of workout zones, including gyms with high-end equipment, tartan treadmills – an excellent choice for running

routines or long jump practice – fitness rooms for group classes and fitness bars offering products supporting a healthy diet for physically active people.

In February 2023 (see Notes 2.12 and 2.6), Benefit Systems S.A. entered into an agreement with Calypso Fitness, whereby the Parent would acquire 16 Calypso clubs in the form of organised parts of enterprise (12 clubs in the first and 3 clubs in the second stage of the transaction) and by way of assignment of a lease contract (1 club in the first stage), in cities with a high potential for further business development. In the first stage, by March 31st 2023, the Company acquired 13 facilities, including 7 clubs in the Gdańsk-Sopot-Gdynia agglomeration and 4 in Szczecin, where the Company is seeing a continually growing interest in the MultiSport programme, and as well 1 club in Warsaw and Wrocław each. In the second stage, by June 30th 2023, Benefit Systems S.A. will acquire three Calypso clubs located in Warsaw, Kraków, and Częstochowa.

In April 2023 (see Note 2.25), the Company finalised the purchase agreement for 6 Saturn Fitness clubs. The newly acquired entities will strengthen the Group's offering in cities considered strategic for the MultiSport Programme, such as Kraków and Gdynia, as well as the Upper Silesia region.

As a result of the activities described above, the number of Benefit Systems' own fitness clubs in Poland rose to 185 as at March 31st 2023 and to 191 as at the date of this report.

The Design Your Fitness (Zaprojektuj formę) programme

The Design Your Fitness programme was launched in February 2023, targeting more than a million users of MultiSport membership cards in Poland. This new online educational space includes a complete plan to improve health and quality of life, featuring advice from personal trainers, dieticians, and wellbeing experts. Its design will facilitate putting the knowledge in practice by working out with the MultiSport membership card. Through Design Your Fitness, users will receive ready-to-use instructions for safe and effective training at sports facilities, thorough knowledge delivered in the form of 113 sessions run by healthy lifestyle professionals, inspiring advice, and the option to participate in 19 professional online courses.

The Good Day for MultiLife campaign

In March 2023, the Good Day for MultiLife campaign was initiated to build awareness of the MultiLife brand among employers and employees. The new product is intended to support employers in ensuring mental and physical wellbeing and employee development. The MultiLife programme is aligned with existing trends and employee expectations: based on Deloitte's 'From Great Resignation to Great Reimagination' report, as many as 91% of workers are ready to look for a new job if the employer does not show concern for their well-being. The first stage of the Good Day for MultiLife campaign was completed in April and the next edition of the campaign will start in late May 2023.

2.14. Outlook

The outlook for the coming periods is significantly affected by the economic situation in the countries where the Group operates, including higher prices of energy, raw materials and fuels, accelerating inflation, regulatory changes, slowing business activity in certain industries leading to increased unemployment, or depreciation of local currencies, which, in turn, may increase operating costs and hamper the demand for the services and products offered by the Group.

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.

2.15. Share capital

As at March 31st 2023, the Parent's share capital amounted to PLN 2,934 thousand (December 31st 2022: 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.

	March 31st 2023	December 31st 2022
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 – March 31st 2023	January 1st – March 31st 2022
Number of shares used as denominator		
Weighted average number of ordinary shares	2,933,542	2,933,542
Dilutive effect of options convertible into shares	2,058	0
Diluted weighted average number of ordinary shares	2,935,600	2,933,542
Continuing operations		
Net profit from continued operations attributable to shareholders of the Parent	52,372	8,100
Basic earnings per share (PLN)	17.85	2.76
Diluted earnings per share (PLN)	17.84	2.76

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 Scheme is open to selected employees from among senior management and middle management.

On February 3rd 2021, the Supervisory Board resolved to establish an Incentive Scheme for 2021–2025 at the Parent. The purpose of the Incentive Scheme is to provide an incentive system that would promote employee productivity and loyalty, aimed at achieving strong financial performance and a long-term increase in the Parent's value. In the 2021–2025 edition of the Incentive Scheme, its participants (up to 149 persons) will be able to acquire up to a total of 125,000 subscription warrants (which, upon conversion into shares, will represent 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.

Following achievement of 100% of the threshold for the condition relating to adjusted consolidated operating profit of the Group, 25,000 subscription warrants were granted to senior management (including the Management Board of the Parent) on March 1st 2023. The fair value of the subscription warrants granted to the employees has been estimated as at the grant date, using the Black-Scholes model.

Valuation of Incentive Scheme options – Black-Scholes model	
Data	Tranche for 2022
X (t) – share price at the valuation date (PLN)	836.00
P – option exercise price (PLN)	793.01
r – risk-free rate for PLN	6.54%
T – expiry date	2025-12-31
t – current day (for pricing purposes)	2023-03-01
Sigma – daily variability	30.00%

The total cost of the 2022 tranche granted under the Programme on March 1st 2023 was estimated at PLN 6,278 thousand. The cost recognised in the Group's results in the reporting period was PLN 1,255 thousand. In 2022, the Group did not recognise Programme costs because the conditions for the grant of the tranche for 2021 had not been satisfied.

Within 30 days of the Annual General Meeting approving the Group's consolidated financial statements for 2022 the final verification to ascertain whether the conditions have been satisfied to grant subscription warrants will be carried out by the Management Board for the eligible persons other than Management Board Members and by the Supervisory Board for the eligible Management Board Members.

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

2.18. Dividend

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

By the date of this report, the Parent's Management Board did not resolve to recommend a dividend payment from the profit for the financial year 2022.

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 the three months ended March 31st 2023			As at the issue date of the report for 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%	453,691	15.47%	15.47%	-
Nationale-Nederlanden PTE	307,053	10.47%	10.47%	307,053	10.47%	10.47%	-
Generali PTE	276,572	9.43%	9.43%	276,572	9.43%	9.43%	-
Allianz OFE**	276,290	9.42%	9.42%	276,290	9.42%	9.42%	-
Marek Kamola	237,440	8.09%	8.09%	237,440	8.09%	8.09%	-
Fundacja Drzewo i Jutro*	208,497	7.11%	7.11%	208,497	7.11%	7.11%	-
Benefit Invest Ltd.*	70,421	2.40%	2.40%	70,421	2.40%	2.40%	-
Other	1,103,578	37.62%	37.62%	1,103,578	37.62%	37.62%	-
TOTAL	2,933,542	100.00%	100.00%	2,933,542	100.00%	100.00%	-

* Related individuals and/or entities as described in Note 28 'Related-party transactions' in the Group's consolidated financial statements for 2022.

** Former name: Drugi Allianz OFE.

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 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 (subscription warrants) in Benefit Systems S.A. by members of the Management Board and the Supervisory Board of the Parent as at the issue date of this report are as follows:

<i>Management Board Member</i>	As at the issue date of the report for the three months ended March 31st 2023		As at the issue date of the report for 2022		Change
	Number of shares	Ownership interest	Number of shares	Ownership interest	
Bartosz Józefiak	864	0.03%	864	0.03%	-
Emilia Rogalewicz	2,500	0.09%	2,500	0.09%	-
Wojciech Szwarc	2,620	0.09%	2,620	0.09%	-
Total	5,984	0.20%	5,984	0.20%	-

Warrants held by Members of the Management Board as at the issue date of the report for the three months ended March 31st 2023:

<i>Management Board Member</i>	Series L Warrants granted for 2022	Outstanding series L warrants
Bartosz Józefiak	4,000	4,000
Emilia Rogalewicz	4,000	4,000
Wojciech Szwarc	3,000	3,000
Total	11,000	11,000

The exercise price of the options granted as at the issue date of the report for the three months ended March 31st 2023 is PLN 793.01.

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

<i>Member of the Supervisory Board</i>	As at the issue date of the report for the three months ended March 31st 2023		As at the issue date of the report for 2022		Change
	Number of shares	Ownership interest	Number of shares	Ownership interest	
James van Bergh*	453,691	15.47%	453,691	15.47%	-
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%	453,691	15.47%	-

* 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 70,421 shares in Benefit Systems S.A., representing 2.40% of its share capital and the same percentage of total voting rights (as at the issue date of the report for the first quarter of 2023). 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 7.11% of Benefit Systems S.A. share capital.

2.21. Non-compliance with debt covenants

In the three months ended March 31st 2023, 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.

	March 31st 2023	December 31st 2022
<i>Associates</i>		
Guarantees provided / Surety for repayment of liabilities	4,172	8,001
Total contingent liabilities	4,172	8,001

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 Art. 6.1.3 of the Act on Competition and Consumer Protection and Art. 101.1.c of the Treaty on the Functioning of the European Union.

The President of UOKiK imposed fines on the parties to the Proceedings, including: on the Company in the amount of PLN 26,915,218.36 (taking into account the succession resulting from the merger of the Company with those of its subsidiaries which are also named in the Proceedings) and on its subsidiary (Yes to Move sp. z o.o., formerly: Fitness Academy sp. z o.o.) in the amount of PLN 1,748.74. Guided by, among other things, an analysis of well-known cases involving competition-restricting practices, where courts have often decided to significantly reduce fines imposed on businesses (in some cases by as much as 60-90%), and by the opinion of lawyers, the 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 March 31st 2023.

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 2022.

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

The Company has not released any profit forecasts for 2023.

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

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

On April 4th 2023, an annex was signed to the long-term financing agreement of April 1st 2022 with the European Bank for Reconstruction and Development and Santander Bank Polska S.A. The annex extends the availability period for the unutilised part of the financing of PLN 115m until December 31st 2023.

Acquisition of a residual stake in Total Fitness Sp. z o.o.

On April 4th 2023, Benefit Systems S.A. acquired the residual 11.77% of shares in Total Fitness Sp. z o.o., and thus its equity interest in the company rose to 100%. Since the date of acquisition of 88.23% of Total Fitness Sp. z o.o. shares (i.e. November 4th 2021), the company has been consolidated based on the assumption that the Group exercises full (100%) control in view of the options included in the share purchase agreement.

Acquisition of shares in Saturn Fitness Group Sp. z o.o.

On April 13th 2023, an agreement was signed whereby the Parent purchased 100% of shares in Saturn Fitness Group Sp. z o.o. ("Saturn Fitness").

The total purchase price is PLN 27.6m. and includes:

- the price for the shares of PLN 0.5m, paid on the agreement date, which may be increased by PLN 1.2m, to be computed in accordance with the agreement (for instance if Saturn Fitness achieves the agreed revenue) and payable by the end of October 2023;
- the amount of Saturn Fitness's cash liabilities of PLN 25.9m, resulting from the acquisition by Saturn Fitness on April 12th 2023 of organised parts of enterprises, including 6 fitness clubs.

As at the date of acquisition of control, according to the Company's best estimates of the fulfilment of the conditions set forth in the share purchase agreement, the fair value of the total purchase price is PLN 26.1m (the nominal value before discounting is PLN 26.2m).

As a result of the acquisition of Saturn Fitness, 6 fitness clubs were added to the Group's own club portfolio: in Gdynia, Warsaw, Kraków, Łódź, Gorzów Wielkopolski and Chorzów. The goodwill was allocated to cash generating units in the Poland segment.

As at the date of this consolidated quarterly report, the purchase price allocation process had not been completed by the Group, in particular work was ongoing to transfer the company's accounting records and to review, identify and perform fair-value measurement of the assets and liabilities acquired. Therefore, as at the date of this report, it is not possible to reliably estimate the goodwill from the acquisition of Saturn Fitness Group Sp. z o.o.

Share capital increase at Calypso Fitness S.A.

April 26th 2023 saw the registration of a share capital increase at Calypso Fitness S.A. ("CF"). The share capital increase had been effected by converting claims of CF's shareholders against CF pro rata to their holdings, including the Parent's claims against CF of PLN 14.5m, the full amount of which had been covered by a previously recognised impairment loss. At the same time, the Parent cancelled CF's debt of PLN 10.3m comprising loan interest, the full amount of which had been covered by a previously recognised impairment loss. Those events occurred in connection with the agreements of February 28th 2023, one purpose of which was to settle CF's liabilities towards Benefit Systems S.A., as described in more detail in Note 2.12 to this report and Note 33 to the Group's consolidated financial statements for 2022.

Sale of shares in Baltic Fitness Center Sp. z o.o.

On April 27th 2023, Benefit Systems S.A. sold all shares in Baltic Fitness Center Sp. z o.o., with a carrying amount of nil, to Calypso Fitness S.A. for PLN 50 thousand.

Number of active sport cards

In May 2023, the estimated number of active sport cards was 1,334.2 thousand in the Poland segment and 471.8 thousand in the Foreign Markets segment.

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

3.1. CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

	March 31st 2023	December 31st 2022
Goodwill	277,555	277,555
Intangible assets	110,869	109,559
Property, plant and equipment	172,077	182,345
Right-of-use assets	751,115	697,158
Investments in subsidiaries	168,189	136,163
Investments in associates	2,415	2,415
Trade and other receivables	3,778	3,960
Loans and other non-current financial assets	287,910	306,491
Deferred tax assets	24,927	24,736
Non-current assets	1,798,835	1,740,382
Inventories	4,591	3,912
Trade and other receivables	126,275	195,859
Loans and other current financial assets	2,498	4,160
Cash and cash equivalents	228,429	143,396
Current assets	361,793	347,327
Total assets	2,160,628	2,087,709

	March 31st 2023	December 31st 2022
Share capital	2,934	2,934
Share premium	230,792	230,792
Retained earnings	660,723	616,140
Total equity	894,449	849,866
Employee benefit provisions	238	238
Other provisions	10,767	10,767
Other financial liabilities	3,353	3,109
Borrowings, other debt instruments	55,904	60,566
Lease liabilities	685,411	651,601
Non-current liabilities	755,673	726,281
Employee benefit provisions	1,598	1,598
Trade and other payables	278,080	287,726
Current income tax liabilities	9,365	6,348
Other financial liabilities	17,183	16,801
Borrowings, other debt instruments	20,765	23,982
Lease liabilities	165,186	159,645
Contract liabilities	18,329	15,462
Current liabilities	510,506	511,562
Total liabilities	1,266,179	1,237,843
Total equity and liabilities	2,160,628	2,087,709

3.2. CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS

	January 1st – March 31st 2023	January 1st – March 31st 2022
Continuing operations		
Revenue	408,365	268,423
Revenue from sales of services	401,235	264,592
Revenue from sales of merchandise and materials	7,130	3,831
Cost of sales	(309,014)	(219,098)
Cost of services sold	(305,053)	(217,277)
Cost of merchandise and materials sold	(3,961)	(1,821)
Gross profit	99,351	49,325
Selling expenses	(24,999)	(16,217)
Administrative expenses	(23,997)	(17,087)
Other income	608	784
Other expenses	(2,406)	(572)
Operating profit	48,557	16,233
Finance income	10,065	(455)
Finance costs	(8,247)	(4,998)
Impairment losses on financial assets	2,503	(1)
Profit before tax	52,878	10,779
Income tax	(9,550)	(971)
Net profit from continuing operations	43,328	9,808
Net profit	43,328	9,808

3.3. CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	January 1st – March 31st 2023	January 1st – March 31st 2022
Net profit	43,328	9,808
Other comprehensive income	0	0
Items not reclassified to profit or loss	0	0
Items reclassified to profit or loss	0	0
Comprehensive income	43,328	9,808

3.4. CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

	Equity				
	Share capital	Treasury shares	Share premium	Retained earnings	Total
Balance as at January 1st 2023	2,934	0	230,792	616,140	849,866
<i>Changes in equity in the period January 1st – March 31st 2023</i>					
Cost of equity-settled share-based payment plan	0	0	0	1,255	1,255
Total transactions with owners	0	0	0	1,255	1,255
Net profit for the period January 1st – December 31st 2023	0	0	0	43,328	43,328
Total comprehensive income	0	0	0	43,328	43,328
Balance as at March 31st 2023	2,934	0	230,792	660,723	894,449

	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 – March 31st 2022</i>					
Total transactions with owners	0	0	0	0	0
Net profit for the period January 1st – December 31st 2022	0	0	0	9,808	9,808
Total comprehensive income	0	0	0	9,808	9,808
Balance as at March 31st 2022	2,934	0	230,792	498,225	731,951

3.5. CONDENSED SEPARATE STATEMENT OF CASH FLOWS

	January 1st – March 31st 2023	January 1st – March 31st 2022
Cash flows from operating activities		
Profit before tax	52,878	10,779
Adjustments:		
Depreciation and amortisation of non-financial non-current assets	49,879	40,281
Measurement of liabilities arising from acquisition of shares	259	(61)
Change in impairment losses and write-off of assets	(2,422)	(105)
Effect of lease modifications	6	(2,354)
(Gains)/losses on sale and value of liquidated non-financial non-current assets	(154)	193
Foreign exchange gains/(losses)	(2,557)	3,938
Interest expense	7,951	4,652
Interest income	(7,508)	(3,373)
Dividend income	0	(188)
Cost of share-based payments (Incentive Scheme)	1,205	0
Change in inventories	(679)	(135)
Change in receivables	52,574	59,819
Change in liabilities	3,876	(60,255)
Change in provisions	0	20
Other adjustments	5	(3,719)
Cash flows provided by (used in) operating activities	155,313	49,492
Income tax paid	(4,265)	0
Net cash from operating activities	151,048	49,492
Cash flows from investing activities		
Purchase of intangible assets	(7,377)	(7,927)
Purchase of property, plant and equipment	(13,407)	(10,995)
Proceeds from sale of property, plant and equipment	816	(143)
Acquisition of subsidiaries	(16,650)	(19,888)
Repayments of loans	37,104	2,015
Loans advanced	(12,660)	(9,765)
Interest received	2,876	128
Dividends received	0	1,493
Net cash from investing activities	(9,298)	(45,082)
Cash flows from financing activities		
Repayment of borrowings	(7,879)	(14,153)
Payment of lease liabilities	(46,419)	(31,451)
Payments of interest	(2,419)	(1,250)
Net cash from financing activities	(56,717)	(46,854)
Net change in cash and cash equivalents	85,033	(42,444)
Cash and cash equivalents at beginning of period	143,396	195,699
Cash and cash equivalents at end of period	228,429	153,255

AUTHORISATION FOR ISSUE

This consolidated quarterly report of the Benefit Systems Group for the three months ended March 31st 2023 (including the comparative data) was authorised for issue by the Management Board of the Parent on May 17th 2023.

Signatures of Members of the Management Board

Date	Full name	Position	Signature
May 17th 2023	Bartosz Józefiak	Member of the Management Board	
May 17th 2023	Emilia Rogalewicz	Member of the Management Board	
May 17th 2023	Wojciech Szwarc	Member of the Management Board	

Signature of the person responsible for preparation of the consolidated quarterly report

Date	Full name	Position	Signature
May 17th 2023	Katarzyna Beuch	Finance Director	