



Financial Results of Benefit Systems Group for 1Q 2020

25 May 2020



COVID-19 impact on Benefit Systems

- Card volumes on key markets:
 - In Poland 70% cards suspended in April and May
 - MultiSport: no significant contract cancellations by clients; possible high short-term volatility in the number of after *lockdown* ends
 - Czech Republic: current number of active sport cards at 121 ths., increased number of card deactivations right after *lockdown* ended; higher number of activations vs. deactivations in May
- "Restart" of B2C carnets in Poland (via Yes2Move online platform) – at few % of regular revenue
- Cost savings:
 - In April and May – in line with previous guidance
 - Additional support for wages from the Anti-crisis shield 1.0 in Poland
- Impact on our results:
 - 1Q20: No impact on EBIT/EBITDA level; negative FX differences (IFRS 16): PLN 44mn (7% change in EUR/PLN)
 - 2Q20: Expected EBIT loss in April and May
- Net Debt at end of 1Q20: PLN 76mn
 - Net debt/EBITDA at 0.3x level; no significant investment expenditures in April-May; slightly higher leverage at the end of April due to cash burn in April
- Proposal of no dividend payout from 2019 net profit

1Q20: summary | key events

- Club opening timeline:
 - Czech Republic: 27 April (some of the sanitary restrictions lifted from 11 May), opening of swimming pools planned for 25 May
 - Croatia: 13 May (restrictions include: 1 person per 10sqm; hand disinfection; distance between users)
 - Bulgaria: 18 May (restrictions include: 1 person per 4sqm; hand disinfection; max. 10 ppl per class)
 - Poland: opening expected on 1 June (Preparations to implement sanitary restrictions in our clubs underway)
 - Slovakia: opening expected on 3 June (Preparations to implement sanitary restrictions in our clubs underway)
- Decision to exit Greek market:
 - Unfavourable macro forecast due to COVID-19
 - Lower employers' interest in the MultiSport programme than on other markets
- Online offer development:
 - Multisport:
 - New functionalities of MultiSport Zone (among others individual consultations with Coaches and Dieticians)
 - Online visits at partners' clubs (around 400 facilities available; payments to partners)
 - User interest in our online offer: 2.9mn views during epidemic (all functions), more than 100 thousand users tried our additions in the period from April to May
 - Fitness clubs: online training platform: Yes2Move
 - Foreign: development of online offer was started

Development of MultiSport online offer



Online trainings

- Multiple diverse **online classes** available in MultiSport Zone
- **Live trainings** – 3x daily
- Exercises with **Coaches from your club**



Time for development

- **Webinars and podcasts** with experts
- Healthy **live-cooking, recipes**
- Tips for **stress, immunity, healthy diet**



HR Zone

- Articles from experts
- **Interviews**, webinars, podcasts
- Legal-tax **advices**
- **Motivation**, management



Dietary and coaching consultations

- Individual **online meetings** with dieticians and MultiSport coaches
- **12 dietary plans** to choose from

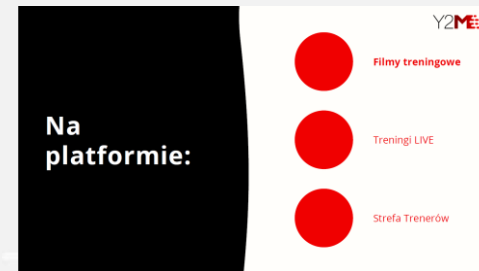
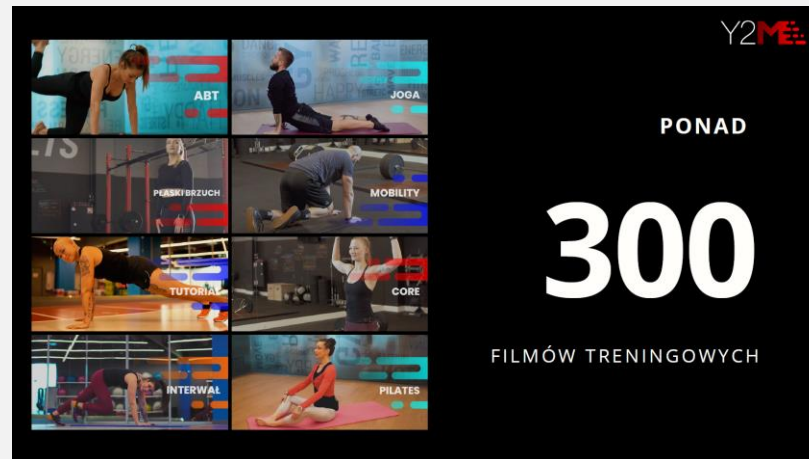


Animations for kids

- **Unique fun for children propositions** using home appliances
- **Exercises** for full family
- Sensory **animations**
- **Audiobooks for kids** read by actors



YES2MOVE: online training platform (fitness clubs)



1Q20 EBIT at +35% yoy

(PLN mn)	1Q19	1Q20	yoy
Sales	354.1	386.1	9%
Gross profit on sales	84.1	94.9	13%
SG&A	53.7	54.3	1%
EBITDA*	74.1	96.3	30%
EBITDA ex IFRS 16	47.5	62.4	31%
EBIT*	31.9	42.9	35%
Reported Pre-tax*	20.8	1.5	n.m.
Net profit**	16.2	2.0	n.m.

- Sales development driven by:
 - Cards volume growth (+19% yoy)
 - Lower sports cards revenues in March
 - Fitness clubs closed from mid-March
- Gross profit:
 - No visits costs since mid-March
 - Reduction of some fitness clubs costs
- SG&A:
 - No growth in Poland – high base in 1Q19
 - First savings due to epidemic
- Incentive programme costs: (0.9mn in 1Q20 vs 1.3mn in 1Q19)
- Impact on reported Pre-tax income in 1Q20:
 - Earn-outs revaluation: +4.0mn in 1Q20 (no impact in 1Q19)
 - Negative FX impact from IFRS 16 in 1Q20: 44.5mn

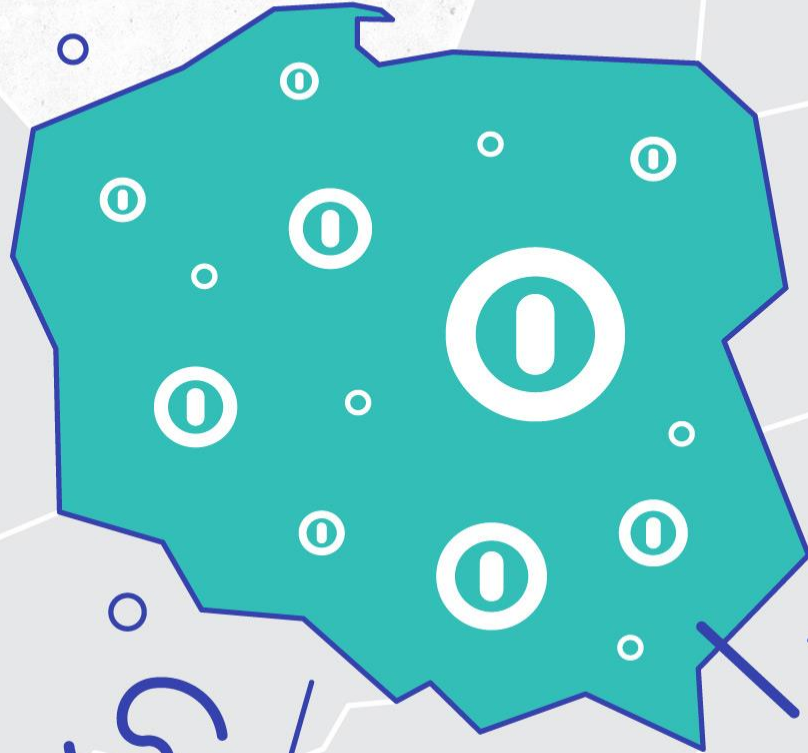
* Results for 1Q19 include +2.0mn one-off (Re-measurement to fair value of existing holding)

** Net profit attributable to shareholders of the parent entity

Segment results in 1Q20

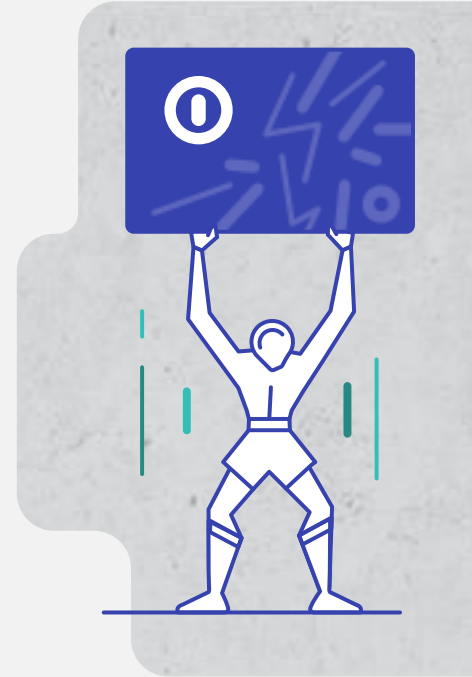
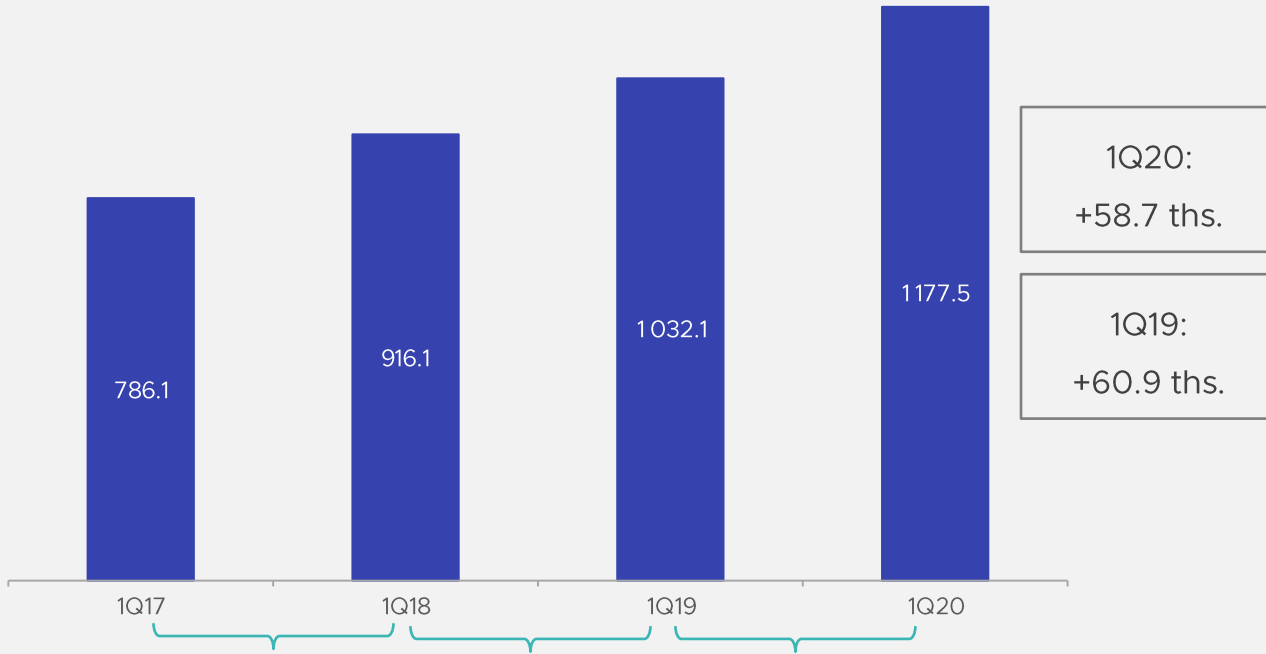
EBIT (PLN mn)	1Q19	1Q20	yoy	
Poland	39.3	51.9	32%	(+) higher number of cards, lower costs of visits, SG&As under control (-) no revenues in fitness clubs since 14 March
Foreign markets	-6.9	-9.6	-	(-) no card and fitness club revenues since mid-March, lower loss yoy in January and February
Cafeterias	-0.9	-0.3	-	(+) double digit growth of the scale of operations, slightly better gross profitability
Other	0.4	1.0	-	(+) lower impact of Incentive Programme
Group EBIT	31.9	42.9	35%	

**Segment
Poland**



Sport cards in Poland: number of cards at +14% yoy in 1Q20

Number of cards (ths.)



Growth yoy	+129.9	+116.1	+145.4*
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* Estimated number of suspended cards in April and May: 70%.

Poland: revenues +5% yoy in 1Q20

(PLN mn)	1Q19	1Q20	yoy
Poland	284.8	299.3	5%
Cards	233.6	249.9	7%
Clubs	97.4	85.2	-13%
Eliminations	-46.2	-35.8	n.m.
Number of cards*	1 032	1 178	14%
Number of clubs*	150	163	9%

Growth in revenues in 1Q20:

- Cards
 - January – February: +18% yoy (ARPU +2% yoy)
 - March: -13% yoy (-23% mom)
- Fitness
 - January – February: +19% yoy
 - March: -57% yoy (-47% mom)
- Growth in the fitness club network: +13 clubs vs. 1Q19.

* Number of cards and clubs at the end of the period

Poland: EBIT in 1Q20 + 32% yoy

(PLN mn)	1Q19	1Q20	yoy
Revenues	284.8	299.3	5%
Gross profit on sales	70.9	82.1	16%
Margin on sales	24.9%	27.4%	+2,5 p.p.
SG&As	-31.5	-32.4	3%
EBITDA	75.3	96.8	29%
EBITDA ex IFRS 16	53.3	68.3	28%
EBIT	39.3	51.9	32%

Gross margin in 1Q20:

- No visit costs since 14 March; lower user activity in the first two weeks of March
- Lower direct costs of clubs in March
- Lower rent costs in shopping malls; without significant impact on P&L (due to accounting standards/IFRS16)

Low growth of SG&As in 1Q20:

- Overheads control; limited growth from high base (in 1Q19 SG&As of the segment were up 33% yoy)
- Single digit growth of FTEs yoy; lower marketing and advisory spendings, costs of clubs rebranding included in 1Q19 base
- Reduction of selected costs since mid-March

* Results for 1Q19 include +2.0mn one-off (Re-measurement to fair value of existing holding)



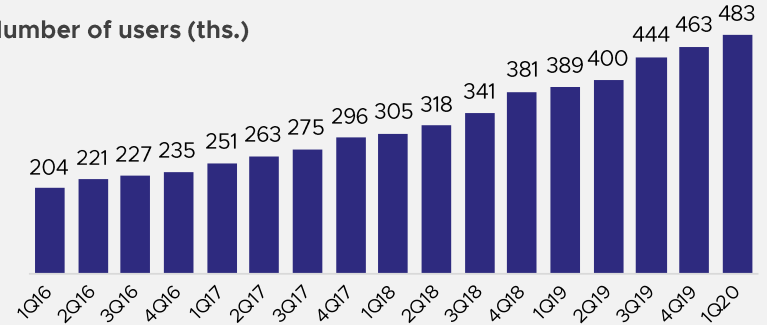
Segment Cafeterias



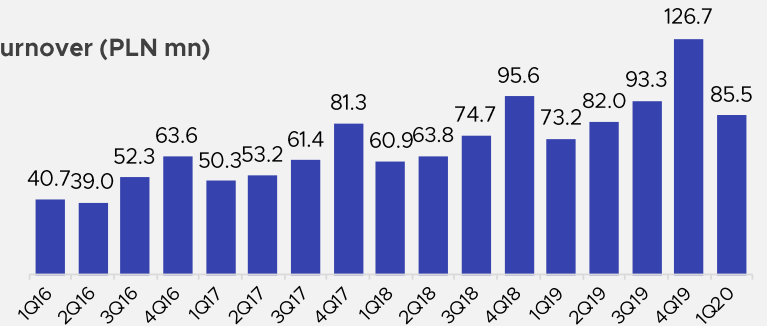
Cafeterias: key focus on growth in scale

(PLN mn)	1Q19	1Q20	yoy
Number of users (ths.)	388.8	482.8	24%
Turnover	73.2	85.5	17%
Revenues	5.6	8.7	56%
Gross profit on sales	1.7	3.0	76%
Margin on sales	30.5%	34.3%	+4 p.p.
SG&As	-2.5	-3.3	32%
EBITDA	0.0	1.0	n.m.
EBIT	-0.9	-0.3	n.m.

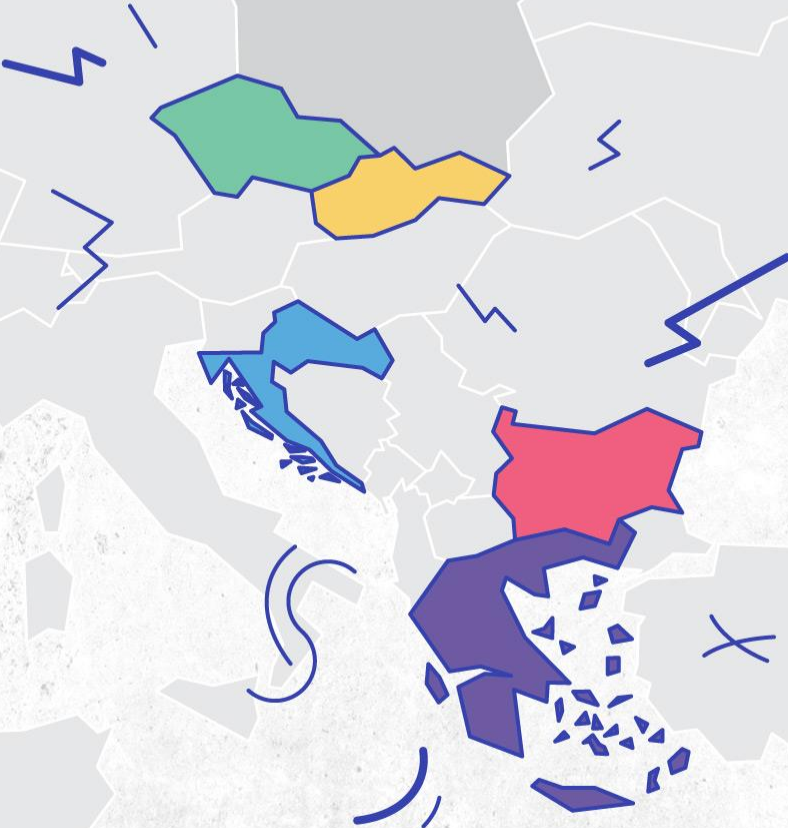
Number of users (ths.)



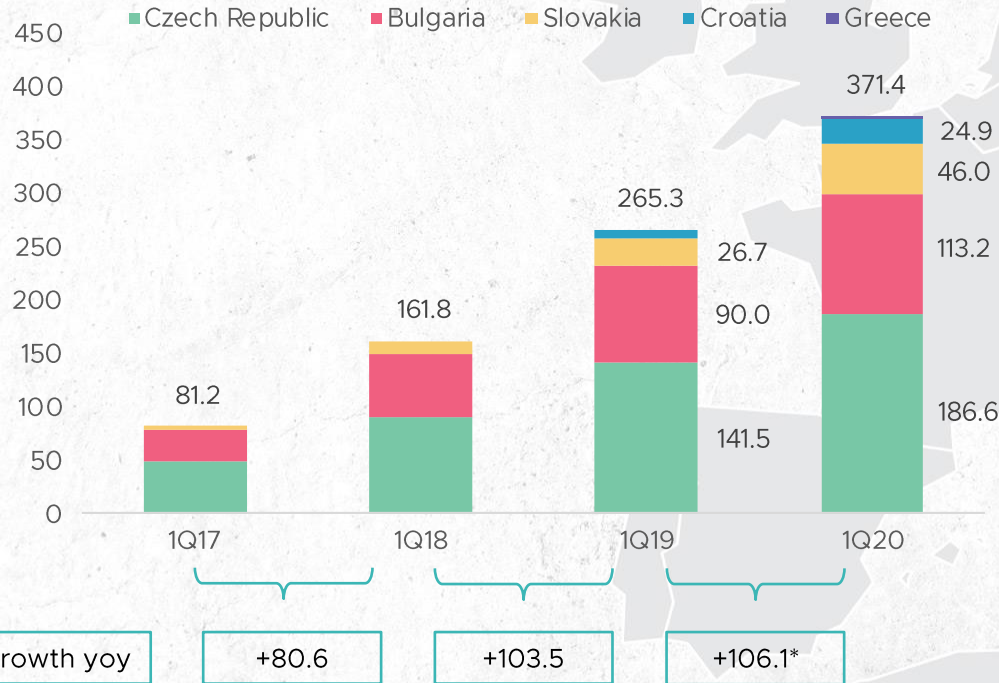
Turnover (PLN mn)



Segment Foreign



Number of sport cards – foreign markets



Number of clubs	1Q19	2Q19	3Q19	4Q19	1Q20
Czech Republic	15	15	15	15	15
Slovakia				1	1
Bulgaria	6	8	8	8	9
Total	21	23	23	24	25

* Due to the closure of sport facilities due to the COVID-19 pandemic, material drop in segment revenues is expected in 2Q20

Foreign segment: 1Q20 revenues +12% yoy

(PLN mn)	1Q19	1Q20	yoy
Foreign segment	72.0	80.8	12%
Cards	62.5	72.9	17%
Clubs	14.9	15.1	2%
Eliminations	-5.4	-7.2	n.m.
Number of cards*	265.3	371.4	40%
Number of clubs*	21	25	19%

Revenue growth in 1Q20:

- Cards
 - January – February: +48% yoy
 - March: -40% yoy (-56% mom)
- Fitness
 - January – February: +31% yoy
 - March: -53% yoy (-63% mom)
- No revenues across all markets since half of March
- Growth in the fitness club network: +4 clubs vs. 1Q19 (Bulgaria, Slovakia)

* Number of cards and clubs at the end of the period.

Foreign segment: EBIT loss in 1Q20 at PLN 10mn

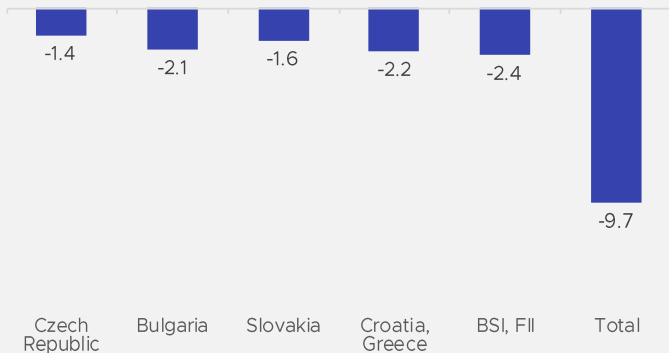
(PLN mn)	1Q19	1Q20	yoy
Revenues	72.0	80.8	12%
Gross profit on sales	8.8	8.0	-8%
Margin on sales	12.2%	9.9%	-2,2 p.p.
SG&As	-15.4	-17.7	15%
EBITDA	-1.7	-1.0	n.m.
EBITDA ex IFRS 16	-6.2	-6.7	n.m.
EBIT	-6.9	-9.6	n.m.

- Slightly users higher activity yoy in January and February compensated by higher ARPU
- SG&A costs:
 - At similar level yoy in Czech Republic, slightly higher in Bulgaria and Slovakia;
 - Higher costs in Croatia vs. 1Q19
- Lower operating loss yoy in January and February
- Negative COVID-19 impact on 1Q20 results estimated at around PLN 5mn

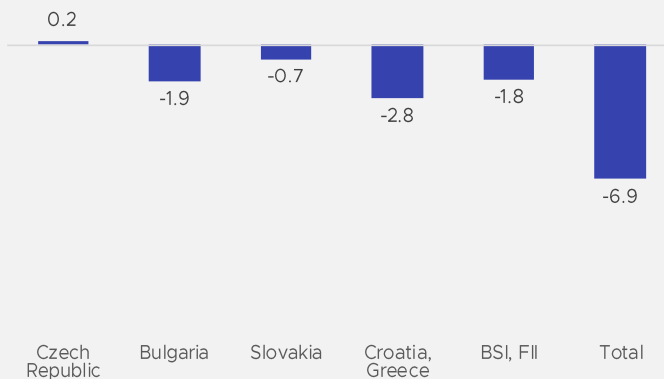
Foreign segment results in 1Q20

- Seasonally low profitability
- COVID-19 impact on EBIT estimated at PLN 5mn

1Q20: EBIT (PLN mn)



1Q19: EBIT (PLN mn)

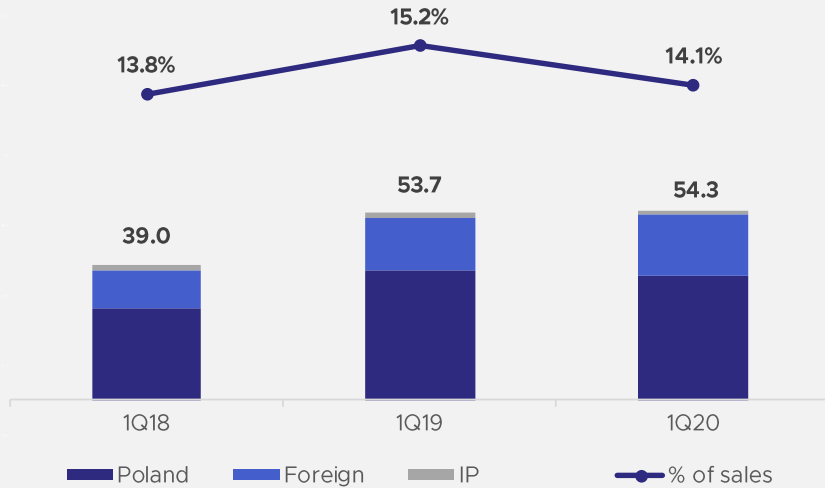


Financial results

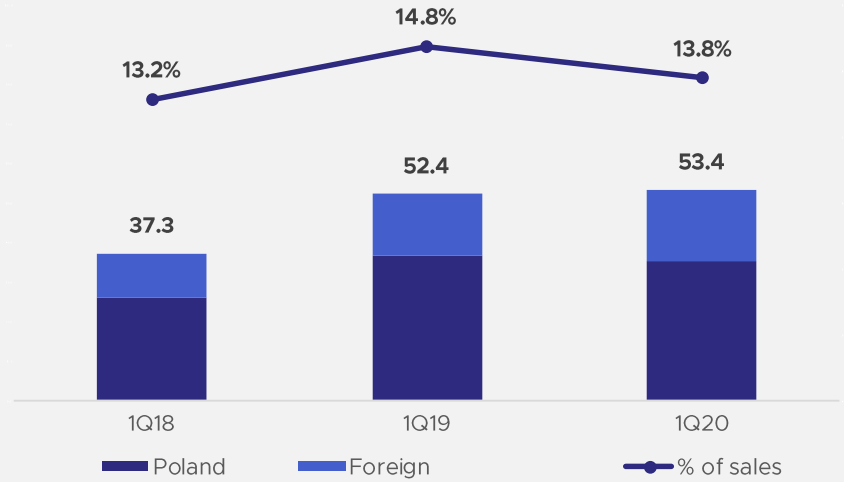


SG&A expenses at a comparable level yoy

SG&As (PLN mn)



SG&As (PLN mn) (excl. Incentive Programme)



*Poland incl. Cafeterias Segment

Operating cash flow in 1Q20: 112mn

CASH FLOWS (PLN mn)	1Q19	1Q20
Operating cash flow	76.1	111.9
Investing cash flow	-45.7	-13.9
Financing cash flow	-0.7	21.9
Change in cash and cash equivalents	29.7	119.9
Net debt/(net cash)	158.2	76.2

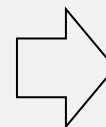
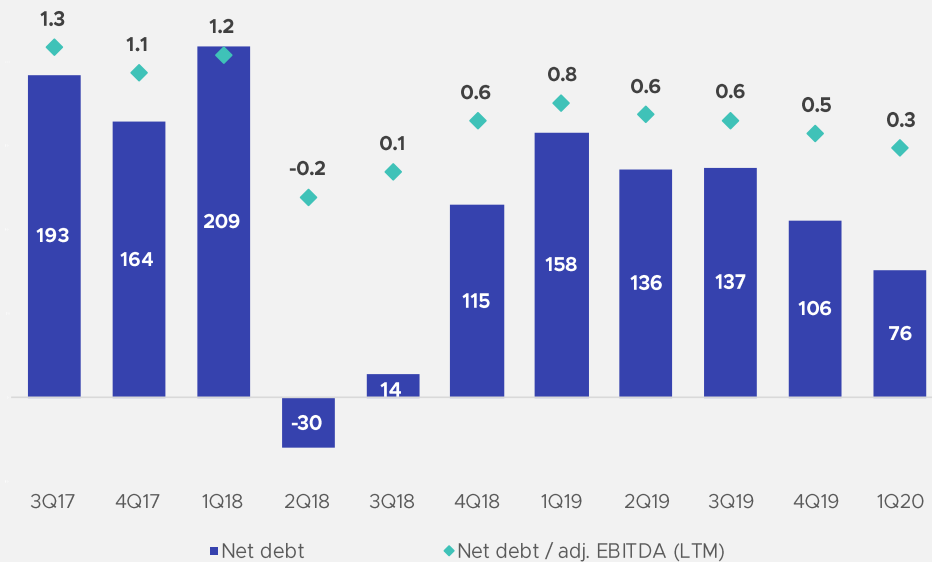
Operating cash flow in 1Q20:

- Positive impact of IFRS 16 amortization (+33mn)
- Change in net working capital (+19mn)

Investing cash flow in 1Q20:

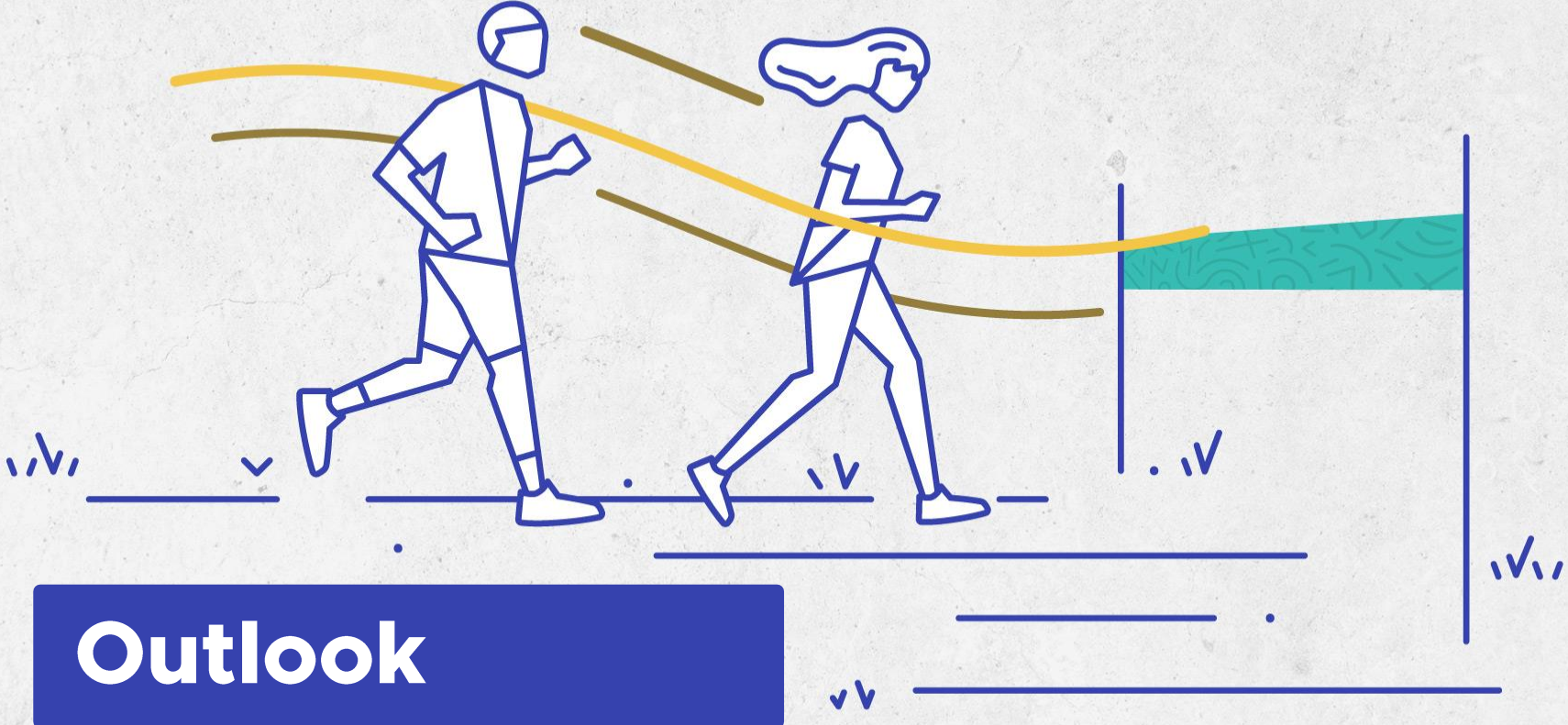
- Poland: new clubs and maintenance: PLN 8mn
- Foreign: new clubs: PLN 3mn
- Others expenses: PLN 6mn (Intangibles)

Net debt / adj. EBITDA* at 0.3x



- Long-term debt:
 - Bank loans: PLN 115.4mn
- Short-term debt:
 - Bank loans : PLN 152.8mn

Net debt = bank loans, borrowings, current and non-current lease minus cash (not including IFRS 16 liabilities)
 Adj. EBITDA excl. IFRS 16 D&A



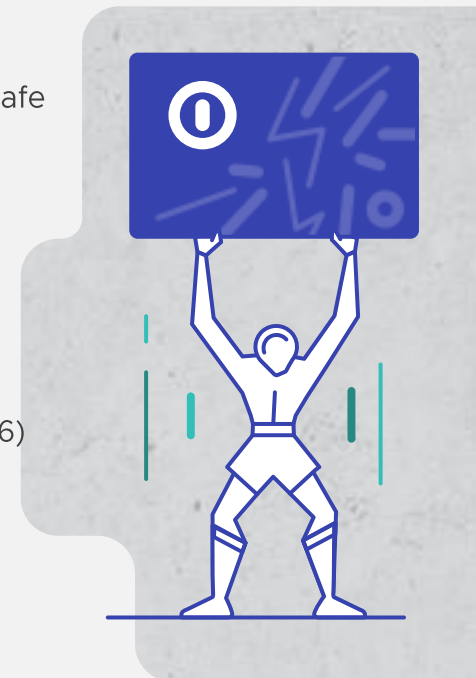
Outlook

OUTLOOK

- Planned activity post-COVID 19:
 - **Summer campaign:** focus on User return to the programme; raising User interest in safe comeback to exercising in sport facilities; promotion of online offer
 - **Online:** further development of the online MultiSport offer
 - **Fitness:** new sales start from September, further development and promotion of the online platform **Yes2Move**; focus on providing safe conditions for training

- Cost side activity:
 - We are in the process of renegotiating rents – key cost side element in 2H20
 - Rent savings without material impact on P&L due to the accounting standards (IFRS 16)

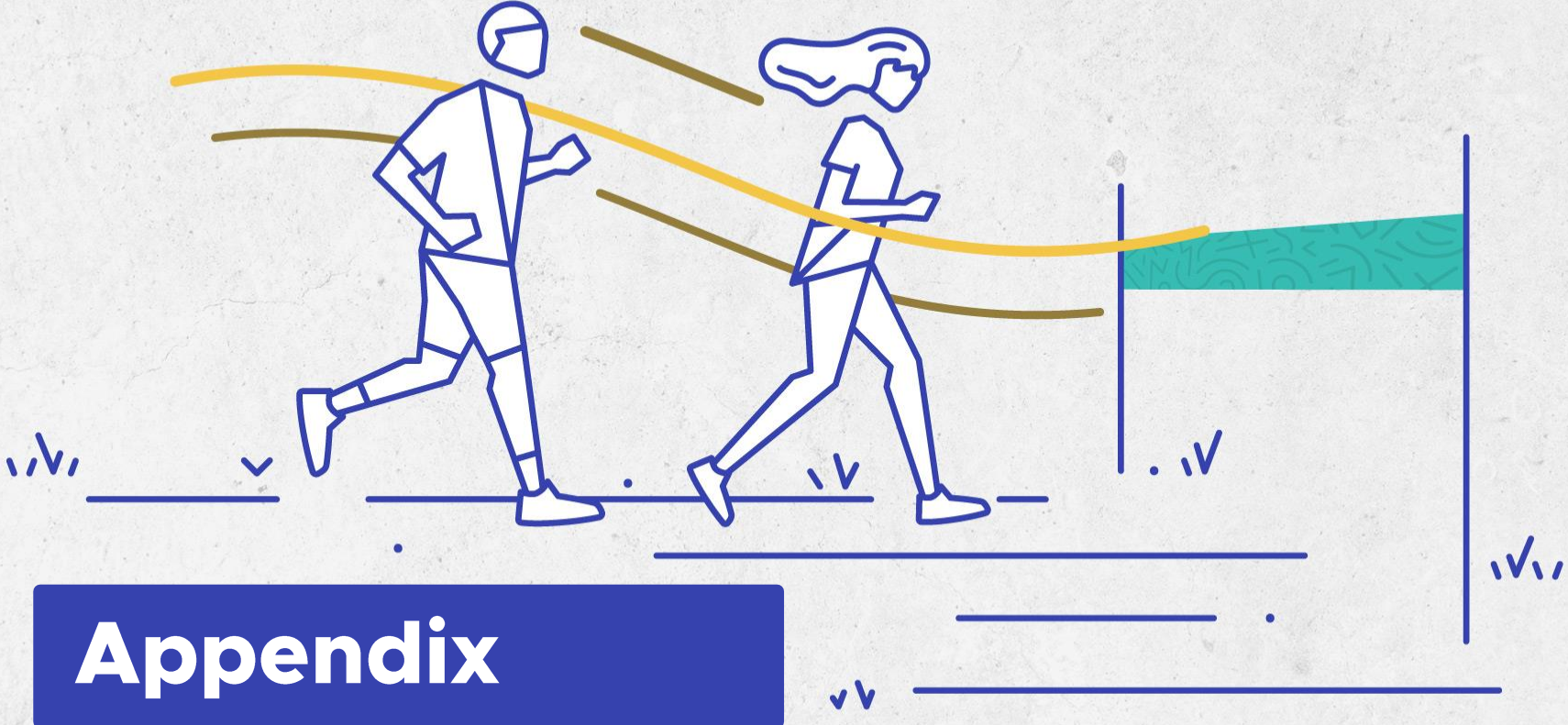
- Capex in 2020: around 50mln (new clubs, maintenance, systems/IT):
 - Capex in 1Q20: 17mln
 - Maintenance capex and IT systems expenditures in 2Q20-4Q20: ca. 20mln
 - Investments in new clubs – to be decided in 2H20



OUTLOOK

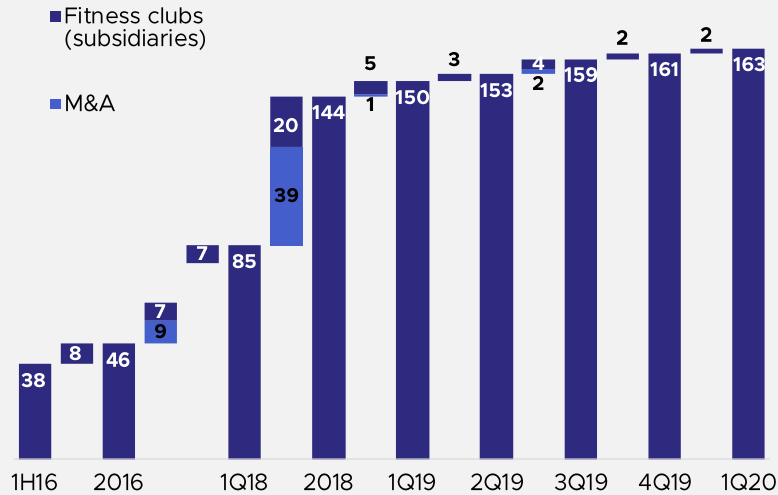
- Market environment:
 - (+) Need to take care of health and fitness after *lockdown*. According to MultiSport Index* research:
 - **85%** of surveyed plan to increase their physical activity after lockdown ends
 - **75%** of surveyed, who were using the sport facilities before epidemic, plan to return to trainings in there right after they re-open.
 - (+) Non-payroll benefits: lower number yoy, but still available in substantial part of job offers
 - Yoy average number of incentives in job offers decreased from 5.9 to 4.9 in April 2020**. Sport packages are present in 29% offers in April (vs. 44% in April 2019).
 - (-) High macroeconomic uncertainty; expected increase in unemployment
 - (-) Summer season; prolonged home office at selected employers; potential ST aversion towards crowded places; sanitary restrictions in fitness clubs
- Expectations of card numbers:
 - We expect lower number of cards at the end of June vs March; both in Poland and foreign markets; then we expect the acceleration of 'net additions' after summer holidays
 - In Poland, we expect similar number of cards yoy at end-2020; 20% lower yoy in foreign markets
 - Long-term expectations on the potential of Polish and foreign markets remain unchanged; online content expansion enables us to approach new user groups.





Appendix

Expansion of fitness clubs



	1Q19	2Q19	3Q19	4Q19	1Q20
Fabryka Formy	28	28	28	28	28
Fitness Academy	20	20	21	21	20
Zdrofit	59	63	65	67	67
My Fitness Place	15	15	17	17	18
Fitness Club S4	14	13	13	12	12
Fit Fabric	13	13	14	15	17
Wesolandia	1	1	1	1	1
TOTAL	150	153	159	161	163

+65 clubs

+13 clubs

Benefit Systems Group – KPI (1)

Cards ('000)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Total	584.8	594.4	581.5	638.2	710.2	736.3	734.8	804.0	867.3	898.9	913.6	996.6
Poland	567.6	576.3	562.6	613.2	677.0	696.9	689.5	743.4	786.1	803.1	808.0	865.5
Foreign	17.3	18.1	18.9	24.9	33.3	39.3	45.4	60.6	81.2	95.7	105.7	131.1
Czech Rep.	17.3	18.1	18.7	24.4	29.4	32.8	34.0	40.4	49.4	54.8	62.1	74.1
Bulgaria				0.2	3.3	5.3	9.9	18.1	28.1	36.0	37.7	48.1
Slovakia			0.1	0.3	0.6	1.1	1.5	2.1	3.7	5.0	5.9	8.9
Croatia												
Greece												

Cards ('000)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Total	1 077.8	1 097.3	1 104.2	1 194.1	1 297.4	1 332.3	1 336.2	1 453.4	1 548.9
Poland	916.1	919.5	917.2	971.2	1 032.1	1 046.5	1 046.6	1 118.8	1 177.5
Foreign	161.8	177.9	187.0	222.9	265.3	285.7	289.6	334.6	371.4
Czech Rep.	90.1	99.8	105.1	121.9	141.5	150.9	155.4	171.7	186.6
Bulgaria	58.9	63.4	63.4	75.5	90.0	93.4	89.9	102.5	113.2
Slovakia	12.7	14.7	18.1	22.0	26.7	30.5	33.1	40.4	46.0
Croatia			0.5	3.5	7.1	10.8	10.9	19.5	24.9
Greece						0.1	0.2	0.5	0.6

Benefit Systems Group – KPI (2)

Number of clubs*	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Poland	52	62	65	78	85	110	113	144
Foreign markets	1	5	11	12	12	17	17	18

Number of clubs*	1Q19	2Q19	3Q19	4Q19	1Q20
Poland	150	153	159	161	163
Foreign markets	21	23	23	24	25

* Fully consolidated clubs

Cafeterias	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Users ('000)	251.3	262.8	275.5	296.5	304.6	318.1	341.3	380.8
Turnover (PLN mn)	50.3	53.2	61.4	81.3	60.9	63.8	74.7	95.6

Cafeterias	1Q19	2Q19	3Q19	4Q19	1Q20
Users ('000)	388.8	400.5	444.3	462.7	482.8
Turnover (PLN mn)	73.2	82.0	93.3	126.7	85.5

Benefit Systems Group – segment revenues

Revenues (PLN '000)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Poland	232 092	244 050	235 618	258 486	284 793	295 340	282 603	317 005	299 338
Cards	203 718	213 270	207 839	221 863	233 555	244 675	238 826	260 046	249 928
Fitness	55 529	61 834	59 691	70 776	97 445	93 128	90 115	95 462	85 179
Eliminations	-27 155	-31 054	-31 912	-34 153	-46 207	-42 463	-46 338	-38 503	-35 769
Foreign	42 393	50 600	55 012	69 987	72 030	79 003	81 410	90 386	80 826
Cards	35 880	42 776	45 367	53 147	62 534	70 242	72 930	82 158	72 912
Fitness	8 341	10 285	11 943	12 913	14 853	14 513	14 185	15 513	15 148
Eliminations	-1 828	-2 461	-2 298	3 927	-5 357	-5 752	-5 705	-7 285	-7 234
Cafeterias	5 595	7 597	9 277	10 764	5 568	5 043	9 809	13 839	8 711
Other	-1 167	-4 470	-4 321	-2 750	-8 324	-5 870	2 301	2 455	-2 795
Total	278 913	297 777	295 586	336 487	354 067	373 516	376 123	423 685	386 080

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