MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF BENEFIT SYSTEMS

FOR THE 3 MONTHS ENDED 31ST MARCH, 2018

BENEFIT systems

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SELECTED FINANCIAL DATA FOR BENEFIT SYSTEMS GROUP

Table 1: Selected financial data for Benefit Systems Group for the 1st quarter of 2018

in thousands of PLN	Q1 2018	Q1 2017 Restated
Sales revenues	284,694	222,266
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	38,600	25,658
Operating profit increased by depreciation and amortisation (EBITDA) excluding the Incentive Programme	41,618	27,373
Earnings before interest, tax (EBIT)	28,533	18,432
Profit before tax	27,821	17,602
Net profit attributable to shareholders of the Parent Company	21,704	14,093
Net profit attributable to non-controlling entities	(62)	(168)
Net profit	21,642	13,925
Net cash flows from operating activities	41,218	25,644
Net cash flows from investment activities	(83,795)	(30,767)
Net cash flows from financing activities	21,124	(3,842)
Total net cash flow	(21,453)	(8,965)
Net income per ordinary (in PLN per share)	8.09	5.36

in thousands of PLN	As of 31st March, 2018	As of 31st March, 2017 Restated
Non-current assets	539,542	413,552
Current assets	215,178	199,856
Total assets	754,720	613,408
Non-current liabilities	189,785	210,945
Current liabilities	325,588	209,124
Equity	239,347	193,339
Equity attributable to shareholders of the Parent Company	238,149	176,327
Share capital	2,675	2,600
Number of shares	2,674,842	2,599,642
Book value per share attributable (in PLN per share)	89.48	84.58

All data in the report (unless otherwise stated) covers the period January - March, 2018, and the comparative data presents the same period of 2017. Comparative data are presented restated as a result of the correction of errors from previous years described in the Interim Consolidated Financial Statements for the 6 month period of 2017. All figures are presented in thousands of zloty, unless stated otherwise.

FACTORS CONTRIBUTING TO THE GROWTH OF BENEFIT SYSTEMS GROUP AND THE MARKET ENVIRONMENT

In the first quarter of 2018, Benefit Systems Group ("the Group", "Benefit Systems Group") reached an important stage of development, exceeding the number of one million active MultiSport cards. At the end of the quarter, 1,078,000 cards were in use, of which 916,000 were issued on the Polish market. Over the past year, the number of cards abroad has doubled to 162,000. This means that the original business model developed on the Polish market is successfully replicated and scaled up on foreign markets.

The Benefit Systems Group operates on the non-monetary benefits market. The Group specialises in providing employers with innovative solutions in the area of sports and recreation, which help in promoting an active and healthy lifestyle, as well culture and entertainment and tailor made cafeteria programmes. The unique business model of Benefit Systems Group consists of building and maintaining a balanced relationship with Customers (companies), Partners (sports facilities, fitness clubs, restaurants, etc.) and Users.

The key elements of Benefit Systems Group's growth were primarily maintaining an attractive product in Poland, developing it abroad, as well as the further increased growth of its sports and leisure infrastructure for users of sports cards, among others, from investments in fitness clubs in Poland and abroad.

Benefit Systems Group operates in 4 segments:

- **Sports Cards** - offering access to a wide range of nearly 4,000 sports and leisure facilities. At the end of the first quarter of 2018, there were 916,000 cards in active use in Poland.
- **Fitness** segment - created from companies with sports clubs throughout Poland, in which Benefit Systems Group has equity investments. These clubs extend and enhance the offer of sports activities for sports cards users.
- **Foreign** segment - responsible for sales of sports cards on foreign markets. At the end of the first quarter of 2018, the number of active cards in the Czech Republic, Slovakia and Bulgaria reached almost 162,000. Since 2018, foreign investments in fitness companies have also been presented in the Foreign segment.
- **Cafeteria** segment - a modern distribution channel for both non-monetary employee benefits in the area of culture and tourism, as well as sports cards.

The Polish non-monetary benefits market is worth about 11.3 billion PLN and will grow at a rate of about 0.5 billion PLN annually in the coming years (research by ARC Rynek i Opinia commissioned by Benefit Systems). At present, employers spend nearly 1,250 PLN per employee per annum, and this amount is growing year by year (87% of employees in companies offering non-monetary benefits have access to benefits). In 2017, gym passes, including the MultiSport card providing access to nearly 4,000 sports and leisure facilities, were the most frequently chosen non-monetary benefit by HR departments and one of the most popular benefits among employees.

Access to various activities and sports infrastructure is an extremely important factor, positively affecting the level of activity, which is why employers are increasingly providing employees with sports cards as part of standard benefit packages. Regular movement counteracts many lifestyle diseases and also affects the quality and longevity of life. Additionally, MultiSport card users declare that a card is a valuable way of spending time for them (96%) and a means of self-fulfilment (90% - data from Benefit Systems S.A. and SW Research). According to data from Deloitte and EuropeActive, currently 2.91 million Poles visit fitness clubs, and over five years their number may increase to 4 million.

The attractiveness of Benefit Systems Group's flagship product, i.e. the sports cards, the favourable labour market trends and the growing popularity of a healthy and active lifestyle in Europe, as well as the dynamic development of the sports industry, indicate that Benefit Systems Group has the potential to continue its growth in the coming years.

1. BASIC INFORMATION ABOUT BENEFIT SYSTEMS GROUP

1.1. GENERAL INFORMATION AND COMPOSITION OF BENEFIT SYSTEMS GROUP

Benefit Systems Group is comprised of Benefit Systems S.A. (the "Parent Company"), responsible for the sale of sport cards in Poland, as well as entities operating on the non-monetary employee benefits market and sports market. Currently, over 13,000 companies and institutions employing over 3.1 million employees are customers of Benefit Systems Group.

Benefit Systems S.A. has been listed on the main trading floor of the Warsaw Stock Exchange since April, 2011. The flagship product of Benefit Systems Group is the MultiSport Programme, which provides access to almost 4,000 of the best and most popular sports facilities in approximately 650 towns and cities throughout Poland. The MultiSport programme is one of the most popular employee benefits in Poland, enabling a holder to lead an active, and thus a healthy lifestyle. The Group also offers other sports cards, for example, the FitProfit card. In total there are over 916,100 users in Poland and 161,800 users abroad of the sports products alone from Benefit Systems Group.

Benefit Systems Group also offers the MyBenefit and MultiKafeteria cafeteria platforms, which give employees a choice of any non-wage employee benefits from a list accepted by their employer. Cafeteria systems include the Benefit Systems Group's own products, such as the MultiBilet cultural and entertainment programme, allowing users to watch any of the films offered in hundreds of cinemas throughout Poland, the MultiTeatr programme offering tickets to the most popular theatrical performances, the MultiMuzeum programme with vouchers to selected museums, and the BenefitLunch programme with its dining offer for employees.

One of the Group's strategic goals is to invest in the fitness market, aimed at ensuring the appropriate infrastructure for MultiSport card users. According to the Group's research, half of all cards issued go to completely new users. This means that each year tens of thousands of new people go to fitness clubs and other sports facilities. Thanks to its investments in companies with fitness clubs, Benefit Systems Group guarantees that users of sports cards can benefit from modern, well-equipped clubs that offer a wide range of professional services.

The concept of the MultiSport programme is also used to support foreign expansion abroad. Since 2011, Benefit Systems Group has operated on the Czech market, and since 2015 also in Slovakia and Bulgaria. In 2017, Benefit Systems Group commenced preparations to introduce the MultiSport Programme to the Croatian market.

A LIST OF SUBSIDIARIES AND ASSOCIATES

COMPANIES IN THE SPORTS CARD SEGMENT

Benefit Systems S.A. is responsible for the sale of MultiSport cards. Since 2011, it has been listed on the main floor of the Warsaw Stock Exchange.

FitSport Polska Sp. z o.o. offers sports cards to small and medium-sized enterprises and is also a distributor of products from Benefit Systems S.A.

VanityStyle Sp. z o.o. specialises in providing sport and recreation solutions. The company provides large and medium-sized businesses with FitProfit and FitSport cards that have similar characteristics to the products of Benefit Systems S.A., but with a narrower range of services offered, fewer partners and, in principle, a product positioned as less expensive. The offer also includes a Prestige card, which provides access to the most prestigious locations and sports facilities of the highest standard. Furthermore, the company has enhanced the sports cards offered with a programme for access to cinema chains, called Bilet CinemaProfit.

COMPANIES IN THE FITNESS SEGMENT

Fit Invest Sp. z o.o. is the entity responsible for managing the investments by Benefit Systems Group in the Fitness segment. The company holds shares in Fabryka Formy S.A. and Calypso Fitness S.A., as well as shares in Fitness Academy Sp. z o.o. SKA, Zdrofit Sp. z o.o., Fitness Place Sp. z o.o., Wesolandia Sp. z o.o., Tiger Sp. z o.o. and Fitness Management Sp. z o.o., as well as minority holdings in Baltic Fitness Center Sp. z o.o., Instytut Rozwoju Fitness Sp. z o.o., Fitness Place Sp. z o.o., Fit Fabric Sp. z o.o. and Benefit Partners Sp. z o.o.

The Company also owns Fitness Place S.R.O., Fit Invest Bulgaria EOOD and Beck Box Club Praha S.R.O. responsible for the development of fitness clubs abroad, reported in the Foreign segment.

Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA operates a network of seventeen fitness clubs in Wrocław, Katowice and Kraków. The general partner in the company is Fitness Academy Sp. z o.o. The company is the sole shareholder in the companies AM Classic Sp. z o.o. and Jupiter Sport Sp. z o.o.

Fabryka Formy S.A. operates a network of 21 fitness clubs, in Poznań and its surroundings. The company is the sole shareholder in the company Fitness za Rogiem Sp. z o.o. (3 clubs).

Zdrofit Sp. z o.o. operates a network of 21 fitness clubs in Warsaw.

Fitness Place Sp. z o.o. is responsible for investments in fitness clubs, including the purchase of existing clubs and the opening of new facilities in Poland. It operates 13 fitness clubs.

Wesolandia Sp. z o.o. is the owner of the Aquapark Wesolandia leisure complex, consisting of, among others, a swimming pool, fitness club and tennis court, located in Warsaw - Wesoła.

Tiger Sp. z o.o. operates nine fitness clubs in Gdańsk and its surroundings.

M Group Sp. z o.o. is a 100% subsidiary of Tiger Sp. z o.o. The company leases space to Tiger Sp. z o.o. in the Alchemia business location in Gdańsk.

Fitness Management Sp. z o.o. manages 14 fitness clubs of the S4 Fitness Club network in Warsaw.

COMPANIES FROM THE FOREIGN SEGMENT

Benefit Systems International Sp. z o.o. is the entity through which Benefit Systems Group conducts operations abroad. Benefit Systems International Sp. z o. o. is the majority owner of the shares in the foreign companies: MultiSport Benefit S.R.O. (the Czech Republic), Benefit Systems Slovakia S.R.O. (Slovakia), Benefit Systems Bulgaria EOOD (Bulgaria) and Benefit Systems D.O.O. (Croatia), which are responsible for the sale of sports cards in these countries.

Fitness Place S.R.O. and Fit Invest Bulgaria EOOD are companies responsible for investments in fitness clubs, including the purchase of existing clubs and the opening of new facilities in the Czech Republic and Bulgaria respectively. Fitness Place S.R.O. operates 4 clubs, and Fit Invest Bulgaria EOOD operates 2 clubs.

Beck Box Club Praha S.R.O. operates six fitness clubs in Prague.

COMPANIES IN THE CAFETERIA SEGMENT

MyBenefit Sp. z o.o. develops and sells products (through its special cafeteria platform) that can be used by companies to motivate and reward employees. Currently, the company has in its portfolio a cafeteria system tailored to the needs of customers, including among others, gift cards for retail chains, cinema or cultural programmes, tourism vouchers and a recreation funding system.

MultiBenefit Sp. z o.o. conducts activities related to non-monetary employee benefits, including, the MultiKafeteria platform and the MultiBilet, MultiTeatr and BenefitLunch programmes.

OTHER COMPANIES

Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k. manages the marketing activities of Benefit Systems Group and all trademarks and industrial property rights owned by the companies of Benefit Systems Group (granting licenses for the use of trademarks) in order to implement the centralised management of marketing activities and industrial property in the Group. The general partner and minority shareholder of the company is Benefit IP Sp. z o.o.

The share in the total number of votes held by Benefit Systems Group in subsidiaries is equal to Benefit Systems Group's holding in the capital of these entities.

Table 2: Table of subsidiaries

Operating segment	Name of the subsidiary	Registered office of the subsidiary	Group's share in equity	
			31/03/2018	31/03/2017
SPORTS CARDS SEGMENT	VanityStyle Sp. z o.o.	ul. Jasna 24, 00-054 Warsaw	100.00%	100.00%
	FitSport Polska Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Benefit IP Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Benefit IP Spółka z ograniczoną odpowiedzialnością sp. k.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
FITNESS SEGMENT	Fit Invest Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Fabryka Formy S.A.	ul. B. Krzywoustego 72 61-144 Poznań	100.00%	66.06%
	Fitness Academy Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA	ul. Powstańców Śląskich 95 53-332 Wrocław	100.00%	100.00%
	AM Classic Sp. z o.o.	Plac Dominikański 3 53-209 Wrocław	100.00%	100.00%
	Jupiter Sport Sp. z o.o.	ul. Żegiestowska 11 50-542 Wrocław	100.00%	100.00%
	Fitness za Rogiem Sp. z o.o.	ul. Skrajna 1 62-080 Sierosław	100.00%	66.06%
	Zdrofit Sp. z o.o.	ul. Mangalia 4 02-758 Warsaw	100.00%	55.03%
	Fitness Place Sp. z o.o.	Plac Europejski 3 00-844 Warsaw	100.00%	99.00%
	Tiger Sp. z o.o.	Aleja Grunwaldzka 82 80-244 Gdańsk	100.00%	30.00%*
	Wesolandia Sp. z o.o.	ul. Wspólna 4 05-075 Warsaw-Wesoła	100.00%	-
	Fitness Management Sp. z o.o.	Plac Europejski 3 00-844 Warsaw	99.99%	-
	M Group Sp. z o.o.	ul. Reymonta 16 80-290 Gdańsk	100.00%	-
	Form Factory S.R.O.	Jablunkovská 406 Staré Město, 739 61 Třinec	-	66.06%
CAFETERIA SEGMENT	MyBenefit Sp. z o.o.	ul. Powstańców Śląskich 28/30, 53-333 Wrocław	100.00%	100.00%
	MultiBenefit Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
FOREIGN SEGMENT	Benefit Systems International Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	100.00%	100.00%
	MultiSport Benefit S.R.O.	Zeleny Pruh 95/97 14000 Praha 4 The Czech Republic	74.00%	74.00%
	Benefit Systems Slovakia S.R.O.	Karadzicova 8/A 821 08 Bratislava Slovak Republic	83.00%	93.00%
	Benefit Systems Bulgaria EOOD	58 Bulgaria Blvd Sofia 1680 Bulgaria	100.00%	100.00%
	Benefit Systems D.O.O.	Zagreb (Grad Zagreb) Strossmayerow trg 8, Republic of Croatia	100.00%	-

	Fitness Place S.R.O.	Plzeňská 233/8 150 00 Praha 5 The Czech Republic	100.00%	100.00%
	Fit Invest Bulgaria EOOD	8 Tsar Kaloyan Sofia 1000 Bulgaria	100.00%	100.00%
	Beck Box Club Praha S.R.O.	Vinohradská 2405/190 Vinohrady, 130 00 Praha 3, The Czech Republic	100.00%	-

*** The share of Benefit Systems Group in the equity amounts to 30%, however, due to the options held to purchase the remaining 70% of non-controlling interests with effect from 22nd June, 2016, the company is consolidated using the full method, assuming a 100% share by Benefit Systems Group in the equity of this company.*

Table 3: Table of associates and others

Operating Segment	Name of associate	Registered office of the associate	Group's share in equity	
			31st March, 2018	31st March, 2017
FITNESS SEGMENT	Baltic Fitness Center Sp. z o.o.	ul. Puławska 427 02-801 Warsaw	49.95%	49.95%
	Instytut Rozwoju Fitness Sp. z o.o.	ul. Puławska 427 02-801 Warsaw	48.10%	48.10%
	Benefit Partners Sp. z o.o.	Plac Europejski 2 00-844 Warsaw	47.51%	100.00%
	Calypso Fitness S.A.	ul. Puławska 427 02-801 Warsaw	33.33%	33.33%
	Fit Fabric Sp. z o.o.	ul. 1go Maja 119/121 90-766 Łódź	30.00%	30.00%
	Get Fit Katowice II Sp. z o.o.	ul. Uniwersytecka 13 40-007 Katowice	20.00%	20.00%
	Zdrofit Sport Sp. z o.o.	ul. Mangalia 4 02-758 Warsaw	-	26.69%
OTHER COMPANIES	LangMedia Sp. z o.o.	ul. Skwierzyńska 25/3 53-521 Wrocław	37.00%	37.00%
	X-code Sp. z o.o.	ul. Klaudyny 21/4 01-684 Warsaw	31.15%	46.15%
	Notatek.pl Sp. z o.o.	ul. Kielecka 28/2 31-532 Kraków	-	27.00%
	Eventlabs Sp. z o.o.	ul. Żurawia 6/12 00-503 Warsaw	-	23.07%

1.2. INCOME STATEMENT

Table 4: Statement of income for Benefit Systems Group for 1st quarter of 2018

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Sales revenues	**284,694**	**222,266**	**28.1%**
Revenues from rendering services	281,151	219,273	28.2%
Revenues from sales of goods and materials	3,543	2,993	18.4%
Costs of sales	**(214,132)**	**(174,605)**	**22.6%**
Cost of services rendered	(211,685)	(172,299)	22.9%
Cost of goods and materials sold	(2,447)	(2,306)	6.1%
Gross profit on sales	**70,562**	**47,661**	**48.0%**
Selling expenses	(17,048)	(12,554)	35.8%
General and administrative expenses	(24,114)	(16,030)	50.4%
Other operating income	1,876	2,011	(6.7%)
Other operating costs	(2,743)	(2,656)	(3.3%)
Operating profit	**28,533**	**18,432**	**54.8%**
Financial income	973	646	50.6%
Financial expenses	(2,259)	(2,079)	8.7%
Share of profits of the associates accounted for using the equity method	574	603	(4.8%)
Profit before tax	**27,821**	**17,602**	**58.1%**
Income tax charge	(6,179)	(3,677)	27.2%
Net profit from continuing operations	**21,642**	**13,925**	**66.2%**
Gross margin on sales %	*24.8%*	*21.4%*	*3.4 pp*

1.3. PROSPECTS

Benefit Systems Group does not publish its annual budget nor short-term financial forecasts. According to the Group's assessment, the current financial position supports implementation of investment projects using its own resources and externally available funding.

2. FINANCIAL RESULTS FOR THE 1ST QUARTER OF 2018 BY OPERATING SEGMENTS OF BENEFIT SYSTEMS GROUP

2.1. INTRODUCTION

Commencing from 2014, Benefit Systems Group presents its results based on operating segments. The results presented in the report are compared to historical data. Based on the thresholds defined in IFRS 8, Benefit Systems Group has an obligation to separately disclose only the results of the "Sports Card", "Fitness" and "Cafeteria" segments (a minimum of 10% of the Group's revenues). However, the Group has chosen to present all the defined segments due to the fact that the results of these segments are approaching the thresholds defined in IFRS 8 and there is a likelihood that the threshold will be exceeded in the following reporting periods. The presentation of all operating segments also increases the transparency of data and improves the quality of information.

Since 2015, the operations of Benefit Systems Group have been divided into the following operating segments:

- Sports cards
- Fitness
- Foreign
- Cafeteria
- Other activities and arrangements (Arrangements).

"Arrangements" include activities related to management, administration and the strategic activities of the Group. It includes items that are not allocated to other operating segments and exclude intercompany transactions.

Segment revenue includes both sales to external customers and intersegment sales or transfers which can be directly allocated to an identified segment.

Segment costs are the costs related to sales to external customers and costs of intersegment transactions. They result from the operating costs of the segment and can be directly attributed to it, together with a proportionate share of the Group's costs, which can be directly attributed or allocated to the segment. The costs of an operating segment do not include the costs of income tax. The segment result is determined at the level of gross profit.

Table 5: Selected financial data for operating segments for Q1 2018

In thousands of PLN	Sports cards	Fitness	Foreign	Cafeteria	Arrangements	Total
Sales revenues	**203,718**	**55,529**	**42,393**	**11,376**	**(28,322)**	**284,694**
Costs of sales	(154,816)	(43,595)	(37,747)	(8,118)	30,143	(214,132)
Gross profit on sales	**48,902**	**11,935**	**4,646**	**3,258**	**1,821**	**70,562**
Selling expenses	(7,118)	(3,581)	(5,426)	(1,013)	91	(17,048)
General and administrative expenses	(6,585)	(6,540)	(5,599)	(1,491)	(882)	(21,096)
Incentive Programme	*0*	*0*	*0*	*0*	*(3,018)*	*(3,018)*
Other operating income	(335)	(499)	208	39	(280)	(867)

and expenses						
Operating profit (loss)	**34,864**	**1,315**	**(6,171)**	**792**	**(2,268)**	**28,533**
Financial incomes and expenses	0	(2,895)	(375)	63	1,922	(1,286)
Share in the profits of associates accounted for using the equity method	0	249	0	0	325	574
Gross profit (loss)	**34,864**	**(1,331)**	**(6,546)**	**855**	**(21)**	**27,821**
EBITDA	**37,145**	**6,871**	**(4,702)**	**1,198**	**(1,912)**	**38,600**
Segment assets	**634,915**	**404,660**	**66,594**	**86,686**	**(438,135)**	**754,720**

Table 6: Reconciliation of the total value of revenues, income and assets of operating segments with similar items of the Group's consolidated financial statements for Q1 of 2018

In thousands of PLN	**Q1 2018**	**Q1 2017 Restated**
Segment revenue		
Total revenue of operating segments	313,016	240,757
Revenue not attributed to segments	0	0
Excluding revenue from intersegment transactions	(28,322)	(18,491)
Sales revenues	**284,694**	**222,266**
Segment results		
Operating result of segments	30,903	19,850
Other operating revenue not attributed to segments	0	0
Other costs not attributed to segments (-)	0	0
Exclusion of result from intersegment transactions	(2,268)	(1,418)
Operating profit	**28,533**	**18,432**
Financial incomes and expenses	(1,286)	(1,433)
Share in profit or loss of entities accounted for using the equity method (+/-)	574	603
Profit before tax	**27,821**	**17,602**
In thousands of PLN	**As of 31st March, 2018**	**As of 31st December, 2017**
Total assets of operating segments	1,194,355	802,949
Assets not allocated to segments	0	0
Exclusion of intersegment transactions	(439,635)	(189,541)
Total assets	**754,720**	**613,408**

In the period covered by the consolidated financial statements, revenues from sales attributed to the Arrangements segment primarily include exclusions of intersegment transactions. The costs are associated with management and administration activities, strategic activities in the Group and the cost of the Incentive Programme, support functions and other activities not allocated to separate operating segments.

2.2. INFORMATION ABOUT OPERATING SEGMENTS

2.2.1. SPORT CARDS SEGMENT

The **Sports card** segment includes sports cards that are offered on the Polish market, distributed by: Benefit Systems S.A., FitSport Polska Sp. z o.o. and VanityStyle Sp. z o.o. Currently the following cards are available:

MultiSport Plus - this card allows the unlimited use of nearly 4000 sports and recreational facilities throughout Poland, providing access to over 25 different sports;

MultiSport Classic - this card can be used once a day at nearly 2000 sports facilities providing access to almost 25 different sports;

MultiActive - this card provides access to over 1700 sports facilities and over 20 different sports up to the prepaid limit stored on the card;

MultiSport Plus Kids / MultiActive Kids - these cards give children access to activities such as martial arts, dance classes, and entrance to swimming pools, salt caves or ice rinks;

MultiSport Plus Dziecko / MultiActive Dziecko - allows entry to selected swimming pools honouring these types of cards;

FitSport - the card gives access to many sports services, such as fitness, gym, sauna, and swimming pool at facilities cooperating with VanityStyle Sp. z o.o. within the specified limit of permitted entrances - 8 entrances per month;

FitProfit - this card allows the use of services from facilities cooperating with VanityStyle Sp. z o.o, i.e. with more than 3300 facilities in 530 towns and cities in Poland.

Sports cards are one of the most popular non-monetary benefits in Poland, just behind basic medical care. At the same time, it is one of the most preferred benefits by employees - half of applicants for employment now expect it.

The phenomenon of sports cards is that they benefit many market participants: employers, because they have an effective tool to motivate their employees, users, who can take advantage of many facilities and activities and owners of sports clubs, for whom it is a good complement to their business. This results in a continuing upward trend in active sports cards, especially as the market potential remains high - many Poles still do not actively participate in sport and employers are increasingly aware of the benefits they derive from the fact that their employees take care of their physical condition, and thus their health.

At the end of the first quarter of 2018, Benefit Systems Group again recorded an increase in the number of sports cards in Poland - to the level of 916,100 cards. Year on year, their number increased by 129,900 cards, i.e. by 16.5%. A further increase in the number of cards indicates that the benefits they offer are attractive to their users. They are becoming natural promoters of sports cards.

Seasonal offers increase the attractiveness of the cards. As part of this year's winter offer, cardholders were able to use ice rinks, just like last year. Additionally, attractions were available at the National Stadium - training sessions before the ski season, curling and an ice hill. All these attractions were very popular and contributed to the increase in satisfaction of users with their cards.

Table 7: Selected financial data from the Sports Card segment

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Sales revenues	**203,718**	**173,738**	**17.3%**
Costs of sales	(154,816)	(142,004)	9.0%
Gross profit on sales	**48,902**	**31,734**	**54.1%**
Selling expenses	(7,118)	(6,328)	12.5%
General and administrative expenses	(6,585)	(5,654)	16.5%
Other operating income and expenses	(335)	(154)	117.7%
Operating profit	**34,864**	**19,598**	**77.9%**
EBITDA	**37,145**	**21,318**	**74.2%**
Gross margin on sales	*24.0%*	*18.3%*	*5.7%*
Number of sports cards (in thousands)	*916.1*	*786.1*	*129.9*

Revenues of the Sports Cards segment increased by 17.3% year-on-year, which is mainly due to the increase in sports card sales. Gross margin in the comparable period increased by 17.2 million PLN. The increase of 5.7 percentage points is mainly due to the higher share in the Group's portfolio of limited cards and the higher unit price of cards. Additionally, the schedule of days off in the calendar (e.g. winter holidays, Christmas and Easter holidays) and mild winters were conducive to the lower activity of users of indoor facilities and the carrying out of some activities in the open air.

The increase in selling expenses of 12.5% is related to the increase in the scale of operations, including an increase in employment in the Customer Relationship Department, an increase in commissions from the sale of sports cards and higher marketing costs. General administrative expenses increased by 0.9 million PLN, mainly as a result of increased employment in the support departments (in connection with the further development of the Group) and as a result of changes in the Management Board of Benefit Systems S.A. that took place in 2017 (the increase in the number of members in August, 2017). Other operating income and expenses included write-downs for the deactivation of sports cards in the amount of 130,000 PLN and an increase in the write-down for receivables in the amount of 149,000 PLN.

The results of the Sports Cards segment are affected by the seasonal activity of card users. In the first quarter of the calendar year (the first quarter of the Group's financial year) user activity is highest in comparison to other periods of the financial year, which is reflected in the results of the Group. This phenomenon may additionally be dependent on weather conditions (especially in the summer) or the number of free days in a given year.

2.2.2. FITNESS SEGMENT

In connection with the ever-growing number of sports card users, Benefit Systems Group invests in its own clubs in order to ensure appropriate sports and recreation facilities.

The Fitness segment is made up of associates and subsidiaries operating on the fitness market. These include companies operating fitness clubs and fitness and leisure facilities and companies managing investments in fitness clubs - detailed information on these is included in the section entitled "Important information about Benefit Systems Group".

The Fitness segment is fully complementary to the Sports Cards segment and the newly opened clubs guarantee an increase in floor area for sports, thereby enhancing the attractiveness and variety of the offer for current and future sports card users.

At the end of Q1 2018, Benefit Systems Group managed a network of 85 of its own clubs in Poland. In addition, the Group held shares in companies managing a further 60 facilities and signed a conditional agreement for the acquisition of 14 S4 clubs and 3 Platinium clubs. Compared to Q1 of 2017, the investment base of fitness clubs in Poland grew by a total of 31 clubs.

The Fitness segment includes the results of the following fully consolidated subsidiaries: Fit Invest Sp. z o.o., Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA, AM Classic Sp. z o.o., Jupiter Sport Sp. z o.o., Fabryka Formy S.A., Fitness za Rogiem Sp. z o.o., Zdrofit Sp. z o.o., Tiger Sp. z o.o., Wesolandia Sp. z o.o., Fitness Place sp. z o.o., M Group Sp. z o.o. and Fitness Management Sp. z o.o. The results of other companies in the Fitness segment are consolidated using the equity method.

In 2018, a change was made in the presentation of foreign fitness clubs operating by Fit Invest EOOD, Fitness Place S.R.O. and Beck Box Club Praha S.R.O., which are currently included in the Foreign segment. Comparative data for the first quarter of 2017 were restated in accordance with the change in the classification of companies into segments.

Table 8: Selected financial data for the Fitness Segment

In thousands of PLN	**Q1 2018**	**Q1 2017 Restated**	**Change**
Sales revenues	**55,529**	**40,608**	**36.7%**
Costs of sales	(43,595)	(30,294)	43.9%
Gross profit on sales	**11,935**	**10,314**	**15.7%**
Selling expenses	(3,581)	(3,344)	7.1%
General and administrative expenses	(6,540)	(3,630)	80.2%
Other operating income and expenses	(499)	(393)	26.9%
Operating profit	**1,315**	**2,947**	**(55.4%)**
Financial incomes and expenses	(2,895)	(1,526)	89.8%
Share in the profits of associates accounted for using the equity method	249	562	(55.7%)
Gross profit (loss) before tax	**(1,331)**	**1,983**	**(167.1%)**
EBITDA	**6,871**	**7,962**	**(13.7%)**
Gross margin on sales	*21.5%*	*25.4%*	*(3.9%)*
Number of clubs	*159*	*128*	*31*

Sales revenues from the Fitness segment increased in comparison to the same period of 2017 by 36.7%, mainly due to the increase in the number of investment clubs in subsidiaries and the acquisition of new fitness entities. The newly acquired fitness entities generated a total of 6 million PLN in revenue in the first quarter of 2018. The increase in revenues in 2018 was also influenced by the establishment of a revenue reserve of 5.5 million PLN relating to settlements between the Sports Card segment and the Fitness segment (1.5 million PLN in the comparable period).

The significant increase in general and administrative expenses is a result of the dynamic growth of the Fitness segment. The share of administrative costs in revenues decreases as the clubs reach maturity and acquire regular customers. In the first quarter of 2018, general and administrative costs of the acquired fitness networks totalled 1.0 million PLN.

The loss before tax of the entire segment results from the dynamic development of the fitness network through investments in new locations and the development of administrative support, which enables sports card users to benefit from a rich base of fitness clubs.

2.2.3. FOREIGN SEGMENT

Starting from the first quarter of 2018, the Group decided to change the presentation of the Fitness and Foreign segments. The Foreign segment currently comprises companies engaged in the development of the MultiSport programme outside Poland: Benefit Systems International Sp. z o.o., MultiSport Benefit S.R.O., Benefit Systems Bulgaria EOOD, Benefit Systems Slovakia S.R.O. and Benefit Systems D.O.O. and companies managing networks of fitness clubs in Bulgaria and the Czech Republic: Fit Invest EOOD, Fitness Place S.R.O., Beck Box Club Praha S.R.O. - these companies were presented in the financial statements for 2017 in the results of the Fitness segment. The results of all these companies are consolidated using the equity method.

Table 9: Selected financial data from the Foreign segment

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Sales revenues	**42,393**	**17,348**	**144.4%**
Costs of sales	(37,747)	(15,557)	142.6%
Gross profit on sales	**4,646**	**1,791**	**159.5%**
Selling expenses	(5,426)	(2,371)	128.8%
General and administrative expenses	(5,599)	(2,791)	100.6%
Other operating income and expenses	208	80	160.9%
Loss from operations	**(6,171)**	**(3,293)**	**87.4%**
Financial incomes and expenses	(375)	0	-
Loss before tax	**(6,546)**	**(3,293)**	**98.8%**
EBITDA	**(4,702)**	**(3,237)**	**61.4%**
Gross margin on sales	*11.0%*	*10.3%*	*(0.6%)*
Number of sports cards (in thousands)	*161.8*	*81.2*	*80.6*

The first quarter of 2018 ended with 161,800 active cards, which represents an increase of almost 81,000 cards as compared to the first quarter of 2017.

All foreign markets where the MultiSport programme is sold were characterised by a high growth rate of the number of cards in the first quarter of 2018. As at the end of March, 2018, there were the following total cards on active markets:

- Czech Republic 90,100 cards
- Bulgaria 58,900 cards,
- Slovakia 12,700 cards.

The increase in the number of active cards is a result of the growing number and effectiveness of sales teams, extensive efforts to promote a healthy and active lifestyle among customers and potential customers, and the addition of new locations to the offer of partner outlets, including clubs obtained by the fitness companies included in the Foreign segment. At the end of the first quarter of 2018, the number of partner facilities abroad amounted to, respectively: the Czech Republic 1,300, Bulgaria 600 and Slovakia 400. The partnership network continues to be developed both in national capitals and in smaller towns. This allows us to offer the Multisport product to customers operating outside the capitals of these countries.

At the beginning of January, 2018, a company was established in Croatia, which will develop the MultiSport programme on the local market. So far, the company's activities have focused mainly on product development (acquiring partner outlets). At the end of this period, the company had signed cooperation agreements with 30 partners located in Croatia.

The Czech market remains the market generating the highest value of revenues within the Foreign segment. At the end of the first quarter of 2018, it was responsible for 58% of total revenues (down from 65% in the first quarter of 2017). The share of the Bulgarian market is growing, which at the end of the first quarter of 2018 accounted for 34% of generated revenues (first quarter of 2017 - 30%). Slovakia remains the smallest market in the segment and is responsible for 8% of revenues (first quarter of 2017 - 5%).

The cost of sales, which mainly includes the cost of visits to partner facilities, increases as the number of cards increases. With a 106% y/y increase in revenues, the cost of visits increased by 112%. This was related to the high activity of users on the markets in Bulgaria and the Czech Republic, observed in January. The high activity of users in the first quarter and the growing share of the Bulgarian market, where the margin is lower than in the Czech Republic and Slovakia, resulted in a decrease in the margin of the Foreign segment in the part responsible for sports card sales from 13.6% to 11.8%. However, it is worth mentioning that high user activity is a normal phenomenon in a market at such an early stage of development.

In this period, the costs of sales and general administrative expenses increased compared to the first quarter of 2017. This increase in the cost of sales is a continuation of the intensive development of sales structures, as well as structures ensuring the proper level of quality in serving the growing number of customers. Between comparable periods, the number of people employed in sales and customer service almost doubled. Sales teams were established, operating in areas outside the capitals of the individual countries, as well as teams specialising in sales to specific groups of customers, e.g. public sector customers. The second important element of the cost of sales is the cost of visits generated by test cards.

The increase in general administrative expenses is related to the increase in employment in support departments, as well as to the implementation of projects, mainly in the area of IT aimed at the development of sales and card handling systems. The above events resulted in an increase in pre-tax loss and a decrease in EBITDA generated on sports cards in the Foreign segment.

In the first quarter of 2017, Benefit Systems Group established companies in the Czech Republic and Bulgaria, which are responsible for investments in fitness clubs, including the purchase of existing clubs and the opening of new ones. These activities will primarily aim at maintaining and securing product superiority in the Czech and Bulgarian markets, as well as improving the attractiveness of the offering for MultiSport card users in these countries.

At the end of the first quarter of 2018, foreign fitness companies had 12 operationally active clubs and 3 under construction. In 2017, at the end of the first quarter, the segment's results included one club in the Czech Republic. The increase in revenues and costs between the first quarter of 2018 and the same period of 2017 is directly related to the acquisition of 9 clubs in the Czech Republic and 2 clubs in Bulgaria.

2.2.4. CAFETERIA SEGMENT

The Cafeteria segment is responsible for the development of the MyBenefit and MultiKafeteria platforms, which offer a wide range of products and services, including the Group's own products. The cafeteria's offer focuses on benefits in the area of culture, entertainment, sports, recreation, catering, education, wellness as well as leisure and tourism - both domestic and foreign. Benefits are provided by proven suppliers and the partner network already has several thousand entities and is still being developed.

The **MyBenefit** and **MultiKafeteria** cafeteria platforms enable employees to choose their own benefits within the limits set by the employer and within the budget allocated by him. Users choose the benefits directly in the Cafeteria, an online platform where each user has an individual account. This solution, which enables full control and simple settlement of benefits, is used by manufacturing companies, service companies, trading companies, financial institutions or government institutions, employing from fifty to tens of thousands of people. The programme offers cafeteria products and services in the area of sport, health, tourism, culture and shopping vouchers, which can be used at the retail chains of famous brands in Poland.

The MultiBilet Cinema Programme is the main pillar of the Group's cultural and entertainment programme, which offers tickets to over 200 partner cinemas throughout Poland (including Cinema City, Helios, MultiKino and local cinemas).

In addition to the Cafeteria and the Cinema Programmes, the Group also offers:

MultiTheatre - vouchers for theatrical performances in the most popular theatres;

Multimuzeum - an offer of tickets to museums and art galleries in the largest Polish cities;

BenefitLunch, which provides employees with access to a lunch offer in nearly 260 restaurants;

MyBenefit Skipass - a pass allowing access to over a dozen of the best ski resorts in southern Poland.

Table 10: Selected financial data of the Cafeteria segment

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Sales revenues	**11,376**	**9,063**	**25.5%**
Costs of sales	(8,118)	(6,222)	30.5%
Gross profit on sales	**3,258**	**2,841**	**14.7%**
Selling expenses	(1,013)	(574)	76.7%
General and administrative expenses	(1,491)	(1,626)	(8.3%)
Other operating income and expenses	39	(43)	190.8%
Operating profit (loss)	**792**	**598**	**32.4%**
Financial incomes and expenses	63	(48)	230.5%

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Profit before tax	**855**	**550**	**55.5%**
EBITDA	**1,198**	**930**	**28.8%**
Gross margin on sales	*28.6%*	*31.3%*	*(2.7%)*
*Turnover (in millions) **	*60.9*	*50.3*	*21.1%*
Number of users (in thousands)	*304.7*	*251.3*	*21.2%*

** On the basis of notes, invoices and bills from the MultiKafeteria and MyBenefit cafeteria platforms.*

At the end of the first quarter of 2018, the electronic cafeteria platforms MyBenefit and MultiKafeteria had a total of nearly 305,000 users, and the number of users increased by slightly more than 53,000 year on year. The increase in the number of users by approximately 21% contributed to a proportional increase in turnover and contributed to an increase in the sales revenues from the platforms. The increase in sales revenues is also due to the introduction of new non-wage products relating to culture, which are distributed both through the cafeteria platforms and elsewhere. The decrease in the margin on sales was caused, among other things, by a higher share in the sale of vouchers in various categories, which have a lower margin.

Higher turnover in the Cafeteria segment and an increase in employment in MyBenefit of approximately 37%, as compared to the first quarter of 2017, directly affected the higher own cost of sales and the overall costs of sales (an increase in the number of full-time positions). The increase in employment is related to the increase in the number of users and, consequently, turnover, and the development of internal structures. In addition to increasing the number of jobs held by salespeople in the Wrocław branch, a regional sales office was established in Warsaw in April, 2017. The higher costs of sales also resulted from higher amortisation associated with the increase in the value of IT projects.

The segment's general administrative expenses decreased as a result of reporting the amount related to the supplementary remuneration as part of the sale of shares in MyBenefit Sp. z o.o. at the amount of 0.47 million PLN in the first quarter of 2017, partially offset by higher salary costs related to the increase in employment in MyBenefit.

A positive change of 0.1 million PLN in financial income and expenses results from the granting and repayment of loans for the total amount of 9 million PLN.

2.2.5. OTHER ACTIVITIES AND ARRANGEMENTS

Other activities and arrangements include revenues other than from the sale of non-monetary incentive products and indirect costs that are not allocated to these revenues. Revenues primarily include the elimination of transactions between segments. The costs are associated with management and administration, and the strategic activities of Benefit Systems Group, and with the costs of the Incentive Programme, support functions and other activities not allocated to separate operating segments.

Table 11: Other activities and arrangements

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Sales revenues	**(28,322)**	**(18,491)**	**53.2%**
Costs of sales	30,143	19,473	54.8%

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Gross profit on sales	**1,821**	**982**	**85.4%**
Selling expenses	91	63	45.0%
General and administrative expenses	(882)	(614)	43.5%
Cost of the Incentive Programme	*(3,018)*	*(1,714)*	*76.1%*
Other operating income and expenses	(280)	(135)	183.5%
Loss from operations	**(2,268)**	**(1,418)**	**(67.1%)**
Financial incomes and expenses	1,922	141	1,326.3%
Share in the profits of associates accounted for using the equity method	325	41	(100.0%)
Loss before tax	**(21)**	**(1,236)**	**(71.3%)**
EBITDA	**(1,912)**	**(1,315)**	**59.2%**

The increase in the value of inter-segment exclusions disclosed in sales revenues and cost of sales is primarily related to the growing number of sports card users and the growing base of the Group's investment clubs. This results in an increase in the number of visits to the Group's clubs, which translates into an increasing cost incurred by the Sports Card segment for the benefit of the Fitness segment. Another factor of this growth is the growing share of the Group's cafeteria platforms as a channel for the distribution of sports cards, and consequently, higher remuneration for the Cafeteria segment than for the Sports Card segment. The gross profit on sales results from marketing activities and activities not assigned to segments, as well as from exclusions of consolidation depreciation of trademarks owned by Benefit Intellectual Property Spółka z ograniczoną odpowiedzialnością sp. k.

Other operating activities include, among others, donations made as part of Benefit Systems Group's charity activities. The increase in financial income is primarily an effect of financing granted to subsidiaries from the Fitness segment.

2.3. OTHER FINANCIAL DATA

Table 12: Financial income and expenses

in thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Financial income	973	646	50.6%
Financial expenses	(2,259)	(2,079)	8.7%
Share of profits (loss) for entities accounted for using the equity method	574	603	(4.8%)

The Group's financial results in the first quarter of 2018 were influenced primarily by the costs connected with the issue of two series of bonds (including interest expenses), an increase in the credit line and financial lease liabilities (leaseback for fitness equipment). Financial income, which was higher by 51% than in the comparable period, was mainly generated from loans granted to associates and strategic partners of the Group.

At the reporting date, the Parent Company of Benefit Systems S.A. granted loans to the balance sheet total of 444.8 million PLN (31st March, 2017, 233.2 million PLN), of which 364.6 million PLN was to subsidiaries. Capital support in this form is primarily targeted at investments in entities operating in the fitness segment (90.7%), including under a loans programme for subsidiaries (2.3%), and to a lesser extent (3.6%) as ensuring current liquidity in subsidiaries outside the fitness segment. 77% of the balance sheet value of loans granted are long-term loans.

All loan agreements were concluded on conditions that do not deviate from market conditions with a variable interest rate depending on WIBOR 3M. This reduces the lender's risk in the event of an unfavourable change in interest rates.

On the reporting date, the Parent Company had debt from 3-year bonds issued at the amount of 121.0 million PLN plus interest, loans from related parties of 54.7 million PLN, a loan in an investment account of 60.0 million PLN and 20.1 million PLN due to finance leases. The increase in financial costs is mainly related to interest on bonds in the amount of 1.0 million PLN, interest on loans from related parties in the amount of 0.5 million PLN and a write-off for loans granted in the amount of 0.2 million PLN. Additionally, this item includes costs of financial lease of fitness equipment in the amount of 0.21 million PLN.

The result of associates measured under the equity method decreased by 29,000 PLN compared to the comparable quarter. This item consists of the results of the following companies: Calypso Fitness S.A. (140,000 PLN), Instytut Rozwoju Fitness Sp. z o.o. (139,000 PLN) and LangMedia Sp. z o.o. (191,000 PLN), X-Code Sp. z o.o. (134,000 PLN) and Fit Fabric Sp. z o.o. (147,000 PLN). This item also includes the result of Benefit Partners Sp. z o.o. consolidated until 15th May, 2017, using the full method (-178,000 PLN).

Table 13: Statement of financial position

In thousands of PLN	**As at 31/03/2018**	**As at 31/12/2017**	**Change**	**As at 31/03/2017 Restated**
Non-current assets	539,542	525,920	2.6%	413,552
Share in balance sheet total	*71.5%*	*69.0%*	2.5%	*67.4%*
Current assets	215,178	236,115	(8.9%)	199,856
Share in balance sheet total	*28.5%*	*31.0%*	(2.5%)	*32.6%*
Total assets	**754,720**	**762,035**	**(1.0%)**	**613,408**
Capital equity of the shareholders in the Parent Company	238,149	202,033	17.9%	176,327
Share in balance sheet total	*31.6%*	*26.5%*	5.2%	*28.7%*
Non-controlling interests	1,198	17,844	(93.3%)	17,012
Share in balance sheet total	*0.2%*	*2.3%*	(2.2%)	*2.8%*
Long-term provisions and liabilities	189,785	201,713	(5.9%)	210,945
Share in balance sheet total	*25.1%*	*26.5%*	(1.4%)	*34.4%*

In thousands of PLN	As at 31/03/2018	As at 31/12/2017	Change	As at 31/03/2017 Restated
Short-term provisions and liabilities	325,588	340,445	(4.4%)	209,124
Share in balance sheet total	*43.1%*	*44.7%*	(1.6%)	*34.1%*
Total equity and liabilities	**754,720**	**762,035**	**(1.0%)**	**613,408**

Non-current assets

The fixed assets of Benefit Systems Group increased by 13.6 million PLN compared to December, 2017. The largest increase was recorded in deferred tax assets, i.e. 7.7 million PLN and long-term receivables from loans granted - an increase of 5.8 million PLN. This amount consists mainly of loans granted to Benefit Partners Sp. z o.o. (3.5 million PLN). An increase was also recorded in intangible assets of 1.8 million PLN and investments in associates in the amount of 0.6 million PLN.

On the other hand, long-term periodical settlements (1.2 million PLN), as well as property, plant and equipment (0.6 million PLN) and other long-term financial assets (0.5 million PLN) decreased.

Current assets

Total current assets recorded a decrease of 20.9 million PLN compared to the end of 2017. The largest decrease was recorded in cash, i.e. by 21.5 million PLN. Trade receivables and inventories also decreased by 7.3 million PLN and 0.4 million PLN, respectively.

At the same time, short-term prepayments increased by 6.3 million PLN, of which 4.6 million PLN were uninvoiced settlements for sports cards in the Parent Company. The balance sheet value of short-term loans increased by 1.1 million PLN, mainly as a result of the loan programme for partners of the Multisport Programme.

Long-term provisions and liabilities

The Group's total long-term liabilities decreased by 11.9 million PLN as compared to the end of 2017. The largest decrease occurred in other liabilities, i.e. by 34.4 million PLN, as a result of the reversal of the provision for put options in the subsidiary Zdrofit Sp. z o.o. In addition, long-term prepayments decreased by 5.2 million PLN, consisting of settlements for fitting out and rental payment holidays in Zdrofit Sp. z o.o. and Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA, the provision for deferred income tax liability decreased by 1.5 million PLN, and finance lease liabilities by 1.4 million PLN (leaseback for sports equipment).

On the other hand, liabilities on account of credits and loans increased by 30.6 million PLN, which is a result of taking out a loan at the amount of 33.2 million PLN by Fit Invest Sp. z o.o., netted by partial repayment of the overdraft facility by the Parent Company.

Short-term provisions and liabilities

There was an decrease short-term liabilities in the first quarter of 2018 of 14.9 million PLN. It is mainly related to the decrease in trade and other payables of 28.0 million PLN, which were affected by the repayment of other payables due to the purchase of shares in related entities. Liabilities and provisions for employee benefits decreased by 6.4 million PLN. In addition, as a result of repayment of the overdraft facility, the Group's short-term debt from loans and advances decreased by 5.3 million PLN, other short-term provisions also decreased by 2.0 million PLN and liabilities for leasing decreased by 0.4 million PLN.

In the period discussed, current tax liabilities increased by 11.0 million PLN and short-term prepayments increased by 16.3 million PLN, which include provisions for the costs of visits in the Sports Card segment.

Table 14: Statement of cash flows

In thousands of PLN	Q1 2018	Q1 2017 Restated	Change
Net cash flows from operating activities	41,218	25,644	60.7%
Net cash flows from investment activities	(83,795)	(30,767)	172.4%
Net cash flows from financing activities	21,124	(3,842)	(649.8%)
Net cash flow, total	(21,453)	(8,965)	139.3%
Cash and cash equivalents at end of period	**31,005**	**56,231**	**(44.9%)**

On 31st March, 2018, Benefit Systems Group had cash and cash equivalents of 31.0 million PLN. This was mainly accumulated in the accounts of the Parent Company Benefit Systems S.A. (4.6 million PLN) and subsidiaries: MyBenefit Sp. z o.o. (5.3 million PLN), the Czech company MultiSport Benefit S.R.O. (5.3 million PLN), Benefit Systems Bulgaria EOOD (2.5 million PLN), MultiBenefit Sp. z o.o. (2.1 million PLN) and Fitness Academy Sp. z o.o. SKA (1.7 million PLN). In the first quarter of 2018 Benefit Systems Group has not been involved in any foreign currency options or any other derivative instruments used for hedging or for speculative purposes.

On the date of this report, taking into account the cash position and available credit lines, the Group does not anticipate any liquidity problems in connection with the implementation of its investment plans (including capital investments).

Operating activities

Cash flows from operating activities as at 31st March, 2018, amounted to 41.2 million PLN and were 15.6 million PLN higher than in the first quarter of 2017, which was affected, among others, by: higher gross result by 10.2 million PLN, lower income tax paid by 8.2 million PLN, positive adjustments by 7.9 million PLN (including 2.8 million PLN in depreciation) and changes in working capital lower by 10.6 million PLN than in the corresponding period.

Investment activities

Net cash flow from investment activities amounted to -83.8 million PLN. They consisted mainly of expenses of Fit Invest Sp. z o.o. for the acquisition of shares in subsidiaries -60.9 million PLN, including: Zdrofit Sp. z o.o. -41.1 million PLN, Fabryka Formy Sp. z o.o. -12.0 million PLN and Tiger Sp. z o.o. -7.8 million PLN. The Parent Company also paid another instalment for shares in MyBenefit Sp. z o.o. -1.9 million PLN. In addition, the Group incurred expenses for the purchase of fixed assets (mainly related to fitness club equipment) at the amount of -9.7 million PLN and intangible assets at the amount of -4.4 million PLN.

In 2018, the Group also granted loans to the amount of 9.9 million PLN, mainly to associates and partners of the Multisport programme.

Proceeds from investing activities related to received repayments of loans with interest (2.5 million PLN) and proceeds from the sale of property, plant and equipment (0.4 million PLN).

Financing activities

As at 31st March, 2018, cash flows from financing activities amounted to 21.1 million PLN and were 25.0 million PLN higher than in the corresponding period of 2017, mainly due to the fact that Fit Invest Sp. z o.o. took out an investment loan of 33.3 million PLN. Additionally, net cash flows from financing activities were affected by the repayment of loans and borrowings, mainly the overdraft facility in the Parent Company -7.8 million PLN, interest paid at the amount of -2.0 million PLN, and the repayment of financial lease liabilities at the amount of -2.0 million PLN.

2.4. SELECTED FINANCIAL INDICATORS

Table 15: Financial indicators

Profitability ratios	**Q1 2018**	**Q1 2017 Restated**	**Change**
Gross return on sales	24.8%	21.4%	3.4 pp
EBITDA	13.6%	11.5%	2.1 pp
Return on operations (EBIT)	10.0%	8.3%	1.7 pp
Gross profitability	9.7%	7.8%	1.9 pp
Net profitability	7.5%	6.2%	1.3 pp
Return on equity (ROE)	9.0%	7.2%	1.8 pp
Return on assets (ROA)	2.9%	2.3%	0.6 pp
Liquidity ratios	**Q1 2018**	**Q1 2017 Restated**	**Change**
Current liquidity	0.66	0.96	(29.5%)
Quick ratio	0.56	0.85	(29.4%)

The profitability assessment was carried out on the basis of the following indicators defined below:

- *gross profitability on sales: gross profit from sales / revenues from sales,*
- *profitability on EBITDA: EBITDA / revenues from sales,*
- *profitability from operations: operating profit / revenues from sales,*
- *gross profitability: gross profit / (operating income + financial income + extraordinary profits),*
- *net profitability: net profit / (operating income + financial income + extraordinary profits),*
- *return on equity (ROE): net profit / equity (end of period),*
- *return on assets (ROA): net profit / total assets (end of period),*
- *current ratio: current assets / current liabilities,*
- *quick ratio: (current assets - inventory - short-term prepayments) / current liabilities.*

3. ADDITIONAL INFORMATION

3.1. SIGNIFICANT EVENTS IN THE GROUP DURING THE REPORTING PERIOD

Information on subsidiaries of Benefit Systems Group

Withdrawal of the application for concentration consisting of the acquisition of control over Calypso Fitness S.A.

On 2nd January, 2018, the Parent Company filed a letter with the Office of Competition and Consumer Protection containing: (i) withdrawal of the application of 10th October, 2016, regarding the concentration consisting of the Issuer taking control over Calypso Fitness S.A. with its registered office in Warsaw ("the Submission") and (ii) an application for discontinuance of proceedings conducted by the President of the Office of Competition and Consumer Protection in connection with the Submission made.

The submission of the above applications was a consequence of the expiry on 31st December, 2017, of the conditional agreement obliging the sale of shares in Calypso Fitness S.A. of 5th October, 2016, concluded by the Issuer's subsidiary: Fit Invest Sp. z o.o. with its registered office in Warsaw with Glastonbury Ventures Limited (Ltd) with its registered office in Limassol and Mr Mikołaj Nawacki.

Conclusion of an agreement concerning the division of Calypso Fitness S.A. and the future acquisition of shares in the companies taking over part of the assets separated from Calypso Fitness S.A.

On 19th February, 2018, Benefit Systems S.A. concluded an agreement with Fit Invest Sp. z o.o., Glastonbury Ventures Limited (Ltd) with its registered office in Limassol ("GVL"), on behalf of which negotiations were opened by Mr Mikołaj Nawacki ("MN") and Fitness Investment Sp. z o.o. with its registered office in Warsaw ("Fitness Investment") - the subject of the agreement is primarily to define the terms and conditions which are to be followed in order to conduct a multi-stage procedure aimed at ultimately transforming Calypso Fitness S.A. and, subsequently, to conclude agreements for the sale of shares in companies controlled by other shareholders than Fit Invest Sp. z o.o. to Calypso Fitness S.A., to whom a part of the assets separated from Calypso Fitness S.A. will be transferred ("Agreement").

According to the Agreement, Calypso Fitness S.A.'s transformation will involve the division of Calypso Fitness S.A. by separating part of its assets and transferring it to three separate entities (the "Division"), on the day of the division directly and 100% from the current shareholders of Calypso Fitness S.A., i.e.: to a subsidiary of GVL ("NewCo1"), a subsidiary of Fit Invest Sp. z o.o. ("NewCo2") and subsidiary of Fitness Investment ("NewCo3"). The assets separated from Calypso Fitness S.A. will consist of assets (assets and liabilities) currently forming 10 (in words: ten) fitness clubs. The Parties to the Agreement envisage completion of the procedures leading to the commencement of the Division process, as well as the Division procedure itself, by 31st January, 2019, provided that any exceeding of this deadline will not constitute a breach of the Agreement.

The Agreement contains the obligation of GVL and Fit Invest Sp. z o.o. to conclude an agreement, after the transformation of Calypso Fitness S.A., for the sale of all shares in NewCo1 and NewCo3 (previously purchased from Fitness Investment by GVL) ("Shares" and "Purchase Agreement"), for the total price payable to GVL (as the Seller) from Fit Invest Sp. z o.o. (as the Buyer) of 69 million PLN ("Price"). The price will be paid once, within three working days after the conclusion of the Sales Agreement, to the bank account of GVL. The transfer of ownership to the Shares to Fit Invest Sp. z o.o. shall take place on the date of crediting the payment of the Price. Regardless of the amount of the Price, under the Sale Agreement Fit Invest Sp. z o.o. will be obliged to pay to GVL additional amounts to the total amount not exceeding 37 million PLN, depending on the increase in the Issuer's capitalisation.

As a result of the Division and the implementation of the Sale Agreement, Fit Invest Sp. z o.o. will become the sole shareholder in NewCo1, NewCo2 and NewCo3. Pursuant to the provisions of the Agreement, the Issuer will be jointly and severally liable for all liabilities of Fit Invest Sp. z o.o. under the Agreement and the Sales Agreement, while MN will be jointly and severally liable for all liabilities of GVL under the Agreement and the Sales Agreement. The Agreement also provides for bilateral contractual penalties at the amount of 10 million PLN for the failure by GVL or Fit Invest Sp. z o.o. to accede to the Sales Agreement despite the completion of the division of Calypso Fitness S.A. and fulfilment of the conditions specified in the Agreement.

The Agreement was concluded on a termination condition in the form of failure to obtain consent of the Issuer's Supervisory Board (in the form of a relevant resolution) for the conclusion of the Agreement by 28th February, 2018, at the latest.

On 26th February, 2018, the Issuer's Supervisory Board adopted a resolution expressing its consent to the conclusion of the aforementioned Agreement.

The conclusion of Annex No. 2 to the Investment Agreement of 2nd December, 2013, and agreements for the sale of shares in Zdrofit Sp. z o.o.

On 30th January, 2018, Annex No. 2 to the Investment Agreement of 2nd December, 2013, was signed between Mr Jakub Raniszewski, Mr Przemysław Szczęsny, Mr Kamil Wróblewski, Ms Aneta Katarzyna Warsinska, Ms Monika Bronikowska, Mr Daniel Tomasz Smajek and Mr Rafał Ludwik Klimczewski, being partners in Zdrofit Sp. z o.o. ("the Partners"), the Issuer and Fit Invest Sp. z o.o., under which, as of 30th January, 2018, the content of the Agreement concluded between these entities was changed ("the Annex").

Furthermore, in connection with the amendments to the Agreement introduced pursuant to the Annex, on 30th January, 2018, Fit Invest Sp. z o.o. concluded with each of the Partners an agreement for the sale of shares in the share capital of Zdrofit Sp. z o.o. ("the Sale Agreements"). On the basis of the Sale Agreements, Fit Invest Sp. z o.o. will purchase from the Partners a total of 1,349 Shares representing 44.97% of the share capital of Zdrofit Sp. z o.o., for the total price of 52.5 million PLN ("the Price"). The Price was paid on 28th February, 2018. The ownership of the Shares was transferred to Fit Invest Sp. z o.o. on the day of crediting the payment of the Price, in appropriate proportions, to the bank accounts of the Partners. As a result of the transaction, Fit Invest Sp. z o.o. holds 100% of the shares in the share capital of the Company.

On 19th February, 2018, annexes to the share purchase agreements of 30th January, 2018, were signed, pursuant to which the payment of the sale price of the shares in Zdrofit Sp. z o.o. shall be made in two instalments, with the first instalment being paid on 28th February, 2018, and the second instalment to be paid by 30th March, 2018.

Consent of the Parent Company's Supervisory Board to carry out debt restructuring of subsidiaries from the Fitness segment

On 13th February, 2018, the Parent Company's Supervisory Board, at the request of the Parent Company's Management Board, granted its consent for the Parent Company to carry out debt restructuring of selected companies from the so-called Fitness Segment, involving an increase in the share capital of Fit Invest Sp. z o.o. with its registered office in Warsaw, being a 100% subsidiary of the Company, from 4,713,600 PLN to 10,813,600 PLN, i.e. by 6,100,000 PLN, through the creation of 122,000 new shares and their acquisition by the Parent Company in exchange for a cash contribution of 61 million PLN, which will be used for the purpose of the following:

a. increasing the share capital of Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA with its registered office in Wrocław, being a 100% subsidiary of Fit Invest Sp. z o.o. from 160,000 PLN to 2,860,000 PLN, i.e. by 2,700,000 PLN through the creation of 27,000 new shares and their acquisition by Fit Invest Sp. z o.o. in exchange for a cash contribution of 27 million PLN;
b. increasing the share capital of Fabryka Formy S.A. with its registered office in Sierosław, being a 100% subsidiary of Fit Invest Sp. z o.o. from 3,457,700 PLN to 5,457,700 PLN, i.e. by 2 million PLN, through the creation of 20 million new shares and their acquisition by Fit Invest Sp. z o.o. in exchange for a cash contribution of 20 million PLN;
c. increasing the share capital of Fitness Place Sp. z o.o. with its registered office in Warsaw, being a 100% subsidiary of Fit Invest Sp. z o.o. from 5,000 PLN to 1,405,000 PLN, i.e. by 1.4 million PLN, through the creation of 28,000 new shares and their acquisition by Fit Invest in exchange for a cash contribution of 14 million PLN.

The funds received by Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA, Fabryka Formy S.A. and Fitness Place Sp. z o.o. will be used to repay liabilities under loans granted to these entities by the Parent Company. The Parent Company's Management Board indicates that the expected date for the implementation of the aforementioned activities is the first half of 2018.

Loan agreements within Benefit Systems Group

On 25th October, 2018, a loan agreement was concluded ("the Agreement") between the Issuer and Fitness Place Sp. z o.o. with its registered office in Warsaw ("the Borrower"), which is a 100% indirect subsidiary in relation to the Issuer, for the amount of 4 million PLN, as a result of which the total value of loan agreements concluded between the Issuer and the Borrower over the last 12 months reached 66.15 million PLN. The amount of the loan will be paid in tranches, according to the Borrower's requirements. The loan is to be repaid by 31st December, 2020.

In the first quarter of 2018, loan agreements ("the Agreements") were concluded between the Issuer (the "Lender") and Fit Invest Sp. z o.o., with its registered office in Warsaw (the "Borrower"), being a 100% direct subsidiary of the Issuer, for the total amount of 61.0 million PLN, as a result of which the total value of loan agreements concluded between the Lender and the Borrower in the last 12 months reached 114.7 million PLN. The loan amounts will be disbursed in tranches as required by the Borrower. The loans were to enable the Borrower to fulfil its obligation to pay the purchase price of the shares in Zdrofit Sp. z o.o. with its registered office in Warsaw, in accordance with the share purchase agreements signed on 30th January, 2018, for the shares in Zdrofit Sp. z o.o., and also to enable the

Borrower to finance current operations, including those related to investment activities in the fitness area.

The above loans bear interest at a variable rate and are granted at market rates. The loan agreement does not contain any conditions precedent or terminating, nor does it provide for contractual penalties. The remaining terms and conditions of the Loan Agreement do not differ from the terms and conditions commonly used in such agreements.

Other information

Conclusion of an annex to the agreement on the limit for the bank guarantees with Bank Zachodni WBK S.A.

The Management Board of Benefit System S.A. informed that the Parent Company received an annex dated 15th January, 2018, to the agreement dated 2nd April, 2012, signed by Bank Zachodni WBK S.A. with its registered office in Wrocław ("the Bank"), concerning the limit for the bank guarantees. The subject of the annex is a change in the amount of the Bank's commitment to provide guarantees, on the basis of an order/instruction of the Parent Company, up to the amount of 38 million PLN.

In connection with the aforementioned annex, the Parent Company is obliged to submit a declaration of submission to enforcement pursuant to article 777, §1, point 5) of the Code of Civil Procedure up to the amount of 118.5 million PLN (including also receivables resulting from the agreement of 18th July, 2012, on a multi-purpose and multi-currency credit line), wherein the Bank will be able to apply for an enforcement clause to the notary deed up to 30th April, 2025. In all other aspects, the annex contains provisions typical of such contracts.

Conclusion of an investment loan agreement with Powszechna Kasa Oszczędności Bank Polski S.A.

On 19th March, 2018, the Management Board of Benefit Systems S.A. announced that Fit Invest Sp. z o.o. - a 100% subsidiary of the Issuer, Fitness Place Sp. z o.o. - a 100% subsidiary of Fit Invest Sp. z o.o. and Powszechna Kasa Oszczędności Bank Polski S.A. signed an investment loan agreement (the "Agreement").

The subject of the Agreement is granting to Benefit Systems S.A., Fit Invest Sp. z o.o. and Fitness Place Sp. z o.o. (jointly referred to as the "Borrowers" and each of them individually as the "Borrower") an investment loan of up to 100 million PLN, which may be used by the Borrowers, among others, for the following purposes:

1) financing and refinancing of investment outlays (including acquisition of shares / stocks / enterprises / organised parts of an enterprise),
2) financing the granting of loans to subsidiaries (related to the acquisition of shares / stocks / enterprises / organised parts of an enterprise),
3) financing the provision of loans to subsidiaries and associates (in connection with the financing or refinancing the purchase of fitness equipment),
4) financing other investment outlays.

Interest at WIBOR 1M plus the bank's margin will be charged on the amount of credit used.

Establishment of loan limits within the framework of the Benefit Systems S.A. Partner Support Programme

On 13th February, 2018, the Parent Company's Supervisory Board agreed to increase the limit of loans granted by the Parent Company under the partner support programme to the total amount of 35 million PLN (the "Programme").

The programme is addressed to entities providing sports and recreation services to MultiSport Programme card users, with whom the Parent Company has concluded a cooperation agreement ("Partner"). Provided that the Partner meets the detailed conditions specified in the Programme's rules (e.g. cooperation with the Parent Company on a continuous basis for a period of at least 12 months and the absence of any confirmed irregularities in compliance with the terms of the cooperation agreement during this period; submitting an application for a loan together with the required documentation; establishing appropriate collateral for the loan agreement indicated in detail in the principles of the Programme) and obtaining the positive approval of the Parent Company, the Parent Company grants financial support in the form of a loan to Partners intending to open a new fitness club or modernise an already functioning fitness club.

Disposal of own shares by Benefit Systems S.A.

On 23rd March, 2018, the Management Board of the Parent Company sold to Fit Invest Sp. z o.o., a 100% owned subsidiary of the Issuer, 11,632 of its own shares with a nominal value of 1.00 PLN each, representing in total 0.43% of the Issuer's share capital and 11,632 votes at the Issuer's General Meeting of Shareholders, i.e. 0.43% of the total number of votes, in a block transaction conducted at the Warsaw Stock Exchange. The purchase price was 1,030 PLN per purchased share and 11,980,960 PLN for all the shares.

The objective of the purchase of its own shares by Fit Invest was to use them in transactions for the acquisition of other fitness sector entities, as well as to settle the sale price for shares in Zdrofit Sp. z o.o., purchased by Fit Invest on the basis of share purchase agreements of 30th January, 2018. Pursuant to these agreements, the shares which will be transferred as a result of the settlement of the sale price for the shares in Zdrofit ("Shares under Settlement") are subject to a lock-up ban, so that until 1st January, 2019, no Shares under Settlement may be sold, after 1st January, 2019, not more than 50% of the Shares under Settlement may be sold, whereas after 31st December, 2019, all Shares under the Settlement may be sold.

The intention of the Parent Company to acquire funds through the issue of ordinary series F bearer shares of the Parent Company

In connection with the decision taken by the Management Board of the Parent Company on 22nd March, 2018, to convene an Extraordinary General Meeting of the Parent Company, the Management Board of the Issuer announces that the Parent Company intends to raise funds for the implementation of a specific objective by conducting at the same time: (i) increasing the share capital of the Parent Company by issuing up to 184,000 series F ordinary bearer shares of the Parent Company, excluding the pre-emptive rights of the Parent Company's existing shareholders, and (ii) disposing (further reselling) of up to 100,000 own shares of the Parent Company.

The Parent Company intends to: (i) issue series F shares by way of a private subscription within the meaning of article 431, § 2, point 1 of the Code for Commercial Companies, addressed exclusively to selected investors; and (ii) dispose of (further resell) its own shares by way of submitting an offer to purchase its own shares, addressed also to selected investors. The Company intends to issue series F shares and sell its own shares by way of a private placement or by way of a public offering addressed exclusively to certain categories of investors for whom no prospectus or other offering document is required for the purposes of such an offering. In connection with the this intention to obtain funds, the Company also obtained the required permits from the Supervisory Board.

The Company's objective is to raise funds for further development of the group and to use the growth potential, especially on foreign markets, both in the Sports Card segment and in the fitness investments supporting it. The Company's acquisition of funds for the above purpose depends on the adoption by the Extraordinary General Meeting of the Company of the aforementioned resolutions.

3.2. SIGNIFICANT EVENTS IN THE GROUP AFTER THE BALANCE SHEET DATE

Conclusion of a contract of sale for the enterprise of Fitness Club S4 sp. z o.o. sp. k.

On 4th April, 2018, the Parent Company and Fitness Management Sp. z o.o. with its registered office in Warsaw, a subsidiary of the Issuer, concluded an agreement for the sale of the enterprise of Fitness Club S4 Sp. z o.o. sp. k. ("the Agreement"). Fitness Management was designated as the entity authorised to conclude the Agreement by Fitness Invest Sp. z o.o., which is the Parent Company of Fitness Management, and as a party to the preliminary agreement for the sale of the enterprise of Fitness Club S4, dated 22nd August, 2017.

On the basis of the Agreement, Fitness Management purchased from Fitness Club S4 its enterprise, which includes a network consisting of 14 fitness clubs located mainly in Warsaw, for the price of 22,239,172.11 PLN. The price may be reduced according to the terms set forth in the Agreement.

Conclusion of an annex to the agreement for a limit to the bank guarantees with Bank Zachodni WBK S.A. and an annex to the loan agreement.

On 6th April, 2018, the Parent Company and Bank Zachodni WBK S.A. with its registered office in Wrocław (hereinafter "the Bank") signed an annex to the agreement of 2nd April, 2012, for a limit for bank guarantees. The subject of the annex is, among others, a change in the amount of the Bank's obligation to provide guarantees under the Principal's instructions/orders up to 54 million PLN over the availability period until 30th April, 2019, of the following types: guarantees of payment of all obligations under lease agreements and guarantees of good performance of lease agreements.

On the same day, the Parent Company and Bank Zachodni WBK S.A. with its registered office in Wrocław (hereinafter referred to as "the Bank") signed an annex to the agreement for a multi-purpose and multi-currency credit line. The subject of the annex is, among others:
a) a change in the availability period of the overdraft limit granted and an extension to it up to 30th April, 2019;
b) a change in the availability period for granting guarantees by the Bank on the basis of an order / instruction of the Company and its extension until 30th April, 2019.

In connection with the aforementioned annexes, the Parent Company is obliged to submit a statement on submission to enforcement pursuant to article 777, §1, point 5) of the Code of Civil Procedure up to the amount of 142.5 million PLN (including also receivables resulting from the agreement of 2nd April, 2012, on a limit for bank guarantees and of 18th July, 2012, on a multi-purpose and multi-currency credit line, as amended), wherein the Bank will be able to apply for an enforcement clause to the notary deed up to 30th April, 2026. In all other aspects, the annexes contain provisions typical of such contracts. There are no connections between the Parent Company and the Bank. There are also no relationships between members of the Management or Supervisory Boards of the Company and members of the Management or Supervisory Boards of the Bank.

Extraordinary General Meeting of the Parent Company

On 20th April, 2018, an Extraordinary General Meeting of Shareholders of Benefit Systems S.A. was held at which a resolution was adopted on increasing the Parent Company's share capital through the issuance of ordinary bearer shares of series F, on depriving the existing shareholders of their pre-emptive rights to all shares of series F, on amending the Company's Articles of Association, and on applying for admission and introduction of shares of series F and rights to shares of series F to trading on the regulated market operated by the Warsaw Stock Exchange and dematerialisation of shares of series F and rights to shares of series F. Details of the resolution adopted were presented in current report RB 28/2018 of 20th April, 2018.

Loan agreement within Benefit Systems Group

On 24th October, 2018, a loan agreement was concluded ("the Agreement") between the Issuer and Fitness Place Sp. z o.o. with its registered office in Warsaw ("the Borrower"), which is a 100% indirect subsidiary in relation to the Issuer, for the amount of 3 million PLN, as a result of which the total value of loan agreements concluded between the Issuer and the Borrower over the last 12 months reached 69.15 million PLN. The amount of the loan will be paid in tranches, according to the Borrower's requirements. The loan is to be repaid by 31st December, 2022.

3.3. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

On the date of the report, the Management Board of the Parent Company consists of five members. Its members are:

- Grzegorz Haftarczyk - Member of the Management Board,
- Arkadiusz Hanszke - Member of the Management Board,
- Adam Radzki - Member of the Management Board,
- Emilia Rogalewicz - Member of the Management Board,
- Izabela Walczewska–Schneyder – Member of the Management Board.

The Parent Company's Supervisory Board comprises five members on the date of the report:

- James Van Bergh - Chairman of the Supervisory Board,
- Marcin Marczuk – Deputy Chairman of the Supervisory Board,
- Zofia Dzik – Member of the Supervisory Board,
- Artur Osuchowski - Member of the Supervisory Board,
- Michael Sanderson - Member of the Supervisory Board.

3.4. SHARES OR OTHER RIGHTS TO THEM IN THE POSSESSION OF MEMBERS OF THE MANAGEMENT BOARD OR SUPERVISORY BOARD

Ownership of shares in Benefit Systems S.A. or other rights to them (options) by Members of the Management Board and Members of the Supervisory Board on the date of the report's submission is as follows:

Table 16: Shares held by members of the Management Board of Benefit Systems S.A.

	As at the date of submitting the report for Q1 2018		As at the end of 2017		
Management Board	**Number of shares**	**Percentage of share capital**	**Number of shares**	**Percentage of share capital**	**Change**
Grzegorz Haftarczyk	1,563	0.058%	1,563	0.058%	-
Arkadiusz Hanszke	0	0.000%	0	0.000%	-
Adam Radzki	3,077	0.115%	3,077	0.115%	-
Emilia Rogalewicz	1,081	0.040%	1,081	0.040%	-
Izabela Walczewska-Schneyder	6,088	0.228%	6,088	0.228%	-
Total	**11,809**	**0.441%**	**11,809**	**0.441%**	**-**

Table 17: Benefits for Members of the Management Board in the form of due and potentially due D and E series warrants at the end of the first quarter of 2018

Member of the Management Board	Series G warrants to be covered in 2018 for 2017	Conditionally granted series H warrants for 2018	Total	Value*
Grzegorz Haftarczyk	1,750	600	2,350	1,008
Arkadiusz Hanszke	2,000	600	2,600	1,097
Adam Radzki	1,750	600	2,350	1,008
Emilia Rogalewicz	2,500	600	3,100	1,276
Izabela Walczewska-Schneyder	2,500	600	3,100	1,276
Total	**10,500**	**3,000**	**13,500**	**5,665**

** The value of the benefits from the subscription warrants granted is the difference between the exercise price and the share price on the valuation date. The valuation of series G warrants was based on the prices and conditions from the warrant pool for 2017 (357.17 PLN), and the valuation of series H warrants was based on the prices and conditions from the warrant pool for 2018 (638.07 PLN).*

Table 18: Shares held by members of the Supervisory Board of Benefit Systems S.A.

	As at the date of submitting the report for Q1 2018		As at the end of 2017		
Supervisory Board	**Number of shares**	**Percentage of share capital**	**Number of shares**	**Percentage of share capital**	**Change**
James van Bergh*	586,285	22.02%	586,285	21.92%	-
Zofia Dzik	0	0.00%	0	0.00%	-

	As at the date of submitting the report for Q1 2018		As at the end of 2017		
Supervisory Board	**Number of shares**	**Percentage of share capital**	**Number of shares**	**Percentage of share capital**	**Change**
Marcin Marczuk,	0	0.00%	0	0.00%	-
Michael Sanderson	0	0.00%	0	0.00%	-
Artur Osuchowski	0	0.00%	0	0.00%	-
Total	**586,285**	**22.02%**	**586,285**	**21.92%**	**-**

** Direct share; additionally a person close to the Chairman of the Supervisory Board (within the meaning of article 160, paragraph 2, point 1 of the act on trading) controls Benefit Invest Ltd. as a shareholder with a holding of 93.3%, where this company holds shares in Benefit Systems S.A. numbering 572,606 representing 21.5% of the share capital and in the total number of votes (as at the date of submitting the report for 2017).*

The members of the Management Board and Supervisory Board of the Parent Company do not hold interests in subsidiaries.

3.5. SHAREHOLDERS

The percentage of the Parent Company's share capital and voting rights takes into account the Parent Company's share capital increase made under the conditional capital issuance. Series D shares were acquired as part of the conditional share capital issuance by the holders of subscription warrants for series D, E and F, granted by the Parent Company in accordance with the provisions of the Incentive Programme for 2014-2016.

Table 19: Shareholder structure

	As at the date of submitting the report for Q1 2018			As at the date of submitting the report for 2017			
Shareholder	**Number of shares***	**Share in equity**	**Share in the total number of votes at a General Meeting of Shareholders**	**Number of shares**	**Share in equity**	**Share in the total number of votes at a General Meeting of Shareholders**	**Change**
James van Bergh	586,285	21.92%	22.95%	586,285	21.92%	22.95%	-
Benefit Invest Ltd	572,606	21.37%	22.41%	571,606	21.37%	22.37%	1,000
Marek Kamola	254,500	9.51%	9.92%	260,000	9.72%	10.18%	(5,500)
MetLife OFE	226,468	8.47%	8.82%	253,891	9.49%	9.94%	(27,423)
Nationale-Nederlanden OFE	150,000	5.61%	5.85%	245,000	9.16%	9.59%	(95,000)
Others	884,983	33.12%	24.93%	758,060	28.34%	24.97%	(126,923)
Including Benefit Systems S.A. (own shares)	*108,448*	*4.07%*	-	*120,080*	*4.49%*	-	*(11 632)*
TOTAL	**2,674,842**	**100.00 %**	**100.00%**	**2,674,842**	**100.00 %**	**100.00%**	**-**

** The above structure presents the number of shares as registered at the Extraordinary General Meeting of Shareholders on 20th April, 2018.*

The Parent Company's share capital amounts to 2,674,842 PLN. The number of shares in the share capital: 2,674,842 shares, including 2,204,842 shares of series A, 200,000 shares of series B, 150,000 shares of series C and 120,000 shares of series D. The shares of all series have a nominal value of 1 PLN each. The total number of votes resulting from all the shares issued amounts to 2,674,842 wherein as at the date of publishing this report the Parent Company held 108,448 of its own shares, for which it cannot exercise voting rights. Therefore, the share in the share capital of Benefit Systems S.A. of individual shareholders is not equal to their participation in the total number of votes at the General Meeting of Shareholders.

3.6. DIVIDEND

On 10th February, 2016, the Management Board for the Parent Company adopted its Shareholder Profit Distribution Policy for the years 2016 to 2019, which was subsequently approved by the Supervisory Board and Annual General Meeting of the Parent Company. In each year of the Profit Distribution Policy the buyback of shares will be carried out for at least 50% of the net profit of the Parent Company for the previous financial year. The policy takes into account the financial situation and investment requirements of the Parent Company and Group's companies, including those related to the implementation of investment agreements, as well as the demand for liquid cash with companies. The Profit Distribution Policy is in force and applied commencing with the distribution of net profit of the Parent Company for the year ended 31st December, 2015, and constitutes a continuation of the Dividend Policy of 25th September, 2012.

In the first quarter of 2018, the Parent Company did not pay a dividend nor buy back its own shares.

3.7. INCENTIVE PROGRAMME

On the basis of resolutions of the General Meeting of Shareholders, an Incentive Programme (hereinafter the Programme or IP) functions at Benefit Systems Group. Specified employees, both among senior executives and employees from middle management, can participate in the Incentive Programme. Under this Programme, eligible employees receive subscription warrants, which are convertible into shares in the Parent Company. An obligatory condition for starting the Incentive Programme in a given year is the attainment of a specific level of EBITDA (the programme for the years 2014-2016) or gross profit (the programme for the years 2017-2020) adjusted for the book cost of the programme attributable to the financial year.

On 1st September, 2017, in accordance with the Incentive Programme for the years 2014-2016, 75,200 subscription warrants from series D, E and F, were converted into shares of series D. As a result of the acquisition of series D shares in the Parent Company, these subscription warrants of series D, E and F held by persons holding D shares have expired.

On 10th February, 2016, the Supervisory Board of the Parent Company adopted a proposal for the next edition of the Incentive Programme for the period 2017-2020. The aim of the programme is to create an incentive system that will promote efficient and loyal work aimed at achieving high financial results and a long-term increase in the value of the Parent Company. During the Incentive Programme for the period 2017-2020 its participants (at most 149 people) will be able to receive a maximum of 100,000 subscription warrants (which after conversion into shares will represent 3.60% of the share capital of the Parent Company, increased by the maximum number of warrants), which will give an entitlement to subscribe to the specific number of shares in the Parent Company at their nominal value in four equal tranches. The options granted may be exercised up to 30th September, 2021.

The assumptions of the Incentive Programme for the period 2017-2020 were adopted in the form of a resolution at the Annual General Meeting on 15th June, 2016.

Table 20: Performance thresholds for the Incentive Programme

	Share in the maximum number of warrants for the year		Level of adjusted gross profit (in millions of PLN)			
			2017	2018	2019	2020
Thresholds in millions of PLN - adjusted gross profit (excluding Incentive Programme expenditures)	100%	25,000	90	105.0	120	140
	75%	18,750	85	97.5	110	130
	50%	12,500	80	91.0	106	121

The Programme's valuation for 2018 was based on the following assumptions:

Table 21: Valuation of options - Incentive Programme

Valuation of the Incentive Programme options - Black and Scholes model	
Data	**2018**
X (t) - quotation of shares at the valuation date (PLN)	1,130.00
P - option exercise price (PLN)	491.93
r - risk-free rate for PLN	1.82%
T - date of expiration	2018-12-31
t - current day (for pricing)	2018-02-13
Sigma - daily variation	31.62%

According to the above, the date for allocating 5,000 subscription warrants of series H was 13th February, 2018. In the first quarter of 2018, a provision was established for the cost of the Programme at the amount of 3,018,000 PLN.

3.8. POSITION OF THE MANAGEMENT BOARD REGARDING THE IMPLEMENTATION OF FINANCIAL FORECASTS

Benefit Systems Group has not published forecasts for the first quarter of 2018.

3.9. SEASONAL NATURE OF THE BUSINESS

A characteristic feature of the industry, in which the Group operates, is the seasonal activity of sports cardholders. Traditionally, in the third quarter of the calendar year (the third quarter of the financial year for the Group) the activity of cardholders is lower than in the first, second and fourth quarters of the financial year.

3.10. INFORMATION ON CREDITS OBTAINED, LOANS RECEIVED AND GUARANTEES AND SURETIES GRANTED TO BENEFIT SYSTEMS GROUP

On 15th January, 2018, an annex to the agreement between the Parent Company and Bank Zachodni WBK S.A. with its registered office in Wrocław ("the Bank") dated 2nd April, 2012, was signed for a limit for bank guarantees. The subject of the annex is a change in the amount of the Bank's commitment to provide guarantees, on the basis of an order/instruction of the Parent Company, up to the amount of 38 million PLN.

In connection with the aforementioned annex, the Parent Company is obliged to submit a declaration of submission to enforcement pursuant to article 777, §1, point 5) of the Code of Civil Procedure up to the amount of 118.5 million PLN (including also receivables resulting from the agreement of 18th July, 2012, on a multi-purpose and multi-currency credit line), wherein the Bank will be able to apply for an enforcement clause to the notary deed up to 30th April, 2025. In all other aspects, the annex contains provisions typical of such contracts.

On 19th March, 2018, the Management Board of Benefit Systems S.A. announced that Fit Invest Sp. z o.o. - a 100% subsidiary of the Issuer, Fitness Place Sp. z o.o. - a 100% subsidiary of Fit Invest Sp. z o.o. and Powszechna Kasa Oszczędności Bank Polski S.A. signed an investment loan agreement (the "Agreement").

The subject of the Agreement is granting to Benefit Systems S.A., Fit Invest Sp. z o.o. and Fitness Place Sp. z o.o. (jointly referred to as the "Borrowers" and each of them individually as the "Borrower") an investment loan of up to 100 million PLN, which may be used by the Borrowers, among others, for the following purposes:

1) financing and refinancing of investment outlays (including acquisition of shares / stocks / enterprises / organised parts of an enterprise),
2) financing the granting of loans to subsidiaries (related to the acquisition of shares / stocks / enterprises / organised parts of an enterprise),
3) financing the provision of loans to subsidiaries and associates (in connection with the financing or refinancing the purchase of fitness equipment),
4) financing other investment outlays.

Interest at WIBOR 1M plus the bank's margin will be charged on the amount of credit used.

In the first quarter of 2018, the Group received loans or took out loans for a total amount of 118.3 million PLN, including 84.0 million in loans from related entities and 33.3 million PLN of an investment loan of Fit Invest Sp. z o.o., maturing on 28th February, 2023.

3.11. INFORMATION ON GRANTED LOANS, GUARANTEES AND WARRANTIES

In the first quarter of 2018, the Group granted loans for a total amount of 94.9 million PLN, of which 85.0 million PLN was to subsidiaries. Information on the amount of loans granted, on interest rates and on maturities is given below:

Table 22: Loans granted

In thousands of PLN	Due date	Interest	Loan amount
Loan to an affiliate	31/12/2021	WIBOR 3M + margin	3,500

Loans granted to MultiSport Programme partners	From 10/02/2020 to 10/03/2028	WIBOR 3M + margin	2,790
Loans to other entities	01/03/2019	WIBOR 3M + margin	3,500

In the period discussed, the Group also granted sureties and guarantees to its subsidiaries and associates.

Table 23: Contingent liabilities

In thousands of PLN	As at the date of submitting the report for Q1 2018	As at the end of 2017	Change
Sureties and guarantees	35,227	27,510	7,717

These contingent liabilities constitute the implementation of the provisions of investment agreements - their main subject matter are lease payments for fitness equipment and rental guarantees. The increase in the value of guarantees in the first quarter of 2018 results from the increase in the number of guarantees granted, mainly to subsidiaries, and changes in the EUR/PLN exchange rate.

3.12. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

In the reporting period, Benefit Systems Group did not conclude transactions with related entities, which either individually or together could be considered significant or were concluded on other than market terms.

3.13. INFORMATION ABOUT PROCEEDINGS INSTITUTED BEFORE A COURT OR ADMINISTRATIVE AUTHORITY AND INFORMATION ON SIGNIFICANT SETTLEMENTS FROM COURT CASES

With reference to the information provided by the Company in the Management Board Reports on the occasion of announcing the Annual Reports for 2016 and 2017 and the Interim Reports for Q1, Q2 and Q3 2017, the Management Board of the Company states that the explanatory activities conducted by the President of the Office for Competition and Consumer Protection are still in progress (since November, 2015). There have been no significant developments in the past quarter. The Company is cooperating closely with the Office for Competition and Consumer Protection and provides all the necessary materials and information without any delays.

In accordance with good practice and legal regulations, the Parent Company's Management Board will inform the market about possible further steps within the framework of explanatory activities.

Furthermore, on 25th January, 2018, a customs and treasury inspection commenced at the Parent Company on the basis of the authorisation received from the Head of the Małopolska Customs and Treasury Office in Kraków to perform a customs and treasury inspection. The inspection concerns compliance with the provisions of the Corporate Income Tax Act of 15/02/1992 with respect to corporate income tax on income attained in the years 2012-2016. At the present stage of the inspection, the Parent Company is making available its tax books and accounting documents, which are the basis for entries in these books, in accordance with the summons received from the Head of the Małopolska Customs and Treasury Office in Kraków. As at the date of publication of this report, the inspection was not completed.

Over the past quarter, Benefit Systems Group has not instigated nor has it been a party in court proceedings in respect of receivables, for which the total value exceeds 10% of equity. In the quarter in question there were also no significant settlements in court cases.

4. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR BENEFIT SYSTEMS GROUP FOR THE 3 MONTHS ENDED 31ST MARCH, 2018

4.1. SELECTED FINANCIAL DATA FOR BENEFIT SYSTEMS GROUP

Table 24: Selected financial data

	Q1 2017 2018 in thousands of PLN	Q1 2017 in thousands of PLN Restated	Q1 2017 2018 in thousands of EUR	Q1 2017 in thousands of EUR Restated
Sales revenues	284,694	222,266	68,135	51,821
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	38,600	25,658	9,238	5,982
Operating profit	28,533	18,432	6,829	4,297
Profit before tax	27,821	17,602	6,658	4,104
Net profit	21,642	13,925	5,179	3,247
Net profit attributable to shareholders of the Parent Company	21,704	14,093	5,194	3,286
Net cash from operating activities	41,218	25,644	9,865	5,979
Net cash from investment activities	(83,795)	(30,767)	(20,054)	(7,173)
Net cash from financial activities	21,124	(3,842)	5,056	(896)
Net change in cash and cash equivalents	(21,453)	(8,965)	(5,134)	(2,090)
Weighted average number of ordinary shares	2,674,842	2,599,642	2,674,842	2,599,642
Diluted weighted average number of ordinary shares	2,691,789	2,662,975	2,691,789	2,662,975
Earnings per ordinary share (in PLN/EUR)	8.09	5.36	1.94	1.25
Diluted earnings per ordinary share (in PLN/EUR)	8.04	5.23	1.92	1.22

	As at 31/03/2018 in thousands of PLN	As of 31/12/2017 in thousands of PLN	As at 31/03/2018 in thousands of EUR	As of 31/12/2017 in thousands of EUR
Non-current assets	539,542	525,920	128,203	126,093
Current assets	215,178	236,115	51,129	56,610

Total assets	754,720	762,035	179,332	182,703
Non-current liabilities	189,785	201,713	45,096	48,362
Current liabilities	325,588	340,445	77,364	81,624
Equity	239,347	219,877	56,872	52,717
Equity attributable to shareholders of the Parent Company	238,149	202,033	56,588	48,439
Share capital	2,675	2,675	636	641
Number of ordinary shares	2,674,842	2,674,842	2,674,842	2,674,842
Book value per share (in PLN/EUR per share)	89.48	82.20	21.26	19.71

In the periods covered by the financial statements, the following average exchange rates for the zloty against the Euro, established by the National Bank of Poland, were adopted for the conversion of selected financial data:

- The rate applicable on the last day of the reporting period:

  - 31/03/2018: 4.2085 PLN/EUR,
  - 31/12/2017: 4.1709 PLN/EUR.

- The average exchange rate in the period, calculated as the arithmetic average of the rates prevailing on the last day of each month in the period:

  - 01/01 - 31/03/2018: 4.1784 PLN/EUR,
  - 01/01 - 31/03/2017: 4.2891 PLN/EUR.

The highest rate applicable in each period was as follows:

- 01/01 - 31/03/2018: 4.2085 PLN/EUR,
- 01/01 - 31/03/2017: 4.3308 PLN/EUR.

The lowest rate applicable in each period was as follows:

- 01/01 - 31/03/2018: 4.1488 PLN/EUR,
- 01/01 - 31/03/2017: 4.2198 PLN/EUR.

4.2. CONSOLIDATED INCOME STATEMENT

Table 25: Consolidated income statement

In thousands of PLN	Q1 2018	Q1 2017 Restated
Sales revenues	**284,694**	**222,266**
Revenues from rendering services	281,151	219,273
Revenues from sales of goods and materials	3,543	2,993
Costs of sales	**(214,132)**	**(174,605)**
Cost of services rendered	(211,685)	(172,299)
Cost of goods and materials sold	(2,447)	(2,306)
Gross profit on sales	**70,562**	**47,661**
Selling expenses	(17,048)	(12,554)
General and administrative expenses	(24,114)	(16,030)
Other operating income	1,876	2,011
Other operating costs	(2,743)	(2,656)
Operating profit	**28,533**	**18,432**
Financial income	973	646
Financial expenses	(2,259)	(2,079)
Share of profits (loss) of associates accounted for using the equity method (+/-)	574	603
Profit before tax	**27,821**	**17,602**
Income tax charge	(6,179)	(3,677)
Net profit from continuing operations	**21,642**	**13,925**
Net profit	**21,642**	**13,925**
Net profit attributable to:		
- Shareholders of the Parent Company	21,704	14,093
- Non-controlling interests	(62)	(168)

Table 26: Net income per ordinary share (PLN)

	31/03/2018	31/03/2017
From continuing operations		
- Basic	8.09	5.36
- Diluted	8.04	5.23
From continuing and discontinued operations		
- Basic	8.09	5.36
- Diluted	8.04	5.23

Table 27: Statement of other comprehensive income

In thousands of PLN	Q1 2018	Q1 2017 Restated
Net profit	**21,642**	**13,925**
Financial assets available for sale:	0	0
- Gains (losses) for the period in other comprehensive income	0	0
Income tax relating to components reclassified to profit and loss	0	0
Other comprehensive income after tax	0	0
Comprehensive income	**21,642**	**13,925**
Total comprehensive income attributable to:		
- Shareholders of the Parent Company	21,704	14,093
- Non-controlling interests	(62)	(168)

4.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Table 28: Consolidated statement of financial position - Assets

In thousands of PLN	As at 31/03/2018	As at 31/12/2017	As at 31/03/2017 Restated
Non-current assets			
Goodwill	191,584	191,558	146,263
Intangible assets	28,801	26,976	17,753
Property, plant and equipment	196,309	196,866	153,474
Investments in associates	37,198	36,624	31,934
Loans and receivables	61,947	56,166	40,628
Other long-term financial assets	98	619	3,844
Long-term prepayments	259	1,458	605
Deferred tax assets	23,346	15,653	19,051
Non-current assets	**539,542**	**525,920**	**413,552**
Current assets			
Inventories	7,402	7,823	15,386
Trade receivables and other receivables	123,997	131,248	102,470
Income tax receivable	1,247	352	543
Loans	24,540	23,424	17,526
Other short-term financial assets	110	187	242
Accruals	26,877	20,623	6,708
Cash and cash equivalents	31,005	52,458	56,231
Fixed assets classified as held for sale	0	0	750
Current assets	**215,178**	**236,115**	**199,856**
Total assets	**754,720**	**762,035**	**613,408**

Table 29: Consolidated statement of financial position - Liabilities

In thousands of PLN	As at 31/03/2018	As at 31/12/2017	As at 31/03/2017 Restated
Equity			
Equity attributable to shareholders of the Parent Company:			
Share capital	2,675	2,675	2,600
Own shares	(92,051)	(100,094)	(57,594)
Share premium	67,537	60,586	53,158
Exchange differences on translation of foreign operations	(63)	339	(44)
Reserve capital	(15,194)	(50,951)	(50,951)
Other capital	216,018	216,018	131,347
Retained earnings:	59,227	73,460	97,811
- Accumulated earnings for the previous reporting periods	37,523	(14 643)	83,718
- Net profit attributable to shareholders of the Parent Company	21,704	88,103	14,093
Equity attributable to shareholders of the Parent Company	238,149	202,033	176,327
Non-controlling interests	1,198	17,844	17,012
Equity	**239,347**	**219,877**	**193,339**
Non-current liabilities			
Interest-bearing loans, borrowings and debt instruments	152,627	122,036	126,395
Finance leases	14,153	15,571	26,173
Other liabilities	10,504	44,925	47,056
Provision for deferred income tax	7,868	9,393	6,870
Long-term prepayments	4,633	9,788	4,451
Total non-current liabilities	**189,785**	**201,713**	**210,945**
Current liabilities			
Trade payables and other liabilities	102,556	130,556	97,329
Income tax payable	32,910	21,890	10,992
Interest-bearing loans, borrowings and debt instruments	65,256	70,594	3,500
Finance leases	8,275	8,711	10,423
Liabilities and provisions for employee benefits	12,235	18,604	7,127
Other short-term provisions	1,032	3,070	3,563
Accruals	103,324	87,020	76,190
Total current liabilities	**325,588**	**340,445**	**209,124**
Total liabilities	**515,373**	**542,158**	**420,069**
Total equity and liabilities	**754,720**	**762,035**	**613,408**

4.4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Table 30: Consolidated statement of changes in equity

In thousands of PLN	Share capital	Own shares	Share premium	Exchange differences on translation of foreign operations in consolidation	Reserve capital	Other capital	Retained earnings	Total	Non-controlling interests	Total equity
As at 01/01/2018	**2,675**	**(100,094)**	**60,586**	**339**	**(50,951)**	**216,018**	**73,460**	**202,033**	**17,844**	**219,877**
Equity in the period from 01/01 to 31/03/2018										
Valuation of options (share-based payment programme)	0	0	3,018	0	0	0	0	**3,018**	0	**3,018**
Valuation of options Zdrofit Sp. z o.o	0	0	0	0	35,757	0	900	**36,657**	0	**36,657**
Change in the structure of the Group (transactions with non-controlling interests)	0	0	0	0	0	0	(36,837)	**(36,837)**	(16,567)	**(53,404)**
Sale of own shares	0	8,043	0	0	0	0	0	**8,043**	0	**8,043**
Surplus from sale of own shares	0	0	3,933	0	0	0	0	**3,933**	0	**3,933**
Exchange differences from consolidation	0	0	0	(402)	0	0	0	**(402)**	(17)	**(419)**
Total transactions with owners	**0**	**8,043**	**6,951**	**(402)**	**35,757**	**0**	**(35,937)**	**14,412**	**(16,584)**	**(2,172)**
Net profit (loss) for the period 01/01-31/03/2018	0	0	0	0	0	0	21,704	21,704	(62)	**21,642**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**21,704**	**21,704**	**(62)**	**21,642**
As at 31/03/2018	**2,675**	**(92,051)**	**67,537**	**(63)**	**(15,194)**	**216,018**	**59,227**	**238,149**	**1,198**	**239,347**

Table 31: Consolidated statement of changes in equity - cont.

In thousands of PLN	Share capital	Own shares	Share premium	Exchange differences on translation of foreign operations in consolidation	Reserve capital	Other capital	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 01/01/2017	**2,600**	**(57,594)**	**51,444**	**(131)**	**(50,951)**	**131,347**	**83,718**	**160,433**	**17,251**	**177,684**
Changes in equity in the period from 01/01 to 31/12/2017										
Issue of shares	75	0	0	0	0	11,243	0	**11,318**	0	11,318
Share buyback	0	(42,500)	0	0	(42,500)	42,500	0	**(42,500)**	0	(42,500)
Valuation of options (share-based payment programme)	0	0	9,142	0	0	0	0	**9,142**	0	9,142
Change in the structure of the Group (transactions with non-controlling interests)	0	0	0	0	0	0	(24,577)	**(24,577)**	2,276	(22,301)
Exchange differences from consolidation	0	0	0	470	0	0	0	**470**	19	489
Transfer of supplementary capital to reserve capital	0	0	0	0	42,500	(42,500)	0	**0**	0	0
Dividends	0	0	0	0	0	0	(356)	**(356)**	(307)	(663)
Transfer of net profit to capital	0	0	0	0	0	73,428	(73,428)	**0**	0	0
Total transactions with owners	**75**	**(42,500)**	**9,142**	**470**	**0**	**84,671**	**(98,361)**	**(46,503)**	**1,988**	**(44,515)**
Net profit (loss) for the period 01/01-31/12/2017	0	0	0	0	0	0	88,103	**88,103**	(1,395)	86,708
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**88,103**	**88,103**	**(1,395)**	**86,708**
As at 31/12/2017	**2,675**	**(100,094)**	**60,586**	**339**	**(50,951)**	**216,018**	**73,460**	**202,033**	**17,844**	**219,877**

Table 32: Consolidated statement of changes in equity - cont.

In thousands of PLN	Share capital	Own shares	Share premium	Exchange differences on translation of foreign operations in consolidation	Reserve capital	Other capital	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 01/01/2017	**2,600**	**(57,594)**	**51,444**	**(131)**	**(50,951)**	**131,347**	**83,718**	**160,433**	**17,251**	**177,684**
Changes in equity in the period from 01/01 to 31/03/2017 (Restated)										
Valuation of options (share-based payment programme)	0	0	1,714	0	0	0	0	**1,714**	0	**1,714**
Exchange differences from consolidation	0	0	0	87	0	0	0	**87**	(71)	16
Total transactions with owners	**0**	**0**	**1,714**	**87**	**0**	**0**	**0**	**1,801**	**(71)**	**1,730**
Net profit (loss) for the period 01/01-31/03/2017	0	0	0	0	0	0	14,093	**14,093**	(168)	**13,925**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**14,093**	**14,093**	**(168)**	**13,925**
Balance as at 31/03/2017	**2,600**	**(57,594)**	**53,158**	**(44)**	**(50,951)**	**131,347**	**97,811**	**176,327**	**17,012**	**193,339**

4.5. CONSOLIDATED STATEMENT OF CASH FLOWS

Table 33: Consolidated statement of cash flows

In thousands of PLN	Q1 2018	Q1 2017 Restated
Cash flows from operating activities		
Profit before tax	**27,821**	**17,602**
Total adjustments	17,300	9,582
Changes in working capital	2,352	12,914
Income tax paid	(6,255)	(14,454)
Net cash from operating activities	**41,218**	**25,644**
Cash flows from investment activities		
Expenditures on the acquisition of intangible assets	(4,366)	(1,520)
Expenditures on the acquisition of property, plant and equipment	(9,697)	(11,727)
Proceeds from the sale of property, plant, equipment	383	248
Net expenses on the acquisition of subsidiaries	(62,808)	(6,062)
Loans collected	2,326	972
Loans granted	(9,840)	(9,264)
Expenditure on the acquisition of other financial assets	0	(3,636)
Interest received	207	222
Net cash from investment activities	**(83,795)**	**(30,767)**
Cash flows from financing activities		
Proceeds from loans and borrowings	33,307	0
Repayment of borrowings	(8,220)	(575)
Lease payments	(1,961)	(2,857)
Interest paid	(2,002)	(410)
Net cash from financial activities	**21,124**	**(3,842)**
Net change in cash and cash equivalents	**(21,453)**	**(8,965)**
Cash and cash equivalents at beginning of period	52,458	65,196
Cash and cash equivalents at end of period	**31,005**	**56,231**

5. CONDENSED FINANCIAL STATEMENTS OF BENEFIT SYSTEMS S.A. PREPARED FOR THE 3 MONTHS ENDED 31ST MARCH, 2018

5.1. SELECTED FINANCIAL DATA FOR BENEFIT SYSTEMS S.A.

Table 34: Selected financial data of Benefit Systems S.A.

	Q1 2018 in thousands of PLN	Q1 2017 in thousands of PLN Restated	Q1 2018 in thousands of EUR	Q1 2017 in thousands of EUR Restated
Sales revenues	189,613	158,230	45,379	36,891
Operating profit	26,794	10,771	6,413	2,511
Profit before tax	31,427	14,140	7,521	3,297
Net profit from continuing operations	26,121	11,666	6,251	2,720
Net cash from operating activities	41,917	2,390	10,032	557
Net cash from investment activities	(50,131)	(23,969)	(11,998)	(5,588)
Net cash from financial activities	8,115	6,319	1,942	1,473
Net change in cash and cash equivalents	(99)	(15,260)	(24)	(3,558)
Weighted average number of ordinary shares	2,674,842	2,599,642	2,674,842	2,599,642
Diluted weighted average number of ordinary Shares	2,691,789	2,662,975	2,691,789	2,662,975
Earnings per ordinary share (in PLN/EUR)	9.77	4.49	2.34	1.05
Diluted earnings per ordinary share (in PLN/EUR)	9.70	4.38	2.32	1.02

	As at 31/03/2018 in thousands of PLN	As at 31/12/2017 in thousands of PLN	As at 31/03/2018 in thousands of EUR	As at 31/12/2017 in thousands of EUR
Non-current assets	546,602	487,100	129,880	116,785
Current assets	175,876	177,932	41,791	42,660
Total assets	722,478	665,032	171,671	159,446
Non-current liabilities	144,295	151,409	34,287	36,301
Current liabilities	258,713	235,268	61,474	56,407
Equity	319,470	278,355	75,911	66,737
Share capital	2,675	2,675	636	641
Number of ordinary shares	2,674,842	2,674,842	2,674,842	2,674,842
Book value per share (in PLN/EUR per share)	119.44	104.06	28.38	24.95

In the periods covered by the financial statements, the following average exchange rates for the zloty against the Euro, established by the National Bank of Poland, were adopted for the conversion of selected financial data:

- The rate applicable on the last day of the reporting period:

  - 31/03/2018: 4.2085 PLN/EUR,

  - 31/12/2017: 4.1709 PLN/EUR.

- The average exchange rate in the period, calculated as the arithmetic average of the rates prevailing on the last day of each month in the period:

  - 01/01 - 31/03/2018: 4.1784 PLN/EUR,

  - 01/01 - 31/03/2017: 4.2891 PLN/EUR.

The highest rate applicable in each period was as follows:

  - 01/01 - 31/03/2018: 4.2085 PLN/EUR,

  - 01/01 - 31/03/2017: 4.3308 PLN/EUR.

The lowest rate applicable in each period was as follows:

  - 01/01 - 31/03/2018: 4.1488 PLN/EUR,

  - 01/01 - 31/03/2017: 4.2198 PLN/EUR.

5.2. INCOME STATEMENT

Table 35: Statement of profit for Benefit Systems S.A.

In thousands of PLN	**Q1 2018**	**Q1 2017 Restated**
Continuing operations		
Sales revenues	**189,613**	**158,230**
Revenues from rendering services	189,613	158,230
Costs of sales	**(147,898)**	**(134,467)**
Cost of services rendered	(147,898)	(134,467)
Gross profit on sales	**41,715**	**23,763**
Selling expenses	(5,260)	(5,451)
General and administrative expenses	(9,388)	(7,519)
Other operating income	1,921	1,995
Other operating costs	(2,194)	(2,017)
Operating profit	**26,794**	**10,771**
Financial income	7,174	5,293
Financial expenses	(2,541)	(1,924)
Profit before tax	**31,427**	**14,140**
Income tax charge	5,306	2,474
Net profit from continuing operations	**26,121**	**11,666**
Discontinued operations		
Net profit from discontinued operations	0	0
Net profit	**26,121**	**11,666**

Table 36: Net income per ordinary share (PLN)

	31/03/2018	**31/03/2017**
From continuing operations		
- Basic	9.77	4.49
- Diluted	9.70	4.38
From continuing and discontinued operations		
- Basic	9.77	4.49
- Diluted	9.70	4.38

Table 37: Statement of other comprehensive income

In thousands of PLN	Q1 2018	Q1 2017 Restated
Net profit	**26,121**	**11,666**
Financial assets available for sale:	0	0
- Gains (losses) for the period in other comprehensive income	0	0
Income tax relating to components reclassified to profit and loss	0	0
Other comprehensive income after tax	0	0
Comprehensive income	**26,121**	**11,666**

5.3. STATEMENT OF FINANCIAL POSITION

Table 38: Statement of financial position of Benefit Systems S.A. - Assets

In thousands of PLN	As at 31/03/2018	As at 31/12/2017	As at 31/03/2017 Restated
Non-current assets			
Intangible assets	17,565	16,662	10,800
Property, plant and equipment	49,380	52,149	47,012
Investments in subsidiaries	109,524	109,525	107,221
Investments in associates	5,815	5,815	6,621
Long-term prepayments	220	0	0
Loans and receivables	345,913	292,037	186,481
Deferred tax assets	18,185	10,912	16,968
Total non-current assets	**546,602**	**487,100**	**375,103**
Current assets			
Inventories	63	63	12,039
Trade receivables and other receivables	64,622	54,938	58,535
Loans	99,191	101,273	47,320
Accruals	7,404	16,963	4,140
Cash and cash equivalents	4,596	4,695	17,221
Total current assets	**175,876**	**177,932**	**139,255**
Total assets	**722,478**	**665,032**	**514,358**

Table 39: Statement of financial position of Benefit Systems S.A. - Liabilities

In thousands of PLN	As at 31/03/2018	As at 31/12/2017	As at 31/03/2017 Restated
Equity			
Share capital	2,675	2,675	2,600
Own shares	(92,051)	(100,094)	(57,594)
Share premium	3,933	0	0
Reserve capital	9,906	9,906	9,906
Other capital	272,475	269,457	178,518
Retained earnings:	122,532	96,411	80,186
- Accumulated earnings (losses) for the previous reporting periods	96,411	(3,748)	68,520
- Net profit	26,121	100,159	11,666
Total equity	**319,470**	**278,355**	**213,616**
Liabilities			
Non-current liabilities			
Interest-bearing loans, borrowings and debt instruments	121,967	126,900	146,996
Finance leases	13,645	14,958	20,099
Provision for deferred income tax	8,683	9,551	7,851
Total non-current liabilities	**144,295**	**151,409**	**174,946**
Current liabilities			
Trade payables and other liabilities	12,035	13,712	32,771
Income tax payable	30,540	20,805	10,022
Interest-bearing loans, borrowings and debt instruments	113,715	108,749	6,040
Finance leases	6,407	6,705	6,441
Liabilities and provisions for employee benefits	5,997	10,159	3,549
Accruals	90,019	75,138	66,973
Total current liabilities	**258,713**	**235,268**	**125,796**
Total liabilities	**403,008**	**386,677**	**300,742**
Total equity and liabilities	**722,478**	**665,032**	**514,358**

5.4. STATEMENT OF CHANGES IN EQUITY

Table 40: Statement of changes in equity of Benefit Systems S.A.

In thousands of PLN	Share capital	Own shares	Share premium	Reserve capital	Other capital	Retained earnings	Total equity
As at 01/01/2018	**2,675**	**(100,094)**	**0**	**9,906**	**269,457**	**96,411**	**278,355**
Equity in the period from 01/01 to 31/03/2018							
Valuation of options (share-based payment programme)	0	0	0	0	3,018	0	**3,018**
Sale of own shares	0	8,043	0	0	0	0	**8,043**
Surplus from sale of own shares	0		3,933	0	0	0	**3,933**
Total transactions with owners	**0**	**8,043**	**3,933**	**0**	**3,018**	**0**	**14,994**
Net profit for the period from 01/01 to 31/03/2018	0	0	0	0	0	26,121	26,121
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**26,121**	**26,121**
As at 31/03/2018	**2,675**	**(92,051)**	**3,933**	**9,906**	**272,475**	**122,532**	**319,470**

Table 41: Statement of changes in equity of Benefit Systems S.A. - cont.

In thousands of PLN	Share capital	Own shares	Reserve capital	Other capital	Retained earnings	Total equity
Balance as at 01/01/2017	**2,600**	**(57,594)**	**9,906**	**176,804**	**68,520**	**200,236**
Changes in equity in the period from 01/01 to 31/12/2017 (Restated)						
Issue of shares	75	0	0	11,243	0	**11,318**
Share buyback	0	(42,500)	(42,500)	42,500	0	**(42,500)**
Valuation of options (share-based payment programme)	0	0	0	9,142	0	**9,142**
Reposting of capital	0	0	42,500	(42,500)	0	**0**
Transfer of net profit to capital	0	0	0	72,268	(72,268)	**0**
Total transactions with owners	**75**	**(42,500)**	**0**	**92,653**	**(72,268)**	**(22,040)**
Net profit for the period from 01/01 to 31/12/2017	0	0	0	0	100,159	**100,159**
Total comprehensive income	**0**	**0**	**0**	**0**	**100,159**	**100,159**
As at 31/12/2017	**2,675**	**(100,094)**	**9,906**	**269,457**	**96,411**	**278,355**

Table 42: Statement of changes in equity of Benefit Systems S.A. - cont.

In thousands of PLN	Share capital	Own shares	Reserve capital	Other capital	Retained earnings	Total equity
Balance as at 01/01/2017	**2,600**	**(57,594)**	**9,906**	**176,804**	**68,520**	**200,236**
Changes in equity in the period from 01/01 to 31/03/2017 (Restated)						
Valuation of options (share-based payment programme)	0	0	0	1,714	0	**1,714**
Total transactions with owners	**0**	**0**	**0**	**1,714**	**0**	**1,714**
Net profit for the period 01/01 to 31/03/2017	0	0	0	0	11,666	**11,666**
Total comprehensive income	**0**	**0**	**0**	**0**	**11,666**	**11,666**
Balance as at 31/03/2017	**2,600**	**(57,594)**	**9,906**	**178,518**	**80,186**	**213,616**

5.5. STATEMENT OF CASH FLOWS

Table 43: Cash flows for Benefit Systems S.A.

In thousands of PLN	Q1 2018	Q1 2017 Restated
Cash flows from operating activities		
Profit before tax	**31,427**	**14,140**
Total adjustments	**2,429**	**1,259**
Changes in working capital	11,774	624
Income tax paid	(3,713)	(13,633)
Net cash from operating activities	**41,917**	**2,390**
Cash flows from investment activities		
Expenditures on the acquisition of intangible assets	(1,673)	(1,090)
Expenditures on the acquisition of property, plant and equipment	(727)	(153)
Proceeds from the sale of property, plant, equipment	91	150
Net expenses on the acquisition of subsidiaries	(1,933)	(2,638)
Loans collected	38,543	1,025
Loans granted	(87,350)	(26,883)
Interest received	218	909
Dividends received	2,700	4,711
Net cash from investment activities	**(50,131)**	**(23,969)**
Cash flows from financing activities		
Proceeds from the sale of own shares	11,975	0
Proceeds from loans and borrowings	7,500	8,000
Repayment of borrowings	(7,798)	0
Lease payments	(1,610)	(1,381)
Interest paid	(1,952)	(300)
Net cash from financial activities	**8,115**	**6,319**
Net change in cash and cash equivalents	**(99)**	**(15,260)**
Cash and cash equivalents at beginning of period	4,695	32,481
Cash and cash equivalents at end of period	**4,596**	**17,221**

APPROVAL FOR PUBLICATION

The consolidated interim report of Benefit Systems Group prepared for the 3 month period ending 31st March, 2018 (with comparative data) was approved for publication by the Parent Company's Management Board on 25th April, 2018.

Date	Forename and surname	Position	Signature
25th April, 2018	Grzegorz Haftarczyk	Member of the Management Board	
25th April, 2018	Arkadiusz Hanszke	Member of the Management Board	
25th April, 2018	Adam Radzki	Member of the Management Board	
25th April, 2018	Emilia Rogalewicz	Member of the Management Board	
25th April, 2018	Izabela Walczewska-Schneyder	Member of the Management Board	