



Financial Results of Benefit Systems Group for 1-3Q 2019

12 November 2019

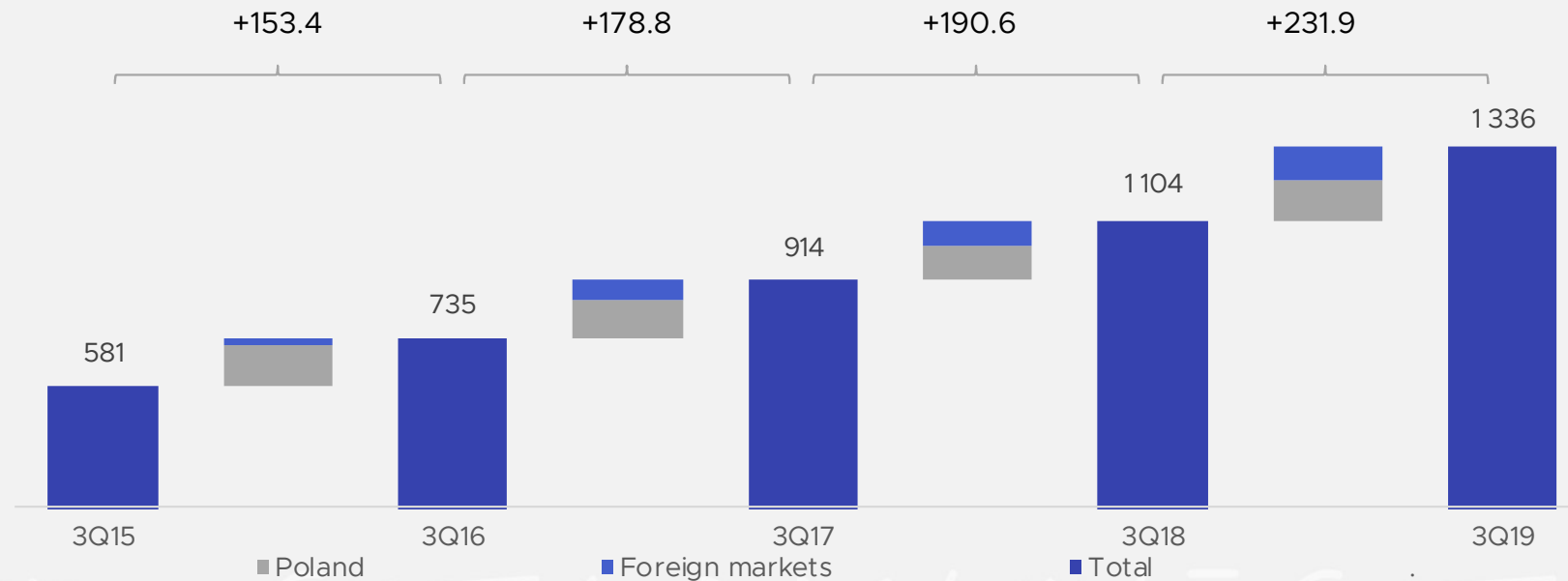


3Q19: summary/key events

- Growth in the number of cards at +21% yoy in the capital group (+232 thousand yoy)

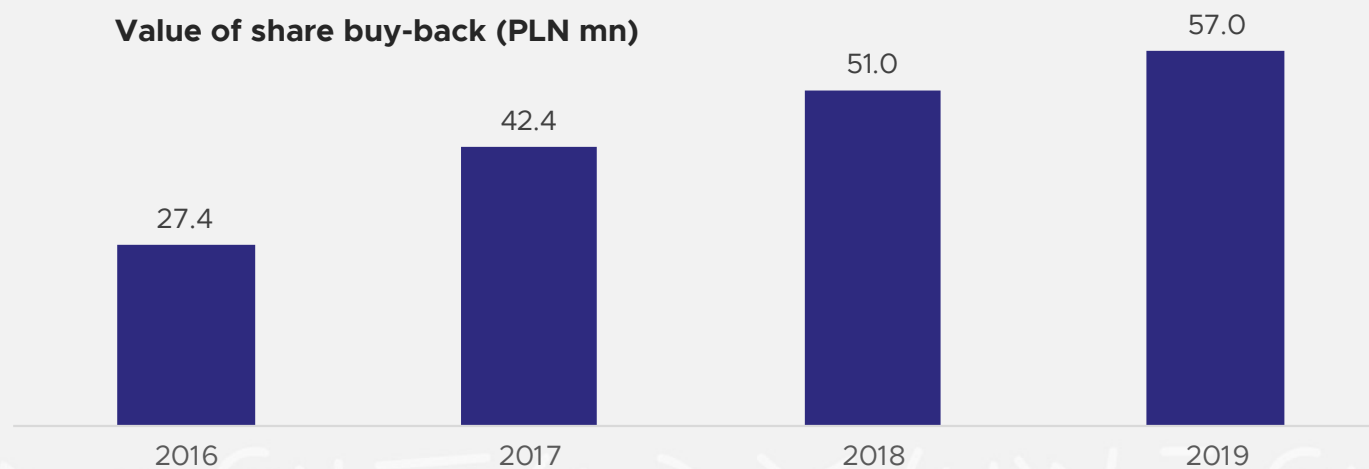
Poland: +14% yoy; (+129 thousand yoy) - successful summer campaign

Foreign markets: +55% yoy; (+ 103 thousand yoy) - continuation of strong momentum



3Q19: summary/key events

- 6 new clubs in Poland; no openings on the foreign markets
- Continuation of optimization activities in fitness clubs
- New Management Board member – Bartosz Józefiak (CFO)
- Conclusion of reorganization of group structure (November 2019)
- Share buy-back (dividend) of PLN 57mn concluded in September



3Q19 EBITDA (excl. IFRS 16) at +48% yoy

| (PLN mn) | 3Q18 | 3Q19 | yoy | 9M18 | 9M19 | yoy |
|-------------------------------|-------------|-------------|------------|--------------|--------------|------------|
| Sales | 298.1 | 380.2 | 28% | 880.0 | 1115.7 | 27% |
| Gross profit on sales | 84.8 | 110.3 | 30% | 240.2 | 294.0 | 22% |
| EBITDA | 49.4 | 105.2 | 113% | 133.7 | 266.8 | 99% |
| EBITDA (excl. IFRS16) | 49.4 | 72.9 | 48% | 133.7 | 170.7 | 28% |
| EBIT | 38.3 | 55.9 | 46% | 102.9 | 125.7 | 22% |
| EBIT (excl. IFRS16) | 38.3 | 52.3 | 36% | 102.9 | 117.0 | 14% |
| Pre-tax profit | 35.5 | 38.2 | 8% | 97.9 | 109.1 | 11% |
| Pre-tax profit (excl. IFRS16) | 35.5 | 40.4 | 14% | 97.9 | 116.2 | 19% |
| Net profit* | 27.8 | 26.8 | -3% | 73.8 | 83.0 | 13% |

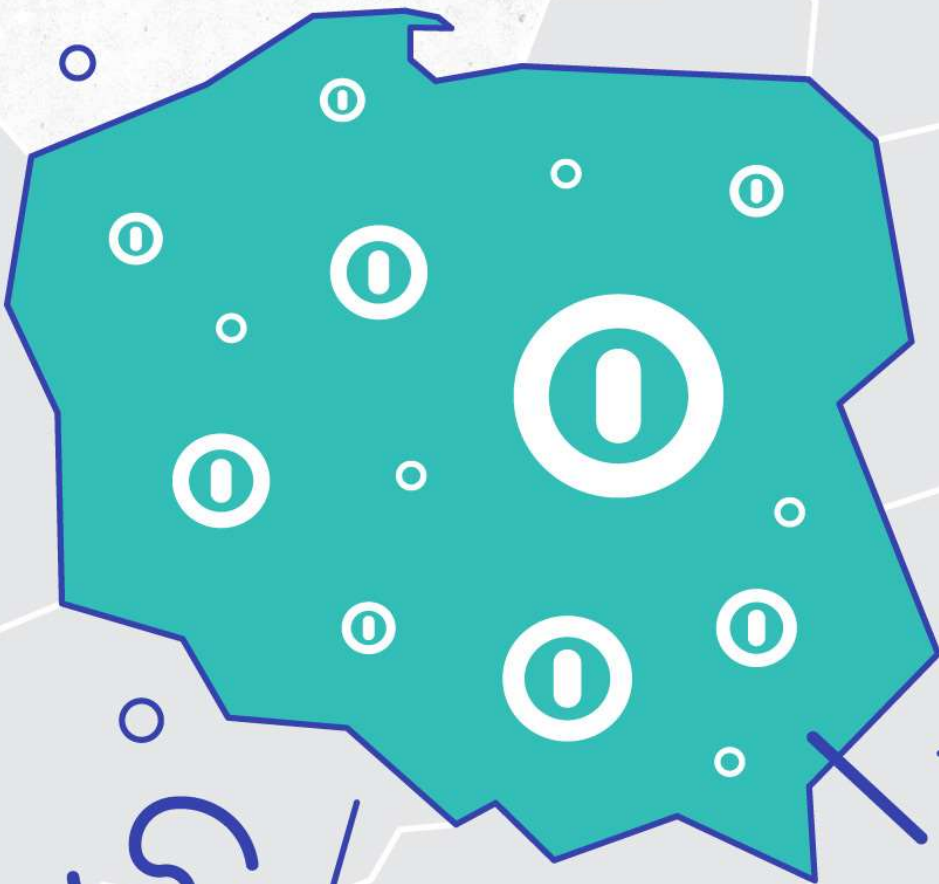
- Growth in sales driven by higher number of cards (+21% yoy), new openings (+18 clubs vs. 3Q18) and M&As closed in 2018.
- Poland: revenue growth in clubs opened in 2018; cost savings, lower cost of summer campaign.
- Foreign markets: positive EBIT in seasonally strong 3Q (cards), cost optimization in clubs.
- Other factors:
 - Lower cost of Incentive Programme (0.3mn in 3Q19 vs. 3.1mn in 3Q18)
 - FX differences [IFRS16] (-13.2mn in 3Q19)
 - Consolidation of Benefit Partners

* Net income attributable to equity holders of the Parent Company

Segments: 3Q19

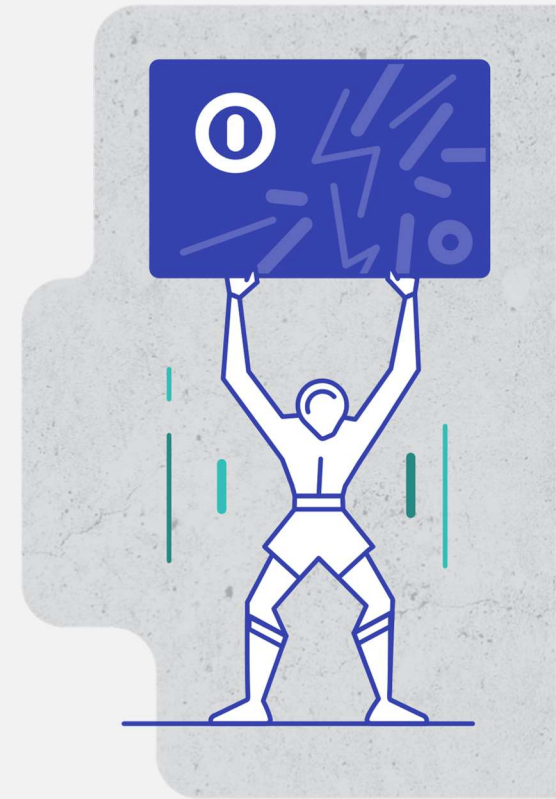
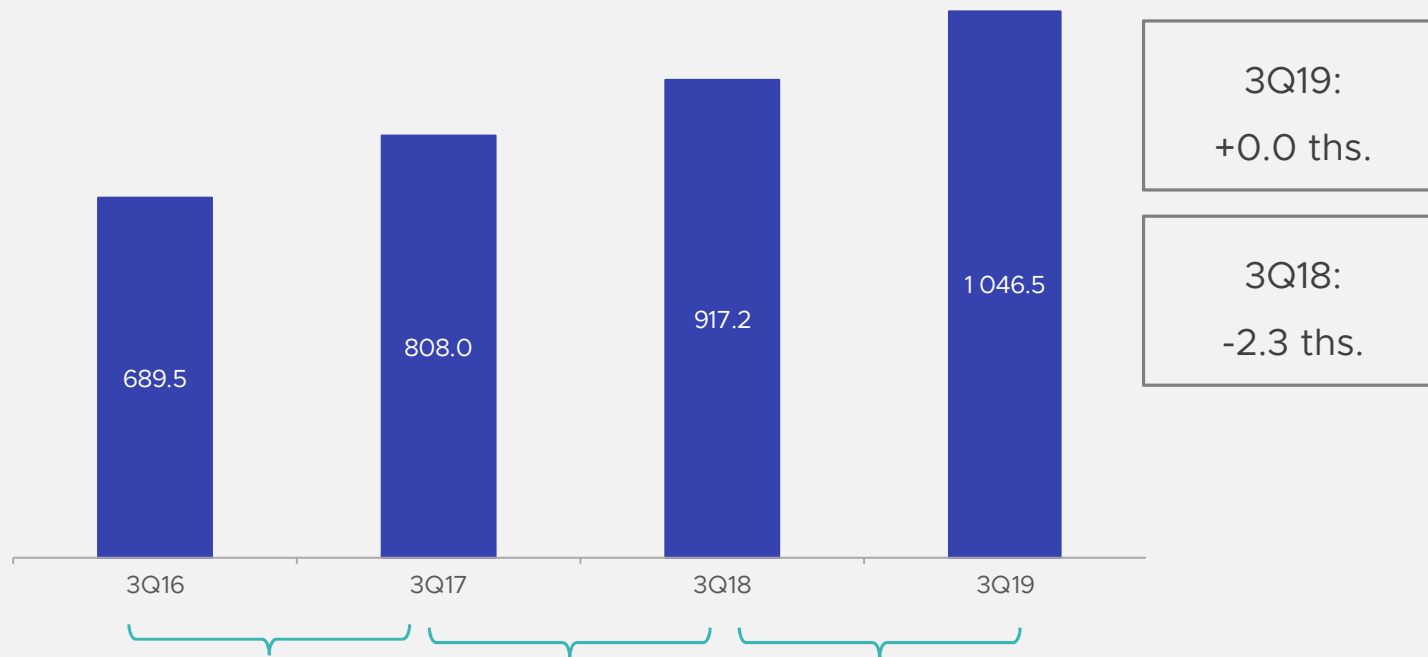
| EBITDA (PLN mn) | 3Q18 | 3Q19 | yoY | 3Q19 excl. IFRS16 | yoY | |
|---------------------|-------------|--------------|-------------|----------------------|------------|---|
| Poland | 49.0 | 94.2 | 92% | 65.7 | 34% | (+) growth in scale, sales improvement in clubs opened in 2018, lower cost of summer campaign |
| Foreign markets | 0.5 | 8.3 | n.m. | 2.1 | - | (+) good results of the Czech Republic, Bulgaria and Slovakia |
| Cafeterias | 2.7 | 2.8 | 4% | 2.4 | -12% | (-) more FTE's; increase in D&A |
| Other | -2.9 | -0.2 | - | 2.7 | - | (+) lower cost of Incentive Programme |
| Group EBITDA | 49.4 | 105.2 | 113% | 72.9 | 48% | |

Segment Poland



Sport cards in Poland: number of cards at +14% yoy in 3Q19

Number of cards (ths.)



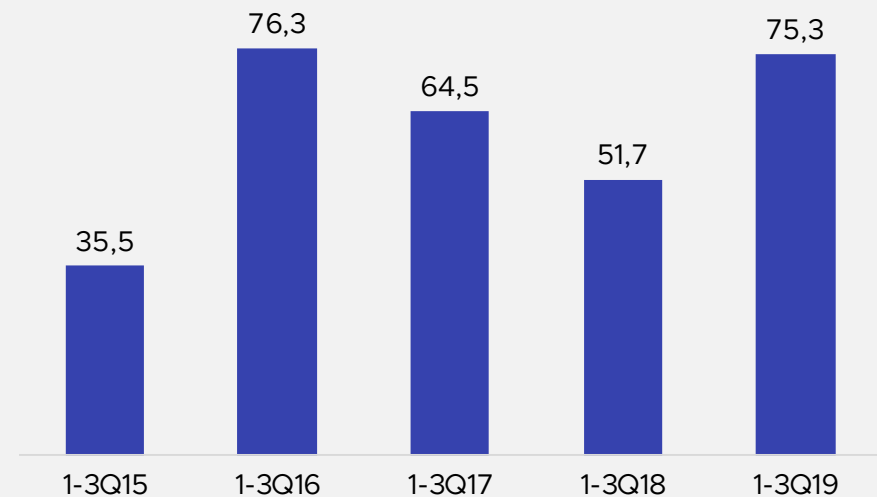
| Growth yoy | +118.5 | +109.3 | +129.3 |
|------------|--------|--------|--------|
|------------|--------|--------|--------|

Sport cards: +14% yoy in 3Q19

Growth in cards in 3Q19 supported by:

- Filling vacancies in sales teams (around 2018-end)
- Change in bonus system for sales teams
- Effective summer campaign (Summer MultiSport Game)
 - Costs: 3.0mn vs. 5.0mn w 3Q18
 - 30% more participants
- Long-term factors:
 - Supportive labour market environment
 - Continuous increase in the number of partner facilities, new activities, additional services
 - Strong social trends of physical activity and healthy lifestyle.

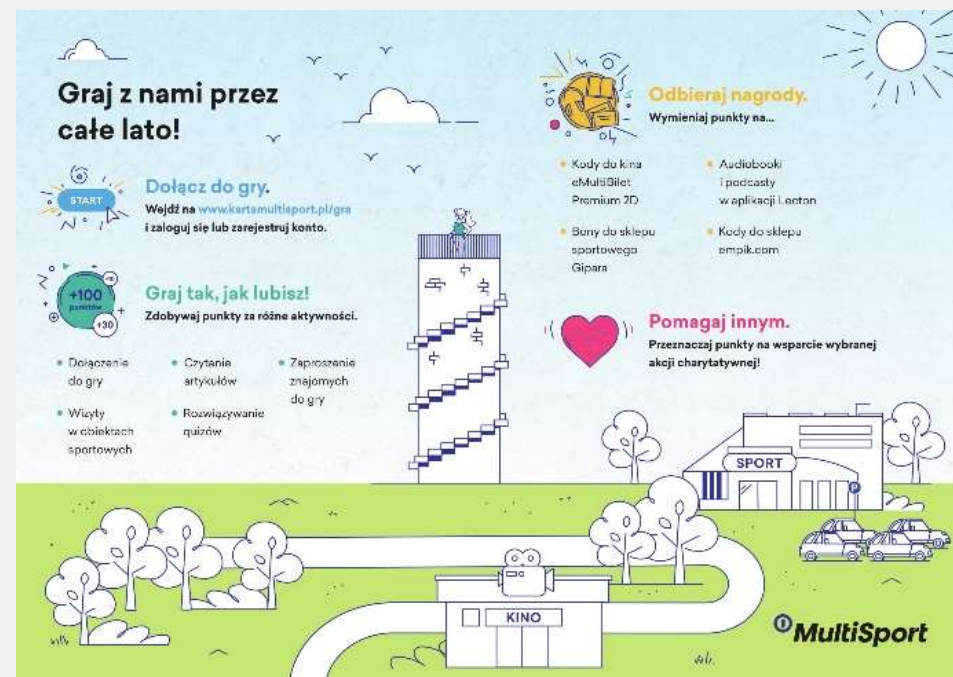
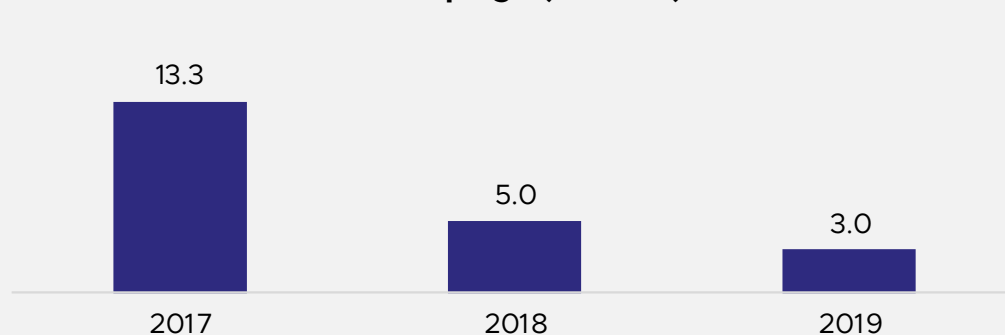
Number of net additions in 1-3Q (ths.)



Summer MultiSport Game 2019 – higher effectiveness, lower cost

- Number of cards in Poland on a comparable level qoq
- 30% more participants vs. 2018
- Lower costs yoy (3.0mn vs. 5.0mn in 3Q18)
- Most popular activities of MultiSport summer offer:
 - Rope parks, trampoline parks, open swimming pools, table tennis, tennis.

Cost of summer campaign (PLN mn)



Additional projects supporting sales



VETURILO:

800-900 ths. rentals of city bikes with MultiSport cards annually, 150 ths. registered users.



FIT BOXY:

Discounts for healthy meals with MultiSport card; attractive for „Light Users”.



ZDROWIE NA ETACIE:

Fitness sessions with MultiSport fitness instructors held in the offices of largest clients.



MOBILE APP:

MultiSport card in a mobile app.

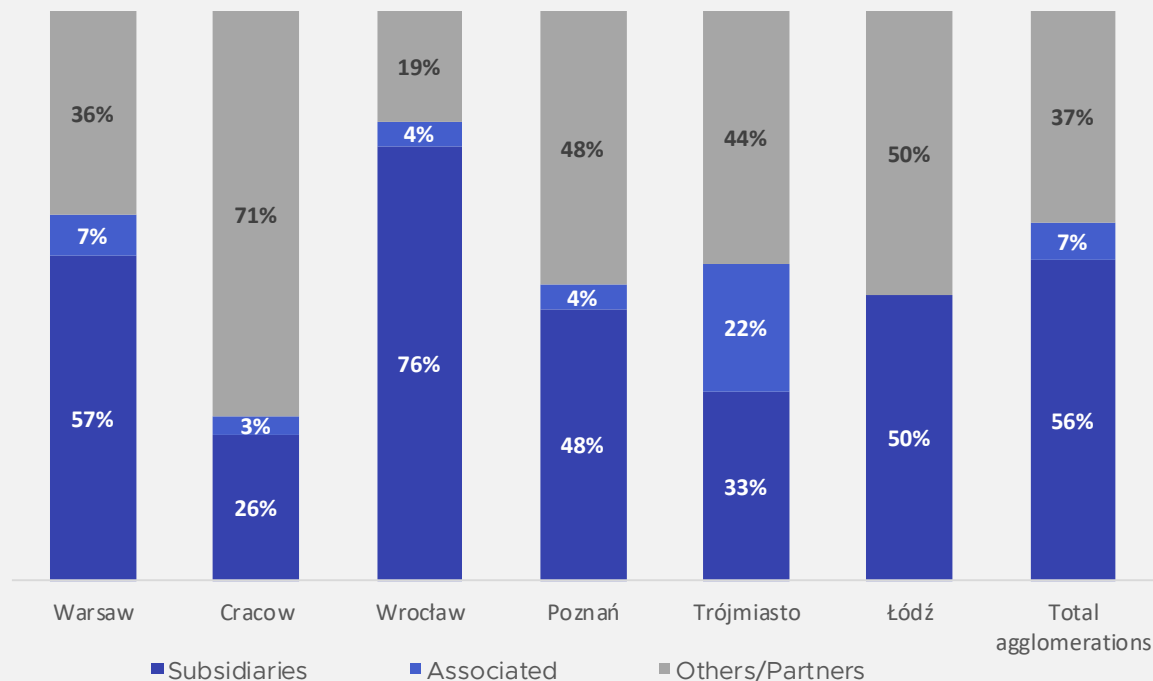


MULTISPORT USER PLATFORM:

Online diets, e-books, seasonal offers, other offers.

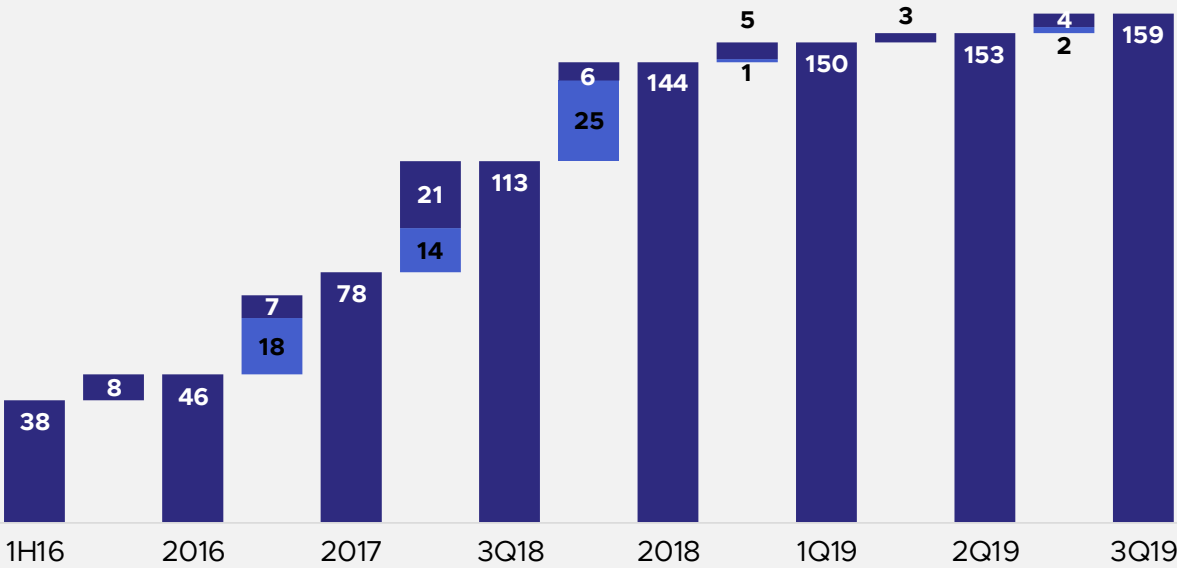
Strategic importance of investing in fitness clubs

% of visits of MultiSport users in investment and partner clubs in 9M19

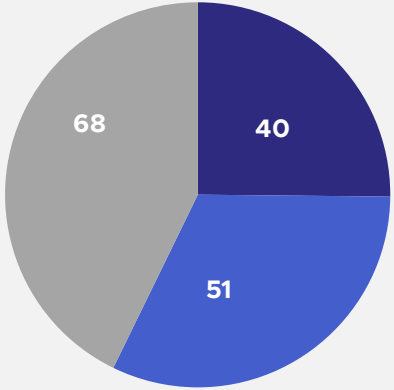


- Own clubs in the largest agglomerations are a source of competitive advantage
- Over 50% of MultiSport visits (9M19) in fitness clubs in biggest cities were executed in own clubs.
- Activity of Poles' is focused mainly on fitness clubs, where 2/3 of all MultiSport users' visits are executed.

Expansion of fitness clubs – fully consolidated subsidiaries



■ Total number of clubs (subsidiaries) ■ M&As ■ Openings



■ Clubs opened in the last 24 months
 ■ Clubs taken over in the last 24 months
 ■ Other

* Clubs acquired in 2018 include Tiger Gyms clubs (operational management of which was taken over in 2018) and 3 clubs acquired from Platinum in 2019.

Poland: optimisation activities since April 2019

| B2C sales | Human Resources | Investments and costs |
|--|--|---|
| <p>The launch and the growth of on-line sales from all the networks</p> <p>The launch of new customer retention processes (Churn, CRM) <the launch of marketing automation programme></p> <p>The launch of new cross-sell processes</p> <p>The launch of new subscription models</p> | <p>New management structure</p> <p>New performance-based incentive system</p> <p>Following completion of the merger, the launch of centralised functions for all the networks (purchasing, administration, back office and others) departments</p> | <p>We have entered into rent negotiation process</p> <p>Introduction of a central purchasing procedure (in particular, fitness equipment, utilities, merchandize in clubs)</p> <p>More effective investment process. More emphasis on the analysis of B2C revenues of clubs. More restrictive criteria for choice of locations.</p> <p>Launch of remedial programmes at clubs with the least potential. Verification of progress over six months.</p> |

Poland: revenues +20% yoy in 3Q19

| (PLN mn) | 3Q18 | 3Q19 | yoy | 9M18 | 9M19 | yoy |
|-----------------|--------------|--------------|------------|--------------|--------------|------------|
| Poland | 235.6 | 282.6 | 20% | 711.8 | 862.7 | 21% |
| Cards | 207.8 | 238.8 | 15% | 624.8 | 717.1 | 15% |
| Clubs | 59.7 | 90.1 | 51% | 177.1 | 280.7 | 59% |
| Eliminations | -31.9 | -46.3 | n.m. | -90.1 | -135.0 | n.m. |
| Number of cards | 917.2 | 1046.5 | 14% | | | |
| Number of clubs | 113.0 | 159.0 | 39% | | | |

Growth in revenues in 3Q19:

- Driven by growth in the number of cards (+14% yoy); slightly higher ARPU yoy (favorable client mix, ongoing renegotiations of low-margin contracts)
- Higher scope of consolidation: Calypso (14 clubs), FitFabric (11), Platinum (3).
- Improvement in sales of clubs opened in 2018
- 18 new clubs opened in the last 4 quarters

Polska: EBITDA (bez MSSF 16) w 3Q19 + 34% rdr

| (PLN mn) | 3Q18 | 3Q19 | yoy | 9M18 | 9M19 | yoy |
|----------------------------|-------------|-------------|------------|--------------|--------------|------------|
| Revenues | 235.6 | 282.6 | 20% | 711.8 | 862.7 | 21% |
| Gross profit on sales | 67.0 | 83.7 | 25% | 198.3 | 236.3 | 19% |
| Margin on sales | 28.4% | 29.6% | +1.2 p.p. | 27.9% | 27.4% | -0.5 p.p. |
| SG&As | -24.7 | -30.3 | 23% | -75.4 | -96.2 | 28% |
| EBITDA | 49.0 | 94.2 | 92% | 145.2 | 252.8 | 74% |
| EBITDA excl. IFRS16 | 49.0 | 65.7 | 34% | 145.2 | 172.1 | 19% |
| EBIT | 40.7 | 51.5 | 26% | 120.8 | 132.3 | 10% |
| EBIT excl. IFRS16 | 40.7 | 48.3 | 19% | 120.8 | 125.3 | 4% |

Gross margin in 3Q19:

- Slightly higher activity of cards users [Sunday trading ban impact (among others)] offset by higher ARPU.
- Lower cost (by 2mn yoy) of summer campaign
- Limited impact on earnings related to maintenance closures of clubs (Calypso)
- Improvement of sales in clubs openend in 2018

Higher SG&As in 3Q19:

- Driven by growing scale of operations

Other factors:

- Consolidation of Benefit Partners



Segment Cafeterias

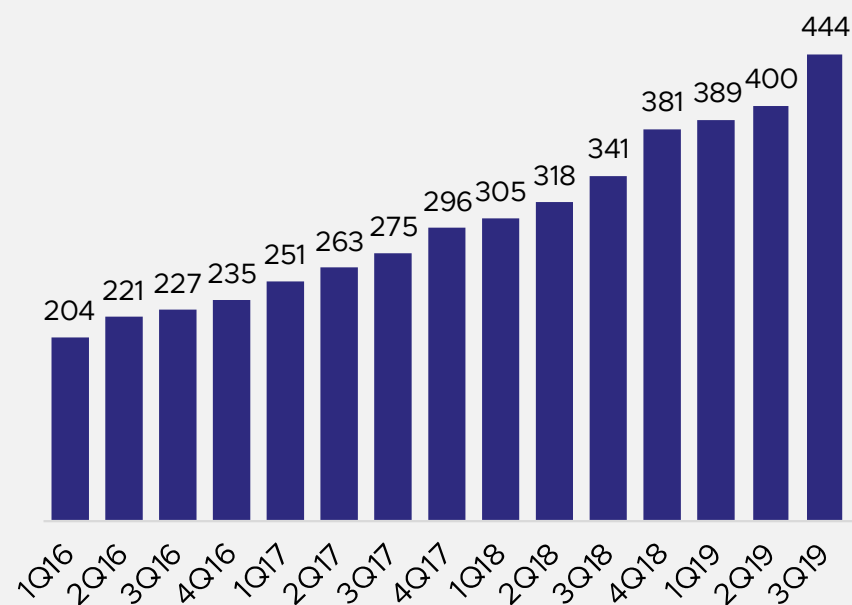
Cafeterias: growth in the scale of operations is the key goal

| (PLN mn) | 3Q18 | 3Q19 | yoy | 9M18 | 9M19 | yoy |
|------------------------|------------|------------|-------------|------------|------------|-------------|
| Number of users (ths.) | 341.3 | 444.3 | 30% | 341.3 | 444.3 | 30% |
| Turnover | 74.7 | 93.3 | 25% | 199.4 | 248.5 | 25% |
| Revenues | 11.7 | 13.9 | 18% | 30.2 | 32.4 | 7% |
| Gross profit on sales | 5.2 | 5.8 | 11% | 11.8 | 10.4 | -12% |
| Margin on sales | 44.3% | 41.6% | -3 p.p. | 39.2% | 32.2% | -7 p.p. |
| SG&As | -2.9 | -3.9 | 33% | -8.2 | -9.1 | 10% |
| EBITDA | 2.7 | 2.8 | 4% | 4.8 | 4.2 | -12% |
| EBIT | 2.3 | 1.7 | -23% | 3.5 | 1.2 | -66% |

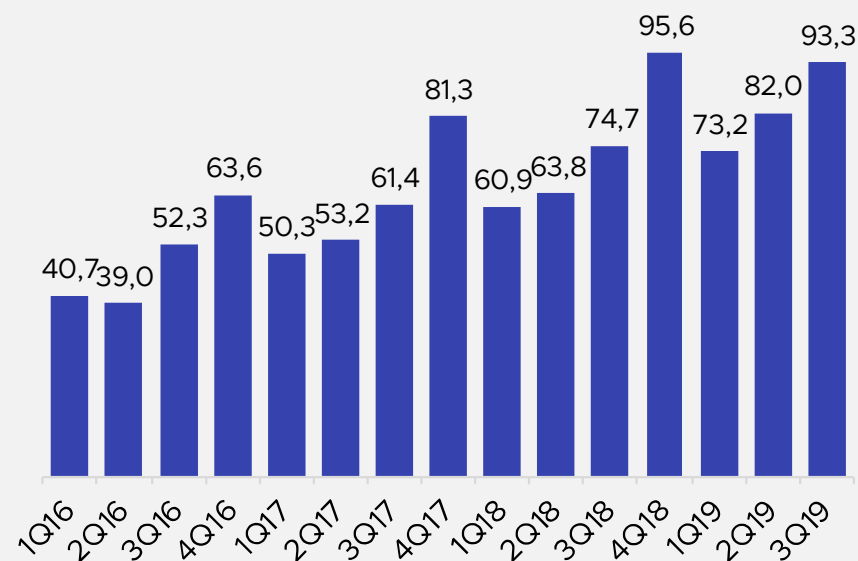
- Focus on growing number of users and investments in future growth:
 - higher level of employment
 - higher D&A (IT-related capex)
- Lower gross margin: higher proportion of low-margin categories
- Growth in selling costs (sales teams, marketing, customer service), slightly lower G&A
- Small impact of IFRS 16

Cafeterias: growing turnover and number of users

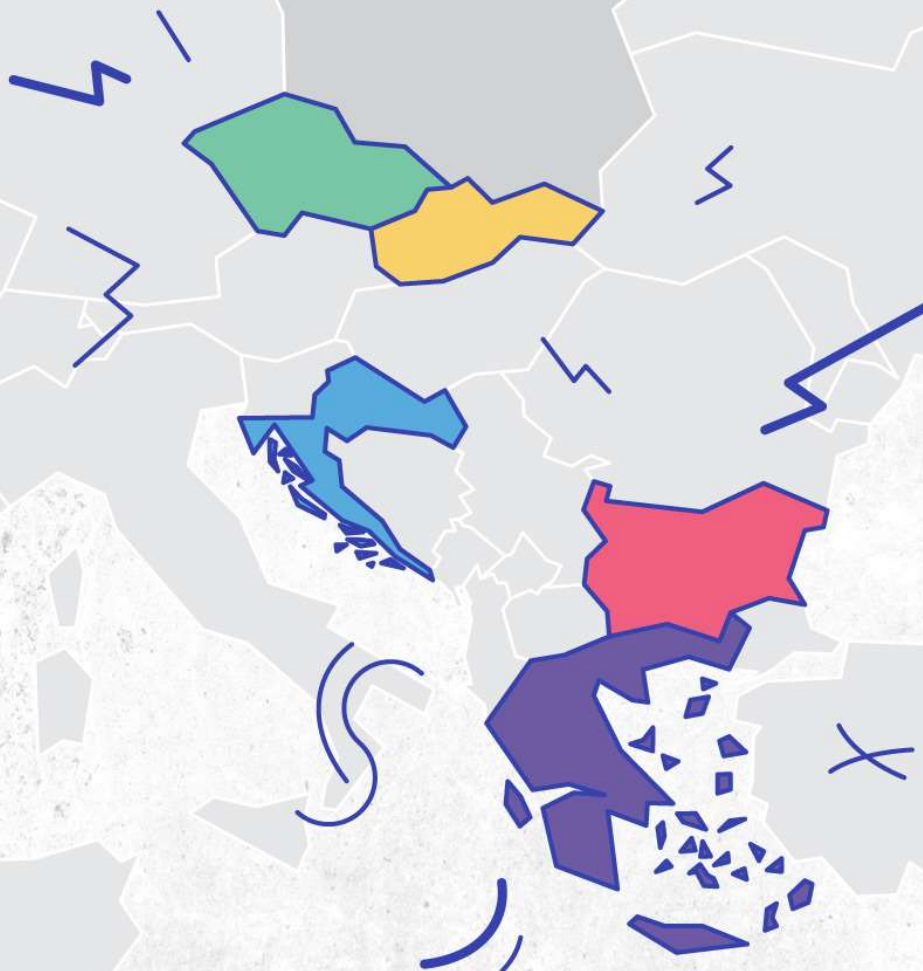
Cafeterias: number of users (ths.)



Cafeterias: turnover (PLN mn)

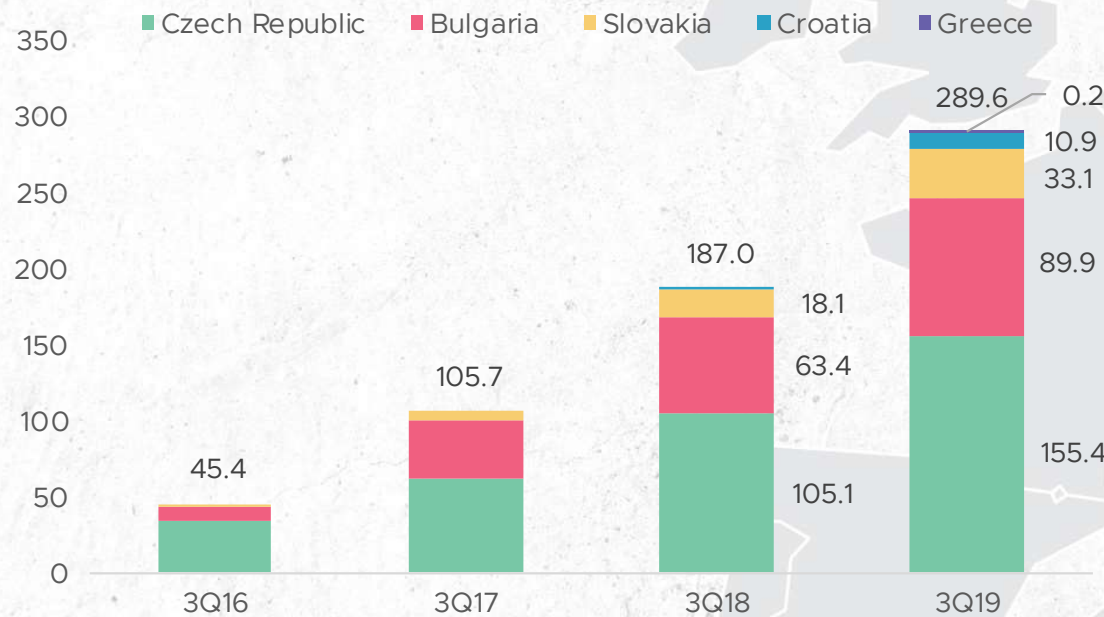


Segment Foreign



Number of sport cards – foreign markets

| Number of clubs | 2Q19 | 3Q19 |
|-----------------|-----------|-----------|
| Czech Republic | 15 | 15 |
| Bulgaria | 8 | 8 |
| Total | 23 | 23 |



Growth yoy

| | | |
|-------|-------|--------|
| +60.3 | +81.4 | +102.6 |
|-------|-------|--------|

Foreign segment: revenues +48% yoy

| (PLN mn) | 3Q18 | 3Q19 | yoy | 9M18 | 9M19 | yoy |
|------------------------|-------------|-------------|------------|--------------|--------------|------------|
| Foreign segment | 55.0 | 81.4 | 48% | 148.0 | 232.4 | 57% |
| Cards | 45.4 | 72.9 | 61% | 124.0 | 205.7 | 66% |
| Clubs | 11.9 | 14.2 | 19% | 30.6 | 43.6 | 42% |
| Eliminations | -2.3 | -5.7 | n.m. | -6.6 | -16.8 | n.m. |
| Number of cards | 187.0 | 289.6 | 55% | | | |
| Number of clubs | 17 | 23 | 35% | | | |

Revenue growth in 3Q19:

- Increase in the number of active sport cards (+55% yoy)
- 6 new clubs opened during the last 4 quarters (Bulgaria)

Foreign segment: positive EBIT in 3Q19

| (PLN mn) | 3Q18 | 3Q19 | yoy | 9M18 | 9M19 | yoy |
|-------------------------------|-------------|------------|-----------|--------------|--------------|-----------|
| Revenues | 55.0 | 81.4 | 48% | 148.0 | 232.4 | 57% |
| Gross profit on sales | 12.0 | 20.4 | 70% | 25.7 | 42.9 | 67% |
| Margin on sales | 21.8% | 25.0% | +3.2 p.p. | 17.3% | 18.5% | +1.1 p.p. |
| SG&As | -14.0 | -19.0 | 36% | -38.0 | -52.5 | 38% |
| EBITDA | 0.5 | 8.3 | - | -7.0 | 10.6 | - |
| EBITDA (excl. IFRS 16) | 0.5 | 2.1 | - | -7.0 | -5.8 | - |
| EBIT | -1.7 | 1.5 | - | -11.7 | -9.8 | - |
| EBIT (excl. IFRS 16) | -1.7 | 0.6 | - | -11.7 | -11.5 | - |

- Slightly higher level of activity of cards users in Czech Republic and Slovakia.
- Improving cost efficiency of clubs.
- Growth in SG&As:
 - Costs of business development on new markets
 - Scaling up of sales (mainly in the Czech Republic)
 - Headquarters costs (Benefit Systems International, Fit Invest International)

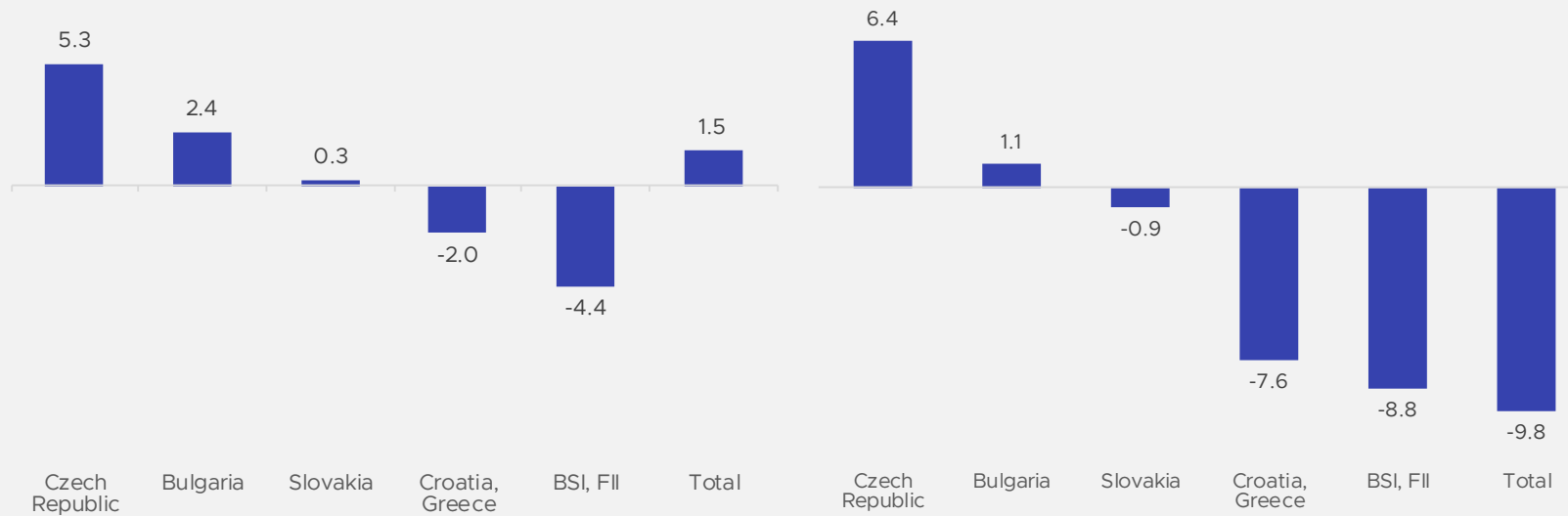
Foreign segment results in 3Q19 and 9M19

Major investments/costs in 2019/2020:

- Costs incurred on two new markets
- Management Team (Benefit Systems International + Fit Invest International)
- Investments in fitness clubs

3Q19: EBIT (PLN mn)

9M19: EBIT (PLN mn)

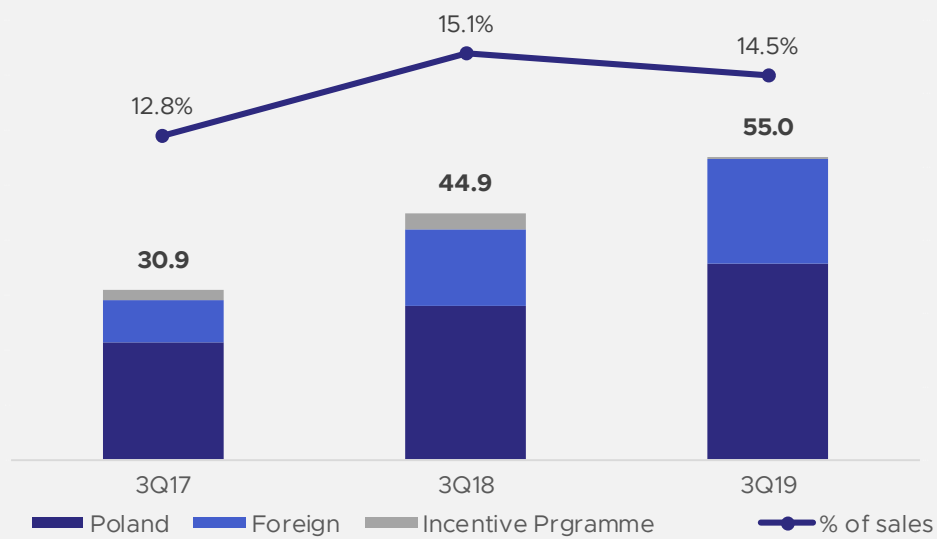


Financial results

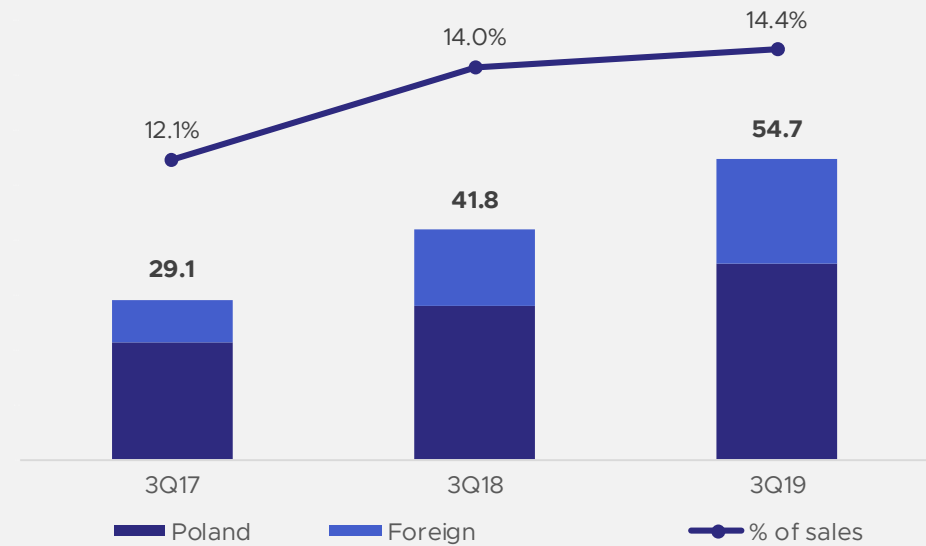


Selling, General & Administrative expenses

SG&As (PLN mn)



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



*Poland incl. Cafeterias

Stable operating cash flows

| CASH FLOWS (PLN mn) | 9M18 | 9M19 | 3Q18 | 3Q19 |
|--|--------------|--------------|-------|-------|
| Operating cash flow | 108.2 | 261.6 | 30.7 | 113.6 |
| Investing cash flow | -191.4 | -110.0 | -22.8 | -35.8 |
| Financing cash flow | 214.2 | -161.9 | -56.6 | -79.0 |
| Change in cash and cash equivalents | 130.9 | -10.3 | -48.6 | -1.2 |
| Cash and cash equivalents (eop) | 183.4 | 65.5 | | |
| Net debt/(net cash) | 13.7 | 137.4 | | |

Operating cash flow in 3Q19:

- Positive IFRS 16 impact (+30mn)
- Change in net working capital (+16mn)

Investing cash flow in 3Q19:

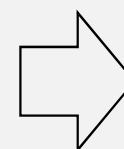
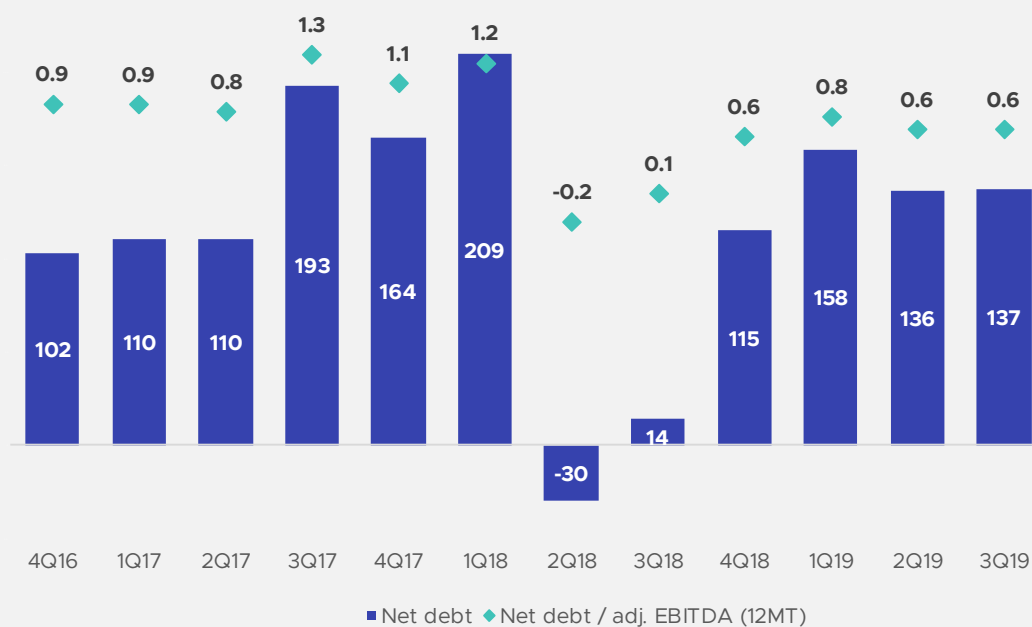
- Acquisition of 2 clubs (remainder of Platinum transaction) (11mn)
- New clubs, maintenance, other PPE (19mn)
- Intangibles (6mn)

Financing cash flow in 3Q19:

- Share buy-back (57mn)

Net debt = bank loans, borrowings, current and non-current leases minus cash (not including IFRS 16 liabilities)

Net debt / adj. EBITDA* below 1.0x



- Long-term debt:
 - Bank loans: PLN 86mn
 - Bonds (B. Partners): PLN 26mn
- Short-term debt:
 - Bank loans : PLN 85mn
 - Bonds (B. Partners): PLN 6mn
- Cash and equivalents: PLN 66mn

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



Outlook

OUTLOOK | Upcoming events

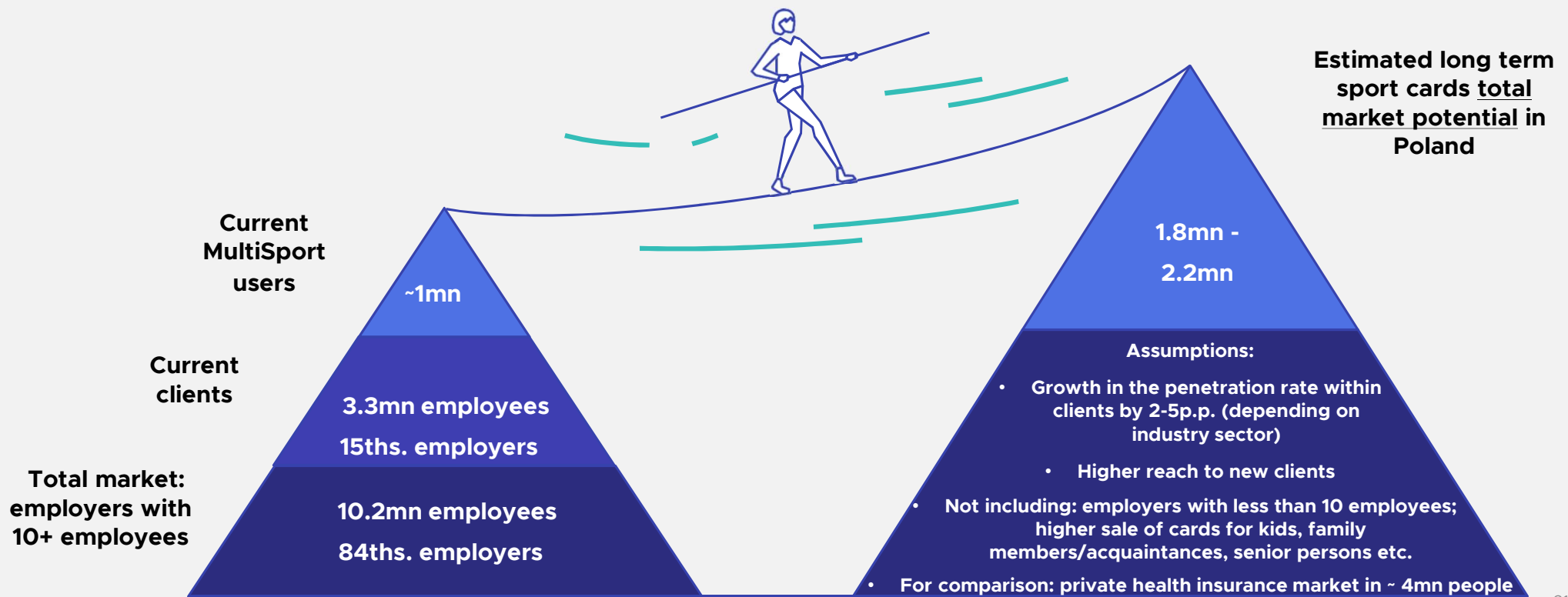
- Update of financial forecasts for 2019:
 - Consolidated operating profit (EBIT): 145 mln - 155 mln
 - Consolidated operating profit (EBIT) excl. IFRS 16: 130 mln - 140 mln
- Main drivers of higher forecasts:
 - Higher number of sport cards in Poland; lower costs of summer campaign
 - Postponing of some of the club openings (Poland and Foreign markets)
 - Cost optimization initiatives in clubs (Poland and Foreign markets)
 - Loss of acquired Calypso clubs slightly lower than initially expected
- 2020: expected continuation of stable growth in profits:
 - Poland: improvement in B2C sales in clubs, cost optimization programme and stable growth in card volumes,
 - Foreign markets: growth in the sale of business in the Czech Republic, Bulgaria and Slovakia, improvement in B2C sales in clubs
- Fitness clubs openings:
 - Poland: 5-6 new openings in 4Q19 r.; 7-10 openings in 2020
 - Foreign markets: 1 new club planned in 4Q19 r.; ca. 10 openings in 2020
- Deadline for the end of antimonopoly proceedings postponed to February 2020





Appendix

Poland: we estimate total market potential at 1.8 – 2.2mn cards



Long term factors supporting growth in sport cards sales

Active and healthy lifestyle trends:

- Increasing awareness of employers of how physical activity positively affects employees
- At present, ca. 21mn of Poles (64%) is estimated to be physically active (MultiSport Index 2019)

Change in positioning of MultiSport brand

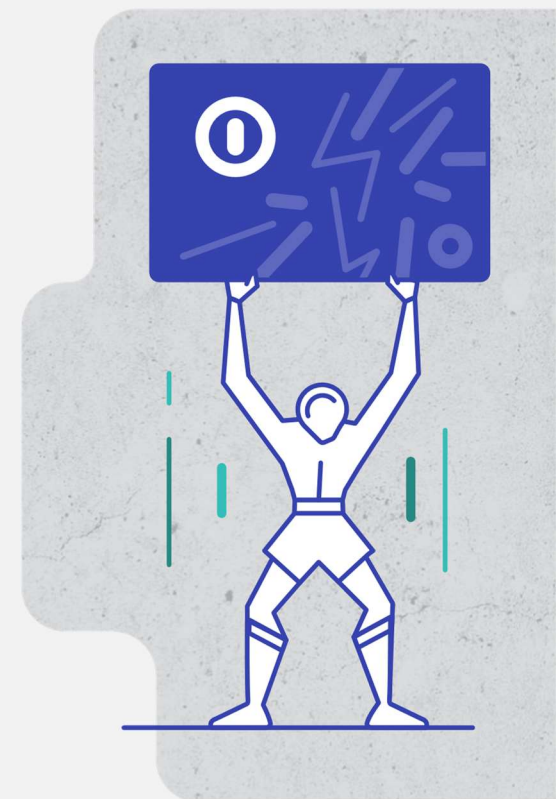
- From an employee benefit for large, affluent corporations to a product adequate for broad range of employees and for most of industry sectors

Supportive macro environment / labour market trends:

- Low unemployment rate (5.1% in October 2019)
- Growth in the number of people employed in Poland (+1mn from 2014)

Growth in the non-wage benefits funds:

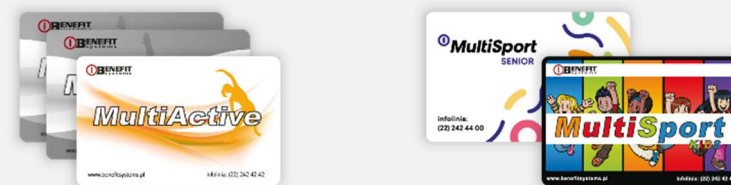
- 10.8bn in 2016, 11.3bn in 2017, 12.2bn in 2018.
- 87% employees in Poland receive non-wage benefits (in companies and institutions with at least 10 employees).
- Annual value per employee +4% yoy to PLN 1995 in 2018*



Long term factors supporting growth in sport cards sales

Broadening of the offer of the flagship product

- We are continuously growing the network of sport facilities (at present over 4.4 thousand) and activities (more than 25 activities and sport disciplines)
- MultiSport card is being extended with services associated with active and healthy lifestyle (among others: guidebooks, diet plans, city bikes, seasonal e.g.holiday offers)



MultiSport is a product for all age groups:

- MultiSport Program (cards for adults and kids) is being extended with offers for new age groups (e.g. seniors in 2018)

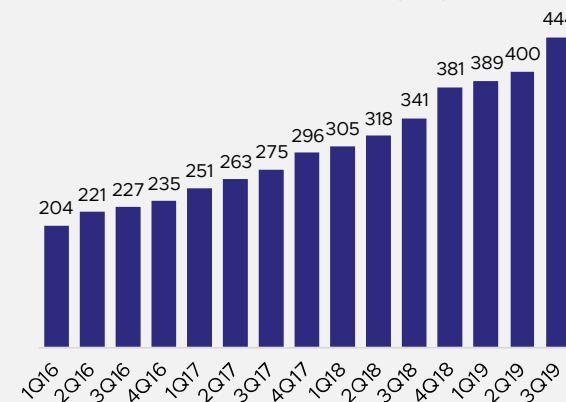
Price segmentation of cards:

- Allows for extending the client base with smaller companies and industry sectors with limited HR budgets for non-wage benefits

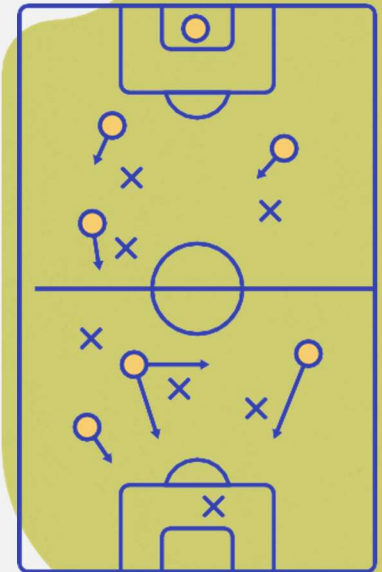
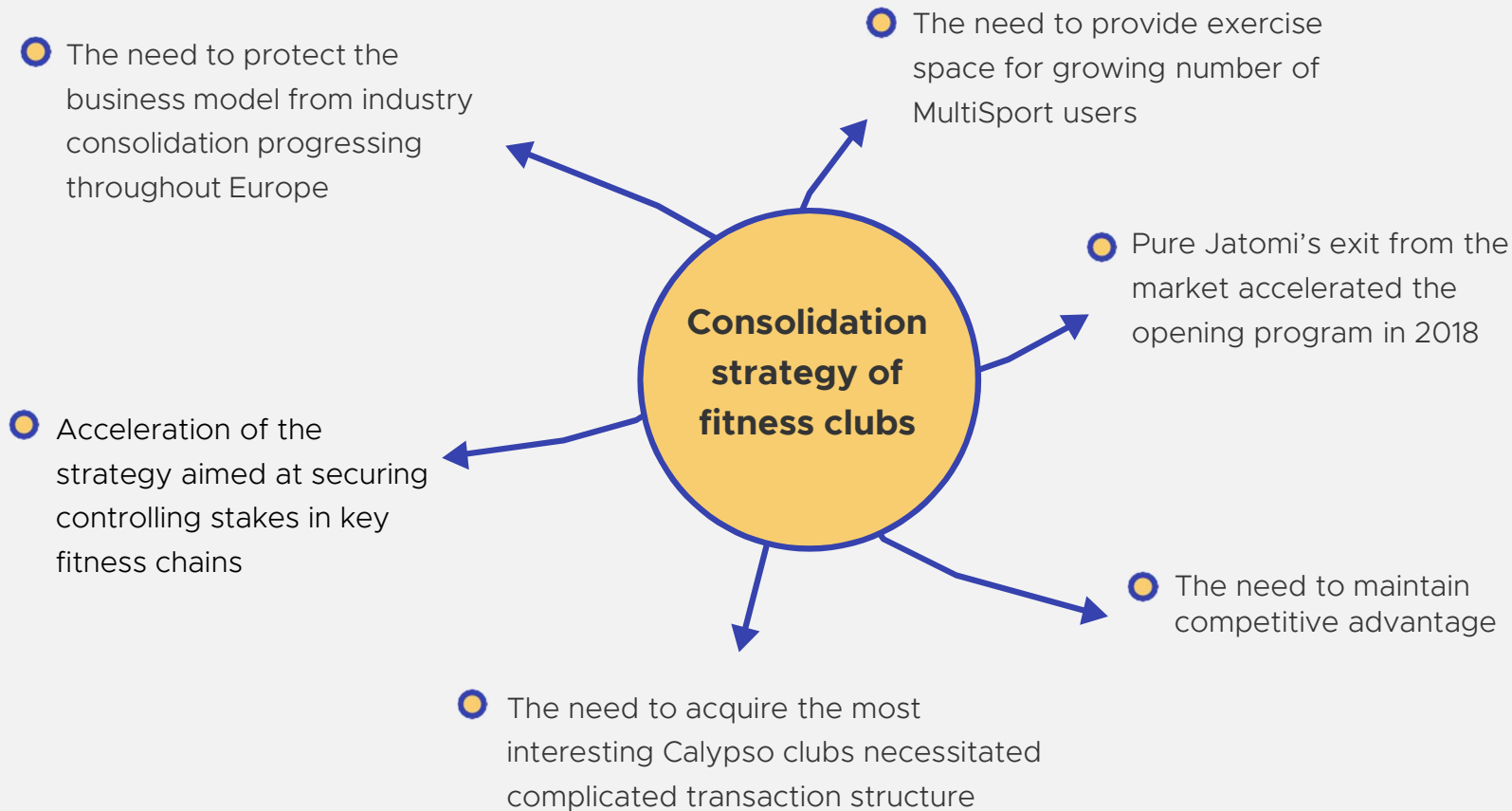
Others:

- Cafeteria platforms support long-term relations with HR departments

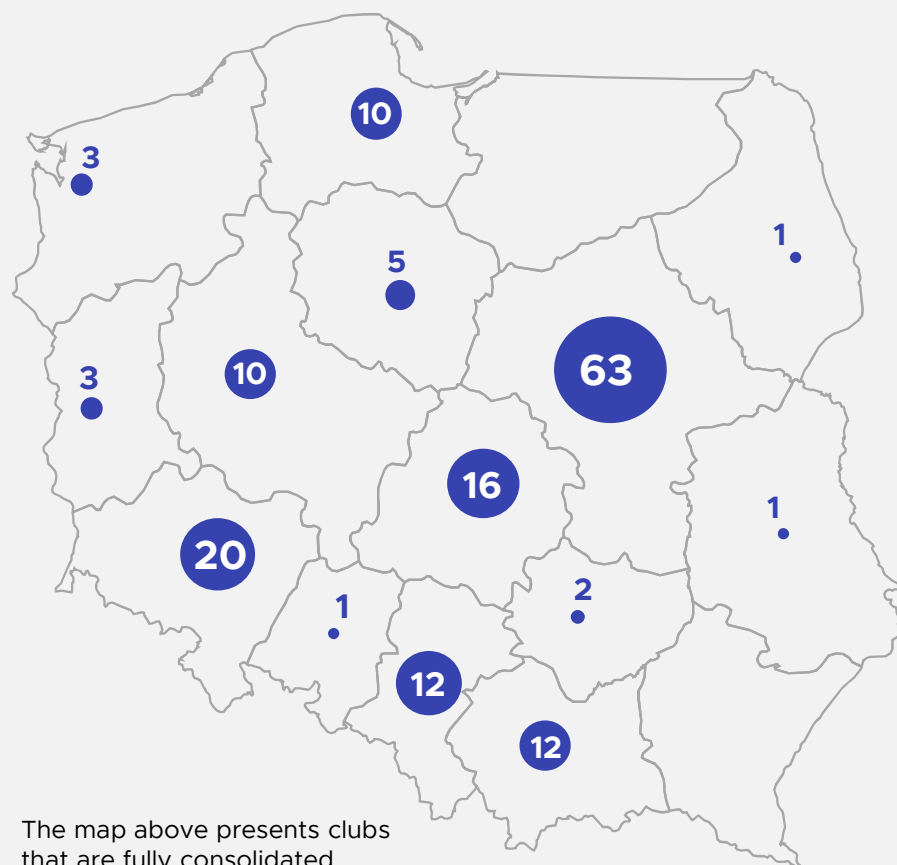
Cafeterias: number of Users (ths)



Strategic importance of investing in fitness clubs



Development of the fitness club network



The map above presents clubs that are fully consolidated.
As of: 30.09.2019

| | December 2018 | March 2019 | June 2019 | September 2019 |
|------------------|---------------|------------|------------|----------------|
| Fabryka Formy | 27 | 28 | 28 | 28 |
| Fitness Academy | 19 | 20 | 20 | 21 |
| Zdrofit | 58* | 59* | 63* | 65* |
| My Fitness Place | 14 | 15 | 15 | 17 |
| Fitness Club S4 | 14 | 14 | 13 | 13 |
| Fit Fabric | 11 | 13 | 13 | 14 |
| Wesolandia | 1 | 1 | 1 | 1 |
| TOTAL | 144 | 150 | 153 | 159 |

* Incl. 14 Calypso clubs acquired in November 2018, rebranding of which was concluded in 1H19

In affiliate entities:
46 clubs as of 30.09.2019

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