

Date of report: 15 October 2019

Current report no 15/2019

POSITION OF THE MANAGEMENT BOARD OF ARCUS S.A. with its registered office in Warsaw of 15 October 2019 regarding the tender offer to acquire shares in ARCUS S.A. announced on 30 September 2019 by MMR Invest S.A. with its registered office in Luxembourg

Legal basis: Art. 80 of the Act on Public Offering - the position of the company's management board regarding the tender offer

Content of the report:

The Management Board of Arcus Spółka Akcyjna (*Joint Stock Company*) with its registered office in Warsaw, at 5/7Kolejowa, 01-217 Warsaw, entered into the Register of Entrepreneurs under KRS number 0000271167 ("the Company") ("the Management Board"), acting pursuant to Art. 80 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (Journal of Laws of 2019, item 623) ("the Act"), hereby presents its position regarding the Tender Offer announced on 30 September 2019 pursuant to Art. 74.1 and Art. 91.6 of the Act and in accordance with the Regulation of the Minister of Development and Finance of 14 September 2017 on the forms of tender offers to acquire or exchange the shares in a public company, the detailed procedures of the announcement thereof, and the conditions for acquiring shares under such tender offers (Journal of Laws of 2017, item 1748) ("the Regulation") by MMR Invest S.A. with its registered office in Luxembourg, Val des Bons-Malades 231, 2121 Luxemburg-Kirchberg, registered in the Registre de Commerce et des Societes under number B147759 ("the Acquirer"), to acquire shares in the Company entitling to exercise, together with the Company's shares held by the Acquirer, up to 100% of the total number of votes at the Company's General Meeting ("the Tender Offer").

I. The most important information concerning the Tender Offer to acquire the Company's shares

The Acquirer is a subsidiary of Mr Marek Czeredys, Chairman of the Supervisory Board of the Company. This implies that Mr Marek Czeredys will be the entity which will indirectly acquire the Company's shares.

Pursuant to the Tender Offer, the Acquirer intends to acquire 2,520,000 (in words: two million, five hundred and twenty thousand) ordinary bearer shares with a nominal value of PLN 0.10 (in words: ten grosz) each, issued by the Company ("Shares"). The Shares have been admitted and introduced to trading on the regulated market and are listed on the regulated market operated by the Warsaw Stock Exchange ("WSE") and are registered in a securities depository operated by the National Depository for Securities ("KDPW") and are assigned the ISIN code - PLARCUS00040. All the Shares are of the same type and have the same rights, and each Share entitles to one vote at the Company's General Meeting. The Shares represent 34.43% (in words: thirty-four and forty-three hundredths of a percent) of the total number of the Company's shares and entitle to 34.43% (in words: thirty-four and forty-three hundredths of a percent) of the total number of votes at the Company's General Meeting.

As at the date of announcing the Tender Offer, the Company does not hold any treasury shares, and the Acquirer holds 4,800,000 (in words: four million, eight hundred thousand) shares of the Company, representing 65.57% (in words: sixty-five and fifty-seven hundredth of a percent) of the total number of the Company's shares, giving the right to exercise 65.57% (in words: sixty-five and fifty-seven hundredth of a percent) of votes at the Company's General Meeting. After carrying out the Tender Offer, the Acquirer, as the Acquiring Entity, intends to reach the number of 7,320,000 (in words: seven million, three hundred and twenty thousand) shares, representing 100.00% (in words: one hundred percent) of the total number of the Company's shares and entitling to exercise 100.00% (in words: one hundred percent) of votes at the Company's General Meeting. The tender offer has not been announced under any conditions. The tender offer commencement date was set at 18 October 2019 and the tender offer closing date was set at 18 November 2019.

II. Basis for the position of the Management Board:

The Management Board formulates its position based on:

- a) the contents of the Tender Offer
- b) the price of the Company's shares traded on the WSE during the last three and six months preceding the announcement of the Tender Offer, including the arithmetic mean of the average daily prices of the Company's shares traded on the WSE weighted by the volume of trading during the last three and six months preceding the announcement of the Tender Offer.

The Management Board of the Company did not collect, analyse or order the collection or analysis of information coming from outside the Company other than that indicated above, in particular with respect to the valuation of the Company's shares being subject to the Tender Offer and the Company's fair value.

In particular, the Management Board of the Company did not consult an external entity (expert) referred to in Article 80.3 of the Act as to the share price in the Tender Offer. The Management Board of the Company took into account: 1. Specificity of the industry in which the Company's Group operates; 2. Costs incurred in connection with the listing on the regulated market; 3. Disclosure requirements imposed on public companies.

III. Position of the Management Board:

The Management Board of the Issuer, as presented below, does not see any threats to the Company's operations in view of the Tender Offer to acquire shares in the Company and the intention to rematerialize the Shares and delist them from trading on the regulated market.

The impact of the Tender Offer on the Company's interest, including employment in the Company, the strategic plans of the Acquirer in relation to the Company and their probable impact on employment in the Company and on the location of its operations

Pursuant to the statement contained in section 31 of the Tender Offer, the Acquirer intends to hold 100% of the Company's shares and votes at the Company's General Meeting. If, after the execution of the Tender Offer, the Acquirer reaches the total threshold of 90% of the total number of votes at the Company's General Meeting, the Acquirer will consider carrying out actions aimed at execution of a mandatory buyout of the Company's shares held by minority shareholders, in

accordance with Art. 82 of the Act and with due respect for the rights of minority shareholders. The activities of the Acquirer are aimed at restoring the form of the document to the Company's shares and delisting them from trading on the regulated market operated by the WSE.

The Acquirer did not present any detailed information on the impact of the Tender Offer on the employment in the Company or on the location of its operations. In the opinion of the Management Board, there are no grounds for stating that the Tender Offer will have a negative impact on the Company's operations, including employment in the Company or a change in the location of its operations. The Issuer's Management Board explains that it did not hold any talks with the representatives of the Acquirer in terms of changing the current business strategy of the Company. At the same time, the Issuer's Management Board is of the opinion that the current operations and the assumed directions of development of the Company will be maintained.

To express the above opinion, the Management Board of the Company took into account the fact that the block of shares already held indirectly by Mr Marek Czeredys ensures the possibility to control the Company, while the acquisition of additional shares being the subject of the Tender Offer will not change this situation.

Position of the Management Board of the Company regarding the price of the Company's shares offered in the Tender Offer

The Management Board notes that pursuant to Art. 79 of the Act on Public Offering, the price of the Company's shares offered in the Tender Offer cannot be lower than:

- a) the average market price for the period of 6 months preceding the announcement of the Tender Offer, during which the shares were traded on the main market;
- b) the average market price for a shorter period - if the company's shares were traded on the main market for a period shorter than 6 months;
- c) the highest price that the entity obliged to announce the Tender Offer, its subsidiaries or parent entities, or entities being parties to the agreement with the entity obliged to announce the Tender Offer as referred to in Art. 87.1.5 of the Act, paid for the shares subject to the Tender Offer within 12 months before the announcement of the Tender Offer;
- d) the highest value of the assets or rights which the entity obliged to announce the Tender Offer, its subsidiaries or parent entities, or entities being parties to the agreement with the entity obliged to announce the Tender Offer as referred to in Art. 87.1.5 of the Act, exchanged for the shares subject to the Tender Offer within 12 months before the announcement of the Tender Offer.

In the Tender Offer, the Acquirer indicated that all the Shares subject to the Tender Offer are of the same type, due to the fact that each single Share entitles to one vote at the Company's General Meeting. The price specified in the Tender Offer is not lower than the minimum price determined in accordance with Art. 79 of the Act, i.e. it is not lower than the average market price of the Company's shares during 3 and 6 months preceding the announcement of the Tender Offer. The first of these prices is PLN 2.34 (in words: two zloty thirty-four grosz), the second is PLN 2.12 (in words: two zloty twelve grosz). Considering the requirements of Art. 79.2 of the Act, the Share Price in the Tender Offer is also not lower than the highest price that the Acquirer, its subsidiaries or its parent companies paid for the shares in the period of 12 months before the announcement

of the Tender Offer, nor did they purchase the Company's shares in exchange for non-cash benefits in the period of 12 months before the date of the Tender Offer.

The price in this Tender Offer is PLN 2.34 (in words: two zlotys thirty-four grosz) per Share, thus the Management Board notes that it is not lower than the above-described minimum price referred to in Art. 79 of the Act. Therefore, the Management Board states that in its opinion, the price for the Shares offered by the Acquirer in the Tender Offer is within the range of the fair value of the Company's shares within the meaning of Art. 79 of the Act.

The Management Board declares that the Company did not perform its own valuation of the shares, as indicated in point II of this Position.

Reservations

The position of the Management Board expressed above is subject to the following reservations:

In connection with the preparation of this position, neither the Company nor the persons signing this position on behalf of the Company have taken any special steps to seek, collect, systematise or verify information other than that of the Company. None of the above mentioned persons commissioned any other entities to take such or similar actions for their benefit.

The persons signing this position of the Management Board on the Tender Offer do not have any unpublished inside information within the meaning of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ EU L of 12 June 2014, as amended, hereinafter referred to as "MAR").

This position of the Management Board on the Tender Offer shall not, in any case, be a recommendation concerning the acquisition or disposal of financial instruments referred to in Art. 20 of MAR. The person making an investment decision in connection with the above position of the Company's Management Board is obliged to assess the investment risk related to the sale or acquisition of the Company's shares on his/her own, based on all information provided by the Company, within the scope of the Company's compliance with its disclosure obligations and information contained in prospectuses published by the Company, to the extent that such information remains valid, including obtaining individual advice and/or recommendations of authorised advisors in a scope necessary to make an appropriate decision. In particular, each shareholder of the Company intending to respond to the Tender Offer should individually assess the investment risk.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY:

Rafał Czeredys – Member of the Management Board