

**Only the Polish version of this document shall be binding,  
however every effort has been made to ensure the accuracy of this translation**

**REPORT  
OF THE INDEPENDENT STATUTORY AUDITOR  
ON THE REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENT  
AND THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2019  
ARCUS S.A. GROUP  
(the Report in Polish contains 4 pages)**

**Gdańsk, September 2019**

REPORT  
OF THE INDEPENDENT STATUTORY AUDITOR  
ON THE REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENT  
AND THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2019  
for the Supervisory Board and the Shareholders of ARCUS Spółka Akcyjna  
(Joint Stock Company) with its registered office in Warsaw

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statement of **ARCUS S.A. Group** in which ARCUS S.A. with its registered office in Warsaw at 5/7 Kolejowa Street is a **Dominant Entity**, prepared for the period from 1 January 2019 to 30 June 2019 and consisting of:

- 1) condensed consolidated statement of financial position prepared as at 30 June 2019 with total assets and liabilities of PLN 106,546 thousand;
- 2) condensed consolidated statement of comprehensive income prepared for the period from 1 January 2019 to 30 June 2019 indicating a net loss amounting to PLN 2,072 thousand;
- 3) condensed consolidated statement of changes in equity prepared for the period from 1 January 2019 to 30 June 2019 indicating a decrease in equity by PLN 2,072 thousand;
- 4) condensed consolidated statement of cash flows prepared for the period from 1 January 2019 to 30 June 2019 indicating a decrease in cash by PLN 1,601 thousand;
- 5) selected additional and explanatory information.

and

the interim condensed financial statement prepared for the period from 1 January 2019 to 30 June 2019, consisting of:

- 1) condensed statement of financial position prepared as at 30 June 2019 with total assets and liabilities of PLN 109,979 thousand;
- 2) condensed statement of comprehensive income prepared for the period from 1 January 2019 to 30 June 2019 indicating a net loss amounting to PLN 840 thousand;
- 3) condensed statement of changes in equity prepared for the period from 1 January 2019 to 30 June 2019 indicating a decrease in equity by PLN 917 thousand;
- 4) condensed statement of cash flows prepared for the period from 1 January 2019 to 30 June 2019 indicating a decrease in cash by PLN 880 thousand;

5) selected additional and explanatory information.

The Management Board of ARCUS S.A. is responsible for the preparation and fair presentation of the condensed interim consolidated financial statement and the condensed interim financial statement in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting issued by the European Commission in the form of regulations.

Our responsibility is to formulate a conclusion on the condensed interim consolidated financial statement and the condensed interim financial statement based on our review.

### **Scope of the review**

We carried out the review in accordance with the National Standard on Review Engagements 2410 in the wording of the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* adopted by the resolution No 2041/37a/2018 of the National Council of Statutory Auditors of 5 March 2018.

The review consisted in making inquiries, primarily of persons responsible for the entity's financial and accounting matters, and applying analytical and other review procedures.

The scope of a review is substantially narrower than the scope of an audit performed in accordance with in accordance with the National Standards on Review Engagements in the wording of the International Standards on Review Engagements adopted by the resolution No 2041/37a/2018 of the National Council of Statutory Auditors of 5 March 2018. As a result, the review is not sufficient to obtain assurance that all relevant issues that would have been identified during the audit were disclosed. Accordingly, we do not express an audit opinion on this interim condensed financial statement.

### **Conclusion**

Based on our review we state that, nothing has come to our attention that would cause us to believe that the accompanying condensed interim consolidated financial statement and condensed interim financial statement were not prepared, in all material respects, in accordance with International

Accounting Standard 34 – *Interim Financial Reporting* issued by the European Commission in the form of regulations.

### **Explanatory paragraph**

Without qualifying the audited interim condensed financial statement, we draw attention to matters presented in explanatory note no 5.29 to the presented interim condensed financial statement of ARCUS S.A. and in the annual report for the year 2018. In accordance with information disclosed therein, ARCUS S.A. and its subsidiary – T-matic Systems S.A. (“TS”) are the parties to the court dispute with Energa-Operator (“EOP”) as regards the execution of contracts for the delivery of metering infrastructure, intermediate infrastructure and delivery and monitoring of vehicles based on GPS.

In December 2014, ARCUS S.A. and TS submitted to EOP a claim for payment (PLN 4.7 million) for additional works performed within the execution contracts. In April 2015, ARCUS S.A. received from EOP a claim against ARCUS S.A. and TS for payment of the amount of PLN 23.1 million for the delay in execution of the contracts. In November 2015, EOP informed ARCUS S.A. on calculation of contractual penalties in the total amount of PLN 157 million for the delay in execution of the agreement. ARCUS S.A. has a performance bond granted by insurer ERGO Hestia S.A. in the amount of PLN 9.6 million which can be used in the event of an unfavorable resolution of the dispute. In September 2017, the Company filed a claim against EOP for payment of PLN 174 million as compensation for damages.

In opinion of the Management Board of ARCUS S.A., penalties claimed by EOP are unjustified and shall not be awarded by the court. The litigation described above is multi-threaded and as at the date of preparation of the financial statement, it is not possible to determine the future results and the closing date of the dispute. Consequently, the Company did not create provisions for potential negative resolution of this court dispute. Such negative results cannot be excluded.

In addition, in relation to the interim condensed financial statement, we point out that the estimates made by the Management Board of Arcus S.A. in connection with financial projections for impairment tests of participating interests and shares in subsidiaries were based on expected future cash flows, which are uncertain and dependent on future events. The total value of participating

interests and shares held in subsidiaries amounts to PLN 22.1 million. Goodwill on consolidation disclosed in the interim condensed consolidated financial statements amounts to PLN 10.8 million.

**Key statutory auditor:**

Zygmunt Cichocki

entered in the register of statutory auditors under the number 9896

(illegible signature)

**Audit firm included in the list of entities authorised to audit financial statement under the number 913:**

DORADCA Auditors Sp. z o.o.

80-266 Gdańsk, 212 Grunwaldzka Street

Gdańsk, 27 September 2019

Electronically signed by:

Zygmunt Cichocki

Date: 2019-09-27 11:42