



Ark Royal

Q3 2019 Quarterly Report

July 1 to September 30, 2019

Warsaw, November 4, 2019

Table of Contents

1. Letter of Ark Royal SA Management Board.....	3
2. Quarterly Financial Statements.....	4
a. The Balance Sheet.....	4
b. The Profit and Loss Account.....	5
c. The Statement of Movement in Equity.....	6
d. The Cash Flow Statement.....	7
3. Information on the rules applied to the preparation of the report.....	7
4. Significant events affecting the results.....	8
6. Other Information.....	8
a. Employment information.....	8
b. Stand on forecasted financial results.....	8
c. Implementation of investment plans.....	8
d. Research and development activities.....	9
e. Information about the capital group.....	9
7. Contact Details.....	9

1. Letter of Ark Royal SA Management Board

Dear Shareholders,

We present periodical report of Ark Royal SA for the third quarter of 2019.

At the beginning of August, the majority stake of the Company was acquired by a new investor. The services previously provided by the Company have been completed and settled. The new authorities of Ark Royal SA were preparing to launch a new business line focused on technological advisory activity, based on the management's professional experience and business network. At the same time, they worked on choosing an entity to be taken over in exchange for the issue of new shares. Preparatory work is currently being finalized and the takeover process will start soon.

The Company did not generate revenues in the third quarter, covered operating costs from repaid receivables. After closing the quarter, at the end of October, a contract with the first customer was concluded, and the revenues from this contract should cover the expected costs by the end of the year. The management works on acquiring further orders and clients.

The General Meeting will be convened and conducted by the end of the year, and it will decide on takeover the selected entity. The goal is to reposition the Company and turn it into Information Technology company providing competitive innovative solutions based on artificial intelligence, complex hardware and software developments.

Yours sincerely,

Lóránt Tókos

Chairman of the Board

Ark Royal SA

2. Quarterly Financial Statements

a. The Balance Sheet

ASSETS	09/30/2019	09/30/2018
A. FIXED ASSETS	426,08	826,24
I. Intangible assets	426,08	746,08
II. Tangible fixed assets	-	80,16
III. Long-term receivables	-	-
IV. Long-term investments	-	-
V. Long-term prepayments	-	-
B. CURRENT ASSETS	84 115,07	68 552,50
I. Inventory	-	-
II. Short-term receivables	65 260,82	42 208,48
III. Short-term investments	17 787,00	25 354,02
IV. Short-term prepayments	1 067,25	990,00
C. CALLED UP SHARE CAPITAL	-	-
D. OWN SHARES	-	-
TOTAL ASSETS	84 541,15	69 378,74

LIABILITIES	09/30/2019	09/30/2018
A. EQUITY	1 499,78	52 833,24
I. Share capital	1 560 000,00	1 560 000,00
II. Supplementary capital	-	-
III. Revaluation reserve	-	-
IV. Other reserve capitals	-	-
V. Previous years profit (loss)	(1 539 899,83)	(1 503 783,34)
VI. Net profit (loss)	(18 600,39)	(3 383,42)
VII. Write-off on net profit during the financial year	-	-
B. LIABILITIES AND PROVISIONS FOR LIABILITIES	83 041,37	16 545,50
I. Provisions for liabilities	51 342,30	-
II. Long-term liabilities	-	-
III. Short-term liabilities	31 699,07	16 545,50
IV. Accruals	-	-
TOTAL LIABILITIES	84 541,15	69 378,74

b. The Profit and Loss Account

Profit and Loss Account	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
A. Net revenues from sales and equivalent, including:	-	20 000,00	64 500,00	60 000,00
- revenues from related parties	-	20 000,00	64 500,00	60 000,00
I. Net revenues from the sale of products	-	-	-	-
II. Change in the balance of products	-	-	-	-
III. Manufacturing cost of products for internal purposes	-	-	-	-
IV. Net revenues from sales of goods and materials	-	-	-	-
B. Operating expenses	30 940,47	16 032,50	62 769,32	71 902,78
I. Amortisation and depreciation	80,22	107,16	294,32	321,48
II. Consumption of materials and energy	-	-	-	-
III. External services	30 843,00	15 925,34	62 423,25	56 537,05
IV. Taxes and charges, including:	-	-	-	14 958,00
- excise duty	-	-	-	-
V. Payroll	-	-	-	-
VI. Social security and other benefits	-	-	-	-
VII. Other costs	17,25	-	51,75	86,25
VIII. Value of goods and materials sold	-	-	-	-
C. Profit (loss) on sales (A-B)	(30 940,47)	3 967,50	1 730,68	(11 902,78)
D. Other operating revenues	-	-	-	9 262,19
I. Gain on disposal of non-financial fixed assets	-	-	-	-
II. Subsidies	-	-	-	-
III. Revaluation of non-financial assets	-	-	-	-
IV. Other operating revenues	-	-	-	9 262,19
E. Other operating expenses	-	-	17 739,27	-
I. Loss on disposal of non-financial fixed assets	-	-	-	-
II. Revaluation of non-financial assets	-	-	-	-
III. Other operating expenses	-	-	17 739,27	-
F. Profit (loss) on operating activities (C + D-E)	(30 940,47)	3 967,50	(16 008,59)	(2 640,59)
G. Financial revenues	0,41	-	261,66	11,02
I. Dividend and profit sharing	-	-	-	-

Profit and Loss Account	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
II. Interest	-	-	-	-
III. Gain on disposal of investments	-	-	-	-
IV. Revaluation of investments	-	-	-	-
V. Other	0,41	-	261,66	11,02
H. Financial expenses	695,32	0,08	2 853,46	753,85
I. Interest	-	-	2 158,14	553,70
II. Loss on disposal of investments	695,32	-	695,32	-
III. Revaluation of investments	-	-	-	-
IV. Other	-	0,08	-	200,15
I. Gross profit (loss) (F + G-H)	(31 635,38)	3 967,42	(18 600,39)	(3 383,42)
J. Income tax	-	-	-	-
I. Current part	-	-	-	-
II. Deferred part	-	-	-	-
K. Other statutory reductions in profit (increases in loss)	-	-	-	-
L. Net profit (loss) (I-J-K)	(31 635,38)	3 967,42	(18 600,39)	(3 383,42)

c. The Statement of Movement in Equity

Statement of Movement in Equity	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
I. OPENING BALANCE OF EQUITY	33 135,16	48 865,82	20 100,17	(93 783,34)
I.a. Opening balance of equity after adjustments	33 135,16	48 865,82	20 100,17	(93 783,34)
II. CLOSING BALANCE OF EQUITY	1 499,78	52 833,24	1 499,78	52 833,24
III. EQUITY INCLUDING PROPOSED PROFIT DISTRIBUTION (LOSS COVERAGE)	1 499,78	52 833,24	1 499,78	52 833,24

d. The Cash Flow Statement

Cash Flow Statement	Q3 2019	Q3 2018	Q1-Q3 2019	Q1-Q3 2018
A. CASH FLOWS FROM OPERATING ACTIVITIES				
I. Net profit (loss)	(31 635,38)	3 967,42	(18 600,39)	(3 383,34)
II. Total adjustments	31 635,38	(6 854,94)	18 777,39	(149 910,75)
III. Net cash flows from operating activities (I + II)	-	(2 887,52)	177,00	(153 294,09)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES				
I. Inflows	477,25	-	477,25	150 000,00
II. Outflows	-	-	-	-
III. Net cash flows from investment activities (I-II)	477,25	-	477,25	150 000,00
C. CASH FLOWS FROM FINANCIAL ACTIVITIES				
I. Inflows	-	-	-	-
II. Outflows	-	-	-	-
III. Net cash flows from financial activities (I-II)	-	-	-	-
D. TOTAL NET CASH FLOWS (A.III. + B.III + C.III)	477,25	(2 887,52)	654,25	(3 294,09)
E. BALANCE SHEET CHANGE IN CASH	477,25	(2 887,52)	654,25	(3 294,09)
F. CASH OPENING BALANCE	275,24	10 034,46	98,24	10 441,11
G. CLOSING BALANCE OF CASH (F + D)	752,49	7 146,94	752,49	7 146,94

3. Information on the rules applied to the preparation of the report

The financial statements have been prepared in accordance with the principles set out in the Accounting Act of 29 September 1994 applicable to entities continuing operations.

The company prepares a profit and loss account in a comparative system.

The company has not changed its accounting policy compared to previous reports. In the financial statement, the Company presents economic events in accordance with their economic content.

The financial result of the Company for the quarter of a given financial year includes all revenues achieved and attributable to it and the related costs in accordance with the principles of accruals, matching of revenues and costs and prudent valuation.

4. Significant events affecting the results

The results achieved in the third quarter were primarily affected by the termination of services for the entity associated with the previous main shareholder, which resulted in a lack of sales revenues. The loss of PLN 31,635.38 results from operating costs incurred. The short-term receivables in the amount of PLN 65,260.82 included in the balance sheet include trade receivables and VAT receivables. After the end of the third quarter, all trade receivables were paid. The company has also settled its liabilities and settles them on an ongoing basis. Revenue generated after the end of the quarter to the date of publication of this report was EUR 23,000.00.

5. Shareholding Structure

As at the date of this report, the shareholding structure is as follows:

SHAREHOLDER	SHARES	SHARES %	VOTES	VOTES %
Dr. Gergely Bárdos	9 337 720	59,86%	9 337 720	59,86%
Skyline Investment S.A. with subsidiaries	1 171 419	7,51%	1 171 419	7,51%
Ark Royal SA	138 011	0,88%	138 011	0,88%
Others	4 952 850	31,75%	4 952 850	31,75%
TOTAL	15 600 000	100,00%	15 600 000	100,00%

6. Other Information

a. Employment information

During the reporting period, Ark Royal SA did not employ employees under a contract of employment.

b. Stand on forecasted financial results

The Company has not published financial forecasts for 2019.

c. Implementation of investment plans

Work is currently underway to develop the business through acquisitions, which will increase the Company's share capital.

d. Research and development activities

In the third quarter of 2019, the Company did not undertake research and development activities.

e. Information about the capital group

The company holds 50 shares, constituting 50% of the share capital, in Passion Worth Communication Sp. z o.o. s.k. and 752 shares, representing 35% of the share capital in Antiquarius Sp. z o.o. To the knowledge of the Management Board, both companies have not been operating for years. Ark Royal SA does not have a majority of votes in any of the companies, nor does it affect the appointment of the authorities of these companies. The carrying value of all shares held is currently zero.

The company does not currently form a capital group, however development plans include the creation of such a group.

7. Contact Details

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