

LARQ SPÓŁKA AKCYJNA MANAGEMENT BOARD'S BUSINESS REVIEW REPORT

For the Period of 6 Months Ended on 30 June 2018

LARQ Spółka Akcyjna of Warsaw

Warsaw, 31 August 2018



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1. MANAGEMENT BOARD'S COMMENTS ON LARQ S.A.'S RESULTS FOR THE FIRST 6 MONTHS OF 2018**1.1. Management Board's Comments on Financial Performance**

LARQ SA ("LARQ", the "Company") was qualified as an "investment entity" and measures its portfolio investments at fair value through profit or loss. The financial highlights of the Company for the first half of 2018 compared to the corresponding period of the preceding year are summarised in table below.

(PLN '000)	01.01-30.06.2018	01.01-30.06.2017 restated
Revenue from sale of services	243	370
Result of disposal and re-measurement of financial assets measured at fair value through profit or loss	2,474	29,795
Selling, general and administrative expenses	(2,273)	(5,764)
Other operating income/(loss)	(23)	213
Operating profit/(loss)	421	24,614
Profit/(loss) before taxation	414	24,546
Profit/(loss) on discontinued operations	169	113
Net profit/(loss) for the period	140	19,008
Financial assets measured at fair value	141,637	140,408

The "result of disposal and re-measurement of financial assets measured at fair value through profit or loss" became the key factor affecting the financial results generated by the Company. In 1H2018, the value of the portfolio of investments that are measured through profit or loss by the Company went up by almost PLN 2.5 million, mostly due to the increased valuation of Brand24 between December 2017 and June 2018 that exceeded PLN 141 million. In 1H2018, the Company generated the net profit of PLN 0.1 million compared to PLN 19 million in 1H2017 when the Company's performance reflected the effect of Nextbike's Pre-IPO valuation.

Selling, general and administrative expenses in 1H2018 went down by PLN 3.5 million compared to the corresponding period of 2017 because of the lower valuation of the incentive scheme for board members and key managers of LARQ. The valuation of the scheme for 1H2018 was PLN 0.4 million compared to PLN 3.8 million in 1H2017 (its detailed description is in Note 16 to the financial statements). After elimination of the effect of the incentive scheme valuation, selling, general and administrative expenses mirrored those in the corresponding period of last year (ca. PLN 2 million).

At present, the core objects of LARQ include the management of its portfolio of financial assets which comprise certain industry-specific subsidiaries:

- Public transportation (city bike sharing systems)
- Advertising (non-standard outdoor advertising media and full-service agencies)
- New technologies (SaaS and sales and marketing automation)

as well as seeking new investment opportunities in the above industries and in related sectors.

The Management Board believes that the Company meets the definition to qualify as an "investment entity" as defined in paragraph 27 of IFRS 10. The above definition is fulfilled based on the following:

- The Company maintains many investments in order to diversify its risks and to maximize its returns;
- The Company has relationships with many investors who are unrelated to the Company and who pool their funds in order to gain access to investment opportunities that would be unavailable to them while-alone;
- The Company does not intend to maintain its investment portfolio in perpetuity; i.e., it has the "exit strategy" from investments.

Management Board's Business Review Report on LARQ S.A. for the Period Ended on 30 June 2018

Following the adoption of the accounting principles in accordance with IAS 10, the Company as an "investment entity" does not prepare any consolidated financial statements and all its investments in subsidiaries are measured at fair value through profit or loss in its separate financial statements.

During the first six months of 2018, the Company has also continued the fulfilment of contracts relating to the activities of a full-service advertising agency since the Company used to be a party to such contracts and the contracts continue to bind the Company (these operations are being run off by LARQ and transferred to a subsidiary).

The following portfolio companies are measured by the Company at fair value through profit or loss:

- Larq Fund Management sp. z o.o. (it is wholly owned by LARQ)
- Adinnovation sp. z o.o. (it is wholly owned by LARQ)
- CAM Media Creative Works sp. z o.o. (it is wholly owned by LARQ)
- Intelisoft sp. z o.o. (LARQ owns 51% shares)
- Media Power sp. z o.o. (it is wholly owned by LARQ)
- AWL VIII sp. z o.o. (it is wholly owned by LARQ)
- Nextbike Polska SA (LARQ owns 1% shares) and
- Triggo SA (LARQ owns 2% shares).

The Company's subsidiary Larq Fund Management sp. z o.o. holds all certificates in the investment fund called LARQ Growth Fund I FIZ; the assets of that fund comprise, among others, shareholdings in the following companies:

- Nextbike Polska SA (67% shares)
- Brand 24 SA (40% shares)
- Synergic sp. z o.o. (100% shares).

The crucial achievements of LARQ's key portfolio companies in 1H2018 and factors affecting the financial results reported by them were described in Section 3 *Portfolio Companies*.

The key pro forma/unaudited financial data of portfolio companies for the first six months of 2018 are presented in table below:

PLN million	01.01-30.06.2018 proforma	01.01-30.06.2017 proforma
Revenue from sales		
Nextbike	21.7	18.2
Synergic*	19.8	17.5
Brand24	5.3	3.5
Other*	1.6	1.5
EBITDA		
Nextbike	4.4	6.0
Synergic*	3.4	3.1
Brand24	(0.5)	0.1
Other*	(2.5)	(6.1)
Operating profit (loss)		
Nextbike	(0.6)	2.6
Synergic*	2.8	2.8
Brand24	(0.6)	(0.1)
Other*	(2.7)	(6.5)
Net profit/(loss)		
Nextbike	(1.3)	1.4
Synergic*	2.4	2.5
Brand24	(0.5)	(0.1)
Other*	(2.7)	(6.9)
Net debt (cash)		
Nextbike	34.6	28.3
Synergic*	0.3	0.6
Brand24	(1.5)	0.2
Other*	(0.3)	(2.4)

* net of intragroup transactions

1.2. Present and Forecast Financial Standing of LARQ

The strategic objective of LARQ is to generate value for its shareholders by means of increasing the value of financial assets held by the Company in its investment portfolio. The present and future results of the Company depend on the growth in value of its assets holdings, and profits, if any, from their disposal. The Company's results in the subsequent periods will be mostly affected by operating profit or loss of the portfolio companies as they will directly affect the value of LARQ's assets and the ability to turn them into cash. At the same time, LARQ will analyse its commitment to new investment projects. By the end of 1Q2019, the Company will also continue the fulfilment of contracts relating to the activities of a full-service advertising agency since the Company used to be a party to such contracts and the contracts continue to bind the Company; they will be terminated in the first quarter of 2019.

1.3. Management Board's View on Meeting Performance Forecasts Published Earlier

LARQ has not published any forecasts for 2018. Forecasts concerning the results of LARQ portfolio companies are given in Section 3 *Portfolio Companies*.

1.4. Major Events During the First Six Months of 2018

Larq

On 11 April 2018, LARQ transacted the sale of 17,050 shares in Nextbike. The total sale price of those shares was PLN 2,131,267.50 or PLN 125.00 per share. On the other hand, in May 2018, LARQ acquired 8,489 shares in Nextbike for the total price of PLN 528,426.38 as the contractual repurchase of shares from the former CEO of Nextbike Polska, for the share price of PLN 62.25. Following those transactions, at 30 June 2018 and at the publication date of this report, the LARQ holds directly 0.8% shares in Nextbike. At the same time, the stake held in Nextbike by LARQ Growth Fund I FIZ remains unchanged and amounts to 717,261 shares that represent 67.0% of Nextbike's share capital and 70.3% of total votes at the General Meeting of Nextbike.

In June 2018, the Annual General Meeting of LARQ authorised the Management Board of LARQ to purchase own shares of the Company. The maximum number of shares that the Company may acquire must not exceed 1,553,566 and their purchase price must not be neither less than PLN 0.1 nor more than PLN 25. The aggregate value of the repurchase plan must not exceed PLN 3 million; the plan will be pursued for no more than three years.

Portfolio Companies

The material developments affecting portfolio companies are narrated in the Section 3 *Portfolio Companies*.

1.5. Material Post Balance Sheet Events

In the period from 30 June 2018 until the publication of this report:

- Upon meeting the conditions set forth for the third year of implementation of the 2015 incentive scheme, Mr. Mikołaj Chruszczewski acquired 125,000 shares in the Company in July 2018. Upon meeting the conditions set forth for the second year of implementation of the 2016 incentive scheme, Ms Małgorzata Dziecioł and Mr. Jakub Kurzynoga acquired, respectively, 25,000 and 75,000 shares in the Company in July 2018. Accordingly, LARQ share capital grew by PLN 22,500 and was PLN 799,283.30 at the publication date of this report.
- In August 2018, LARQ signed the investment agreement for YouLead. YouLead specialises in the development and commercialisation of proprietary software for automation of sales and marketing processes on web pages of customers. In August 2018, it was spun off Intelisoft sp. z o.o. At the publication date of this report, LARQ holds 51% shares in both YouLead and Intelisoft. Under the investment agreement signed in August 2018, loans of PLN 0.6 million that had been granted to YouLead by LARQ will be converted into equity and LARQ will provide further funding of PLN 0.6 million for YouLead; the company will also offer executive share options for YouLead's Management Board. Such additional funding raised by YouLead will be applied towards the enhancement of its software and for international expansion. The execution of that agreement has been disclosed in the Current Report 14/2018 dated 22 August 2018.
- In August 2018, Mr. Mikołaj Chruszczewski, Member of LARQ Management Board, signed new contracts with the Company. Since the incentive scheme benefiting Mr. Mikołaj Chruszczewski in 2015-2017 has expired, those new contracts regulate the form of regular relationship between that Member of the Management Board and the Company, including incentive elements such as a specified extra annual compensation that consists of three independent components: success fee for attainment of financial goals (linked to the growth in value of the Company's net financial assets), extra fee for fulfilment of quality goals and discretionary bonus to be awarded at the discretion of the Supervisory Board. Furthermore, Mr. Mikołaj Chruszczewski will have, in January of each year, the right to additional compensation to be paid out in fresh shares in LARQ; its amount will be based on the value of options to buy 50,000 shares in LARQ at the average (turnover-weighted) price from January of the previous year, however no less than the minimum price of PLN 19.73.

1.6. Expected Development of LARQ

Larq focuses on efforts to increase the value of its investment portfolio. The growth in value of the Company's assets is directly affected by the operating results of its portfolio companies as well as their development prospects. As regards the business of key companies included in LARQ's investment portfolio, the following is expected:

- **Nextbike** – to win more tenders for supply and operation of city bike sharing systems in other Polish towns and cities, and to continue services for the towns and cities already held in the Company's portfolio; to increase its revenue derived from advertisers and private partners; to improve the efficiency of its operational processes and to grow the effects of scale; pursuance of first international contracts;

- **Synergic** – selective acquisition of new non-standard advertising media (including new product lines) situated in locations with high quality marketing communication which can guarantee above-the-average return on sales;
- **Brand24** – to maintain its leadership in its product category in Poland and, at the same time, to continue the growth of its global customer base; to improve the effectiveness of its process of customer acquisition and retention; to continue efforts to perfect its product; and
- **Youlead** – to acquire new customers in Poland and first customers abroad; to expand its programmers team and to continue efforts on product improvement.

2. ADDITIONAL INFORMATION

2.1. Background Information about LARQ S.A.

LARQ S.A. with its registered office in Warsaw, ul. Tamka 16 lok. U-4 has been listed on the Warsaw Stock Exchange since 8 May 2008.

The Company has been trading as LARQ since 15 October 2015 when the name change from CAM Media S.A. to LARQ S.A. was registered with the National Court Register. On the other hand, CAM Media S.A. was established through transformation of a private limited liability company styled CAM Media sp. z o.o. into a public limited company. It took place on 25 June 2007 by resolution of the Extraordinary Meeting of Shareholders. The transformation was registered on 1 October 2007 with the Register of Entrepreneurs of the National Court Register. The Articles of Association of CAM Media Sp. z o.o. of Warsaw were signed on 5 February 2004. On 1 February 2007, the National Court Register registered the merger between CAM Media sp. z o.o. and Goldfinger sp. z o.o. of Warsaw by means of transferring all assets of the acquiree company to CAM Media sp. z o.o. and, at the same time, increasing the share capital of the acquirer.

The core business of LARQ is the management of its portfolio of financial investments which comprises certain industry-specific subsidiaries:

- Public transportation (city bike sharing systems)
- Advertising (non-standard outdoor advertising media and full-service agencies)
- New technologies (SaaS and sales and marketing automation),

as well as seeking new investment opportunities.

During the first six months of 2018, the Company has additionally continued the activity of a full-service advertising agency which is to be discontinued (this business is being run off by LARQ and transferred to a subsidiary). That line of business will be finally discontinued in the first quarter of 2019.

2.2. Information about Products, Goods and Services on Offer

Following the successive transfer of its legacy operations to portfolio companies, LARQ has gradually ceased to render advertising agency services. At present, the management of the financial investments portfolio is the core business of LARQ.

2.3. Structure of Revenues by Operating Segments

Considering the successive transfer of the discontinued operations to portfolio companies and its exclusive focus on activities relating to investments in portfolio companies, the Company does not present separate operational segments. The financial results and achievements of LARQ's major portfolio companies during the first six months of 2018 are discussed in Section on Portfolio Companies.

2.4. Sales Markets

Since the Company altered its business profile, it has no sales markets. During the first six months of 2018, the Company has also continued the fulfilment of contracts relating to the activities of a full-service advertising agency since the Company used to be a party to such contracts and the contracts continue to bind the Company (these operations are being run off by LARQ and transferred to a subsidiary).

2.5. Material Contracts

During the first six months of 2018 and during the period leading up to the publication of this report, LARQ was a party to the following material contracts:

- On 11 April 2018, LARQ transacted the sale of 17,050 shares in Nextbike. The total sale price of those shares was PLN 2,131,267.50 or PLN 125.00 per share. On the other hand, in May 2018, LARQ acquired 8,489 shares in Nextbike for the total price of PLN 528,426.38 as the contractual repurchase of shares from the former CEO of Nextbike Polska, for the share price of PLN 62.25. Following those transactions, at 30 June 2018 and at the publication date of this report, the LARQ holds directly 0.8% shares in Nextbike. At the same time, the stake held in Nextbike by LARQ Growth Fund I FIZ remains unchanged and amounts to 717,261 shares that represent 67.0% of Nextbike's share capital and 70.3% of total votes at the General Meeting of Nextbike.
- In August 2018, LARQ signed the investment agreement for YouLead. YouLead specialises in the development and commercialisation of proprietary software for automation of sales and marketing processes on web pages of customers. In August 2018, it was spun off Intelisoft sp. z o.o. At the publication date of these statements, LARQ holds 51% shares in both YouLead and Intelisoft. Under the investment agreement signed in August 2018, loans of PLN 0.6 million that had been granted to YouLead by LARQ will be converted into equity and LARQ will provide further funding of PLN 0.6 million for YouLead; the company will also offer executive share options for YouLead's Management Board. Such additional funding raised by YouLead will be applied towards the enhancement of its software and for international expansion. The execution of that agreement has been disclosed in the Current Report 14/2018 dated 22 August 2018.

2.6. Related Party Transactions

During the first six months of 2018, the Company did not conclude any transactions with any related parties otherwise than on the arm's length basis.

2.7. Issues, Redemption and Repayment of Debt and Equity Securities, and the Application of Issue Proceeds

Upon meeting the conditions set forth for the third year of implementation of the 2015 incentive scheme, Mr. Mikołaj Chruszczewski acquired 125,000 shares in the Company in July 2018. Upon meeting the conditions set forth for the second year of implementation of the 2016 incentive scheme, Ms Małgorzata Dzięcioł and Mr. Jakub Kurzynoga acquired, respectively, 25,000 and 75,000 shares in the Company in July 2018. Accordingly, LARQ share capital grew by PLN 22,500 and was PLN 799,283.30 at the publication date of this report.

2.8. Shareholders Holding at Least 5% of Total Votes at the General Meeting of LARQ S.A. as at the Submission Date of these Statements

Shareholder	Number of Shares	% of Share Capital	% of Votes
HARBINGER CAPITAL Ltd.	3,000,000	37.53%	54.58%
QUERCUS TFI SA*	720,478	9.01%	6.55%
NATIONALE NEDERLANDEN OFE & DFE	602,156	7.53%	5.48%

* Based on registration for AGM held by LARQ SA on 30 June 2017 (the most recent information submitted to the Company).

2.9. Statement of Movements in Holdings of Shares in the Company or Rights to Shares (Options) by Members of the Management and Supervisory Boards

Based on the information available to the Company as at the date of submission of this report, the following Members of the Management and Supervisory Boards hold shares in LARQ:

Shareholder	Number of Shares	% of Share Capital	% of Votes
Krzysztof Przybyłowski – President of the Management Board	222,015	2.78%	2.02%
Mikołaj Chruszczewski – Member of the Management Board	184,039	2.30%	1.67%
Małgorzata Dzięcioł – Member of the Management Board	28,333	0.35%	0.26%
Member of the Supervisory Board	50,000	0.68%	0.48%
Member of the Supervisory Board	10,000	0.13%	0.09%
Member of the Supervisory Board	6,489	0.08%	0.06%

In the period after submission of the previous interim report, i.e. since 15 May 2018, the shareholding of Mr. Krzysztof Przybyłowski was increased by 8,015 shares and that of one Member of the Supervisory Board was reduced by 10,000 shares.

Upon fulfilment of the 2017 conditions as prescribed in the regulations of incentive schemes for board members and key managers of the Company, in August 2018, Mr. Mikołaj Chruszczewski acquired 125,000 shares and Ms Małgorzata Dzięcioł acquired 25,000 shares.

2.10. Limitations on Ownership of Shares in the Company

None.

2.11. Purchase of Own Shares

No such events took place during the period covered by this report. In June 2018, the Annual General Meeting of LARQ authorised the Management Board of LARQ to purchase own shares of the Company. The maximum number of shares that the Company may acquire must not exceed 1,553,566 and their purchase price must not be neither less than PLN 0.1 nor more than PLN 25. The aggregate value of the repurchase plan must not exceed PLN 3 million; the plan will be pursued for no more than three years

2.12. Dividend Paid or Declared

During the period covered by this report, LARQ has neither declared nor paid any dividend.

2.13. Probability of Execution of Investment Projects

The execution of the Company's investment projects will depend on its current performance, growth in the value of assets owned by the Company and sales transactions, if any, as well as identification of attractive investment targets.

2.14. Disclosure of Material Proceedings Before Court, Arbitration Tribunal or Administrative Authority

At the publication date of this report, the Company was not a party to any litigation or proceedings before arbitration or administrative bodies where the cause of action would exceed 10% of LARQ's equity.

2.15. Information about Movements in Contingent Assets or Liabilities

Details of contingent liabilities are presented in LARQ's financial statements for the period ended on 30 June 2017.

2.16. Information about Loans Borrowed and Terminated During 1H2018

In the period from 1 January to 30 June 2018, the Company has not borrowed any loans. The Company has no credit facilities.

2.17. Information about Lending During 1H2018

In the period from 1 January to 30 June 2018, the Company extended loans to the following subsidiaries:

- AdInnovation sp. z o.o. – the amount of loans granted in 1H2018: PLN 312,000
- CAM Media Creative Works sp. z o.o. – the amount of loans granted in 1H2018: PLN 175,000
- Intelisoft sp. z o.o. – the amount of loans granted in 1H2018: PLN 100,000.

2.18. Information about Guarantees and Sureties Given and Received in 1H2018

None.

2.19. Employee Share Plans

In 2018, the Company has continued one incentive scheme; its regulations were adopted by the Company's Supervisory Board on 31 May 2016. Under the incentive scheme, its participants are granted the right to acquire no more than 300,000 ordinary bearer shares of series G in the Company, to be issued under the conditional increase of its share capital. Those rights will be exercised with the use of subscription warrants. The schemes will be operated for three financial years, starting in 2016. 2018 is the final year of the scheme.

In accordance with the regulations of the incentive scheme, for the right to acquire subscription warrants and, subsequently, for shares of the Company, to vest, the conditions specified in the regulations must be satisfied, namely:

- Average price of the Company's shares as listed on the Warsaw Stock Exchange (i.e., the arithmetical average of closing prices of ordinary bearer shares in the Company on the Warsaw Stock Exchange from 62 /sixty two/ consecutive trading days during one calendar year, rounded up/down to two decimals) during any 3-month period of a given scheme year, reaches a certain level;
- Participant of the incentive scheme must be employed by the Company until the date of approval, by the Company's General Meeting, of the Company's financial statements for a given year during which the incentive scheme was active; and
- Participant of the incentive scheme must not engage in any activities in competition to LARQ until the day of subscription of shares for a given year during which the incentive scheme was active.

The regulations have been detailed in the Company's Current Reports of 1 June 2016.

At 30 June 2018, Ms Małgorzata Dziecioł, Member of the Company's Management Board, and Mr. Jakub Kurzynoga, Financial Director of LARQ S.A., are members of the scheme.

In fulfilment of the incentive schemes for 2018, the Company recognised the cost of the schemes of PLN 377,063 in the statement of profit or loss for the period ended on 30 June 2018, compared to PLN 3,827,000 in the corresponding period of 2017 when the 2015 incentive scheme was also included.

Upon meeting the conditions set forth for the third year of implementation of the 2015 incentive scheme, Mr. Mikołaj Chruszczewski acquired 125,000 shares in the Company in July 2018. Upon meeting the conditions set forth for the second year of implementation of the 2016 incentive scheme, Ms Małgorzata Dziecioł and Mr. Jakub Kurzynoga acquired, respectively, 25,000 and 75,000 shares in the Company in July 2018.

The 2015 incentive scheme, of which Mr. Mikołaj Chruszczewski was the participant, was terminated upon holding the Annual General Meeting of LARQ SA and adoption of the Company's 2017 financial statements. The details of the new incentive scheme for Mr. Mikołaj Chruszczewski for years 2018-2020 are presented in Section 1.5.

2.20. Changes of Managers and Supervisors

During the period covered by this report and after its publication, no changes were made in the Management or Supervisory Boards.

2.21. Contracts Made Between the Company and Its Managers

The Company has not signed any contracts with its managers that would contemplate any non-standard clauses. In August 2018, Mr. Mikołaj Chruszczewski, Member of LARQ Management Board, signed new contracts with the Company. Since the incentive scheme benefiting Mr. Mikołaj Chruszczewski in 2015-2017 has expired, those new contracts regulate the form of regular relationship between that Member of the Management Board and the Company, including incentive elements such as a specified extra annual compensation that consists of three independent components: success fee for attainment of financial goals (linked to the growth in value of the Company's net financial assets), extra fee for fulfilment of quality goals and discretionary bonus to be awarded at the discretion of the Supervisory Board. Furthermore, Mr. Mikołaj Chruszczewski will have, in January of each year, the right to additional compensation to be paid out in fresh shares in LARQ; its amount will be based on the value of options to buy 50,000 shares in LARQ at the average (turnover-weighted) price from January of the previous year, however no less than the minimum price of PLN 19.73.

2.22. Description of Material Risk Factors and Threats

At present, the core business of LARQ is to manage the portfolio of financial assets owned by it; it involves the following risks:

- **Risk of change in valuation of financial assets** – a risk relating to any decline in valuation of financial assets triggered off by the decline on financial markets or the deteriorated valuation of peer companies or current or forecast operating results of portfolio companies. The Company measures the fair value of its assets through profit or loss on a quarterly basis and if this risk materialises, it may adversely affect the current results of the Company.
- **Risk of longer than expected time needed to exit an investment** – a risk of business slump or stock exchange downturn could further hinder the ability to exit an investment in a given portfolio company, or significantly reduce the realisable rate of return. Consequently, it might adversely affect the financial performance of LARQ and the valuation of its investment portfolio.
- **Risk associated with the development of portfolio companies and their financial results** – a risk of failure to attain the expected development of portfolio companies could potentially lead to lower than expected rates of return on investments and, thus, adversely affect financial results generated by LARQ.
- **Risk associated with acquisition of new projects** – certain competition from other investors who are interested to acquire new investment projects could hinder the acquisition of new projects on attractive terms.
- **Risk of changes in the legal and tax systems** – amendments to laws or their interpretations that might produce negative effects or changes in the business environment for LARQ or its portfolio companies.

2.23. Other Material Information for Assessment of the Issuer

During the period covered by this report and to the best knowledge of the Management Board:

- There have been no events other than described above which, in the opinion of the Management Board, are material for assessment of its employment situation, assets, financial standing, profit or loss and changes therein, or other events of importance in assessing the likelihood of fulfilment of obligations by the Company;
- There have been no changes other than described above in the key principles of governance of the Company and its Group.

3. PORTFOLIO COMPANIES

LARQ's Key Portfolio Companies: NEXTBIKE POLSKA S.A.



Scope of Business: Nextbike Polska S.A. ("Nextbike", the "Company") is the largest supplier and operator of city bike-sharing systems in Poland. At 31 June 2018, the Company managed the fleet of 13,400 bicycles and enjoys the 80% share of the Polish city bike-sharing market in terms of fleet size. The Company has been listed on NewConnect since 23 August 2017.

Nextbike Polska S.A. shares held by LARQ at the end of June 2018: 68% (blocks of shares held by LARQ S.A. and LARQ Growth Fund I FIZ).

Key financials: Since the end of 2017, the fleet of bicycles managed by the Company grew by 1,000, net, mostly after putting in operation the new system in Turku, Finland, and launching new systems in another five towns across Poland, as well as the expansion of the existing systems (mainly in Warsaw, Poznań and Katowice.) During 1H2018, Nextbike reported an increase in sales revenue by 19% up to PLN 21.7 million compared to PLN 18.2 million in 1H2017.

Nextbike's EBITDA for 1H2018 was PLN 4.4 million compared to PLN 6.0 million in 1H2017. The decline in EBITDA was caused by: (i) costs incurred in the off-season were higher than in the preceding year; those costs involve winter maintenance, storage and re-start of additional bicycles; (ii) increased costs to improve the system operation; and (iii) growing costs of administrative and operational structures mirroring the growth in scale of business.

Forecast: on 14 August 2018, Nextbike published its forecast of 2018 performance, namely:

- Number of bikes in operation will grow by 46% up to 17,800 from 12,200 from 7,800 at the end of 2017;
- Revenue from sales will grow up to PLN 70.5 million or by 62% from PLN 43.5 million in 2017;
- EBITDA of PLN 16.4 million; growth by 8% from PLN 15.2 million in 2017;

Material Developments at Nextbike:

- At the publication date of this report, Nextbike has already signed contracts for delivery and launch of cycling systems in the incoming quarters, for the total number of bikes approximating 6,000.
- In May 2018, Nextbike launched the very first foreign system managed by it in Turku, Finland. The Turku system consists of 300 fourth generation bikes (bicycles are equipped with on-board computers that allow for returning them not only at docking stations but anywhere at the user's discretion).
- On 25 June 2018, the Supervisory Board of Nextbike appointed Mr. Robert Lech to serve as President of Management Board; he replaced Mr. Tomasz Wojtkiewicz. Robert Lech has over ten years in managerial experience, he managed organisations both home and abroad. In the mid-term, the new President's mission is mostly to boost Nextbike's income derived from private sources, international expansion and improving the effectiveness of the organisation.
- NB Tricity sp. z o.o., a wholly owned subsidiary of Nextbike, signed the contract in June 2018 for the delivery and services of the Metropolitan Bike System in the Tricity and neighbouring communes; the system will include 4,080 fourth generation electric bikes. The Tricity Bike System will be among the largest systems in the world that are fully based on electric bikes. The stage one (ca. 1,200 bikes) will be made operational in November 2018. The full number of bikes (4,080) will be launched on or before 1 March 2019. The system management contract was signed for the term until 2025 and the total contract amount exceeds PLN 40 million, gross.
- NB Serwis sp. z o.o., a wholly owned subsidiary of Nextbike, signed the contract in June 2018 for the delivery and service of the cycling system in selected towns alongside the Łódzka Agglomeration Railways. The final system will be composed of 1,002 fourth generation bikes and will be launched in October 2018. That system will become the very first project in Poland that combines two most environment-friendly means of public transport: bicycle (on a short distance) and train (on a longer distance). The management contract was signed for six years and the total contract amount is almost PLN 24 million, gross.
- In July and August 2018, Nextbike launched new cycling systems in Zielona Góra and Płock (61- bicycles in total) and signed the contract for delivery and service of 460 bikes for Chorzów.

Key financials of NEXTBIKE POLSKA S.A.

Management Board's Business Review Report on LARQ S.A. for the Period Ended on 30 June 2018

<i>PLN million</i>	H1 15	H1 16	H1 17	16/15	17/1
Number of bicycle (end of period) (in '000)	5.4	7.1	10.9	31%	53%
Revenue	7.1	16.8	17.7	138%	5%
EBITDA	1.9	7.8	5.4	303%	-31%
EBIT	(0.3)	5.2	2.0	-	-61%
Net profit (loss)	(1.1)	3.9	0.9	-	-76%
Net debt	14.8	15.4	28.3	4%	84%

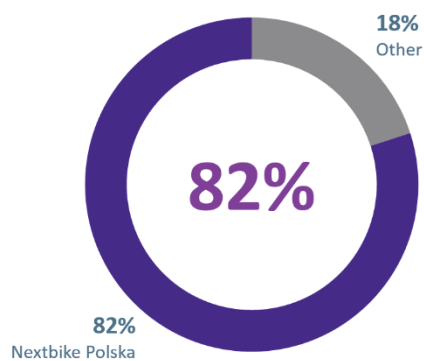
Breakdown of Revenue in 1H2017

Breakdown of Revenue in 1H2018

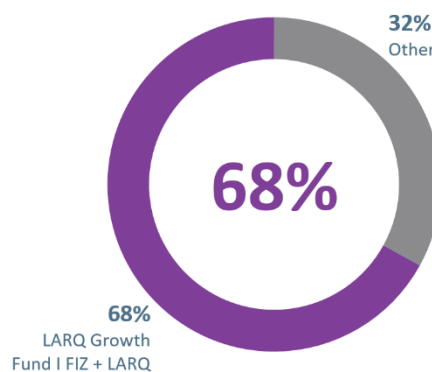
Fleet Structure at End of June 2017

Fleet Structure at End of June 2018

Market Share by Number of Bicycles (June 2018)



Ownership structure of Nextbike (June 2018)



Source: Nextbike own estimates

LARQ's Key Portfolio Companies: BRAND24 S.A.



Scope of Business: Brand24 S.A. ("Brand24", the "Company") is the owner of a proprietary tool for Internet content monitoring sold as SaaS (Software as a Service). The company enjoys a dominant position on the Polish market in that product category. Since 2015, it has also been successful with the commercialisation of its software on the global market. The Company has been listed on NewConnect since January 2017.

Brand24 S.A. shares held by LARQ at the end of June 2018: 40% (block of shares held by LARQ Growth Fund I FIZ).

Key financials: At the end of June 2018, Brand24 had 2,544 active users of its software (i.e., 44% more than at 30 June 2017), specifically 1,206 customers for its Polish version and 1,338 users of the global version which means the growth by 7% and 112%, respectively, compared to 1H2017.

In 1H2018, Brand24 reported the growth in sales revenue by 52% up to PLN 5.3 million compared to PLN 3.5 million in 1H2017; more than 50% of revenue was generated from the sale of global version of the services.. Brand24's EBITDA loss for 1H2018 was PLN 0.6 million compared to the profit of PLN 0.1 million for 1H2017. The loss was incurred due to increased expenditures on customer acquisition, especially for the global version, and on the reinforcement of the IT team to support the enhancement of Brand24's software and on improving the effectiveness of automated sales and customer retention processes.

Forecast: Brand24 has not published any 2018 performance forecast. In October 2017, the Company adopted the incentive scheme for key personnel and associates. The new scheme will be pursued in 2018-2020 and will entail the award of the right to acquire shares. Among the prerequisites for award of the right to acquire shares, the following operating targets must be met in 2018:

- Number of clients at the end of period: 2,935;
- Consolidated revenue: PLN 10.8 million;
- Consolidated net loss: PLN 1.1. million.

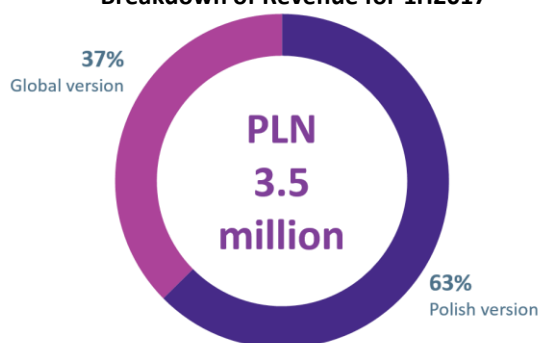
Material Developments at Brand24:

- On 30 January 2018, Brand24 shares debuted on NewConnect. All shares in the Company were floated. The share price on the debut date was almost 80% above the price set for the private placement in November 2017. Compared to other issuers on the NewConnect market, Brand24 shares were vigorously traded during 1H2018.
- Launch of new functionalities: recurring payments were launched in the Polish version of the tool to facilitate payments made by customers for access to Brand24 tool; widget was launched and contains recommendations and mentions on any topic, ready to be implemented on web pages of Brand24 customers; launch of geographical analytics of mentions to facilitate identification of countries with the major impact on brand repute.
- Passing the threshold of 100 countries accessed by Brand24.
- In April 2018, monthly recurring revenue (MRR) from the foreign version exceeded revenue generated from the Polish version.

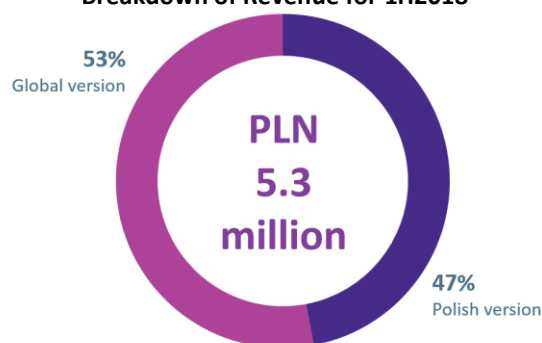
BRAND24 S.A.: Key Financials

<i>PLN million</i>	6M 16	6M 17	6M 18	17/16	18/17
Number of active customers (end of period)	1,145	1,764	2,544	54%	44%
Revenue	2.2	3.5	5.3	60%	52%
EBITDA	(0.6)	0.1	(0.5)	-	-
EBIT	(0.7)	(0.1)	(0.6)	-	-
Net profit (loss)	(0.7)	(0.1)	(0.5)	-	-
Net debt	(0.2)	0.2	(1.5)	-	-

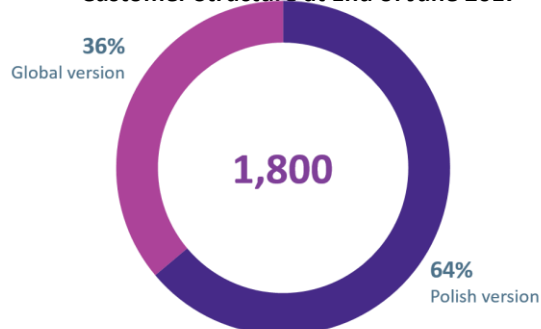
Breakdown of Revenue for 1H2017



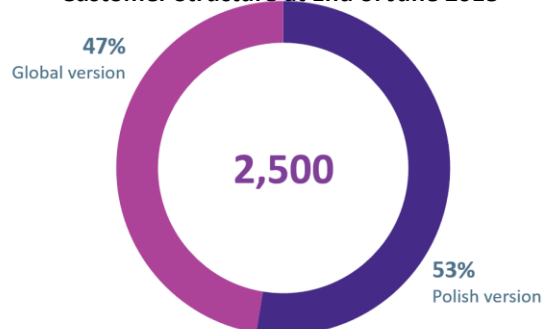
Breakdown of Revenue for 1H2018



Customer Structure at End of June 2017



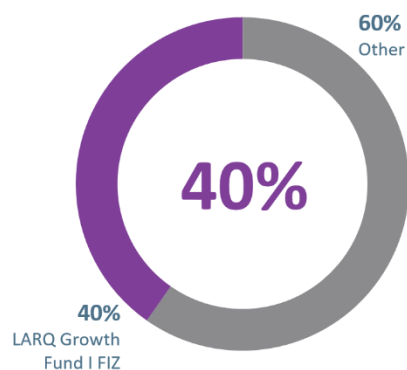
Customer Structure at End of June 2018



Growth in Number of Active Customers (June 2018)



Brand24 Shareholding Structure (June 2018)



LARQ's Key Portfolio Companies: SYNERGIC SP. Z O.O.



Scope of Business: Synergic sp. z o.o. ("Synergic", the "Company") is the leading operator and owner of non-standard outdoor advertising media in Poland. The Company displays the advertisements of its customers at all Polish airports and key bus and railway stations. The Company is the exclusive operator of advertising space on city bikes and in underground passages in the major cities in Poland. In addition, since 2017, Synergic has commercialised the digital advertising space in selected ATM networks and on large-format media alongside highways. The Company's market share is over 30% which makes it the largest supplier of non-standard outdoor advertising space in Poland.

Synergic sp. z o.o. shares held by LARQ at the end of June 2018: 100% (block of shares held by LARQ Growth Fund I FIZ).

Key financials: In 1H2018, Synergic recognised revenue of PLN 19.8 million which means a 13% growth compared to PLN 17.5 million generated in the first half of 2017. That dynamic growth rate was underpinned by the growth in sale of advertising campaigns, mostly on carriers at airports, railway stations and on buses. In addition, Synergic successively grew its revenue from product lines added in 2017: large-format media along highways and ATM advertising. The sale results for 1H2018 means the continuation by Synergic of its dynamic growth in revenue as experienced by the Company in the previous periods.

1H2018 EBITDA grew up to PLN 3.4 million compared to PLN 3.1 million in 1H2017. EBITDA margin generated by Synergic was 17% in 1H2018 and was similar to the last year's level.

Forecast: LARQ did not publish any forecast regarding Synergic performance in 2018.

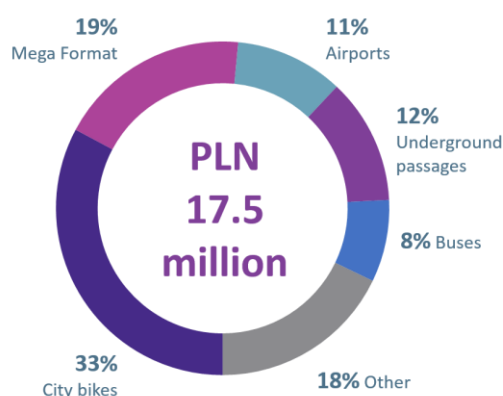
Material Developments at Synergic:

- Advertising services contract was signed entailing the commercialisation of advertising space on displays of ticket-vending machines in Warsaw, Łódź and Kraków.
- Multi-channel advertising campaign was continued for the Samsung brand, mostly with the use of media owned by Synergic and located at airports and in underground passages.
- Increased sales potential in the large-format channels upon acquisition of an attractive location in Warsaw; the medium with the area of almost 500 m² nearby the Dolinka Służewiecka in Warsaw.
- Building operational and investment structures to support the development and digitalisation of advertising carriers within the city space.

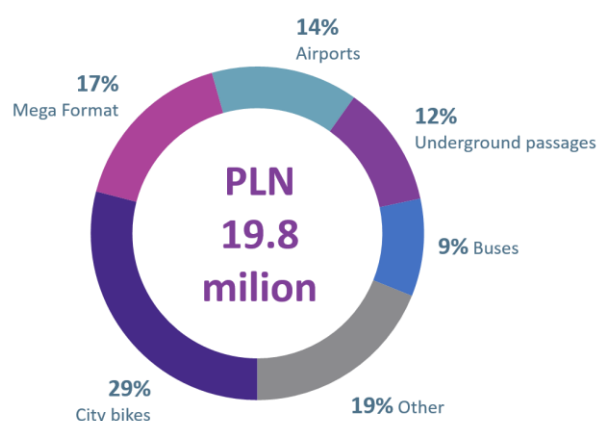
SYNERGIC SP. Z O.O.: Financial Highlights (net of intragroup transactions)

PLN million	6M 16	6M 17	6M 18	17/16	18/17
Advertising space available for sale (m2)	21,137	37,273	42,919	76%	15%
Revenue	13.3	17.5	19.8	32%	13%
EBITDA	2.2	3.1	3.4	40%	9%
EBIT	1.7	2.8	2.8	64%	0%
Net profit (loss)	1.4	2.5	2.4	75%	-3%
Net debt	0.3	0.6	0.3	-	-57%

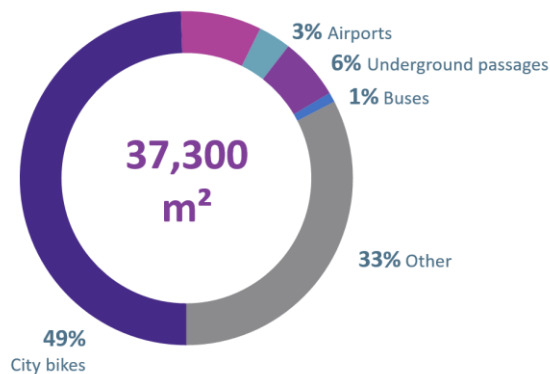
Breakdown of Revenue for 1H2017



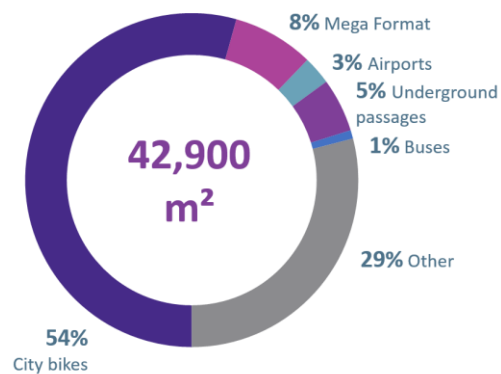
Breakdown of Revenue for 1H2018

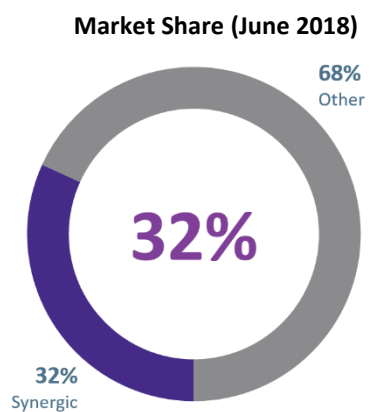


Structure of Advertising Space Available for Sale at End of June 2017

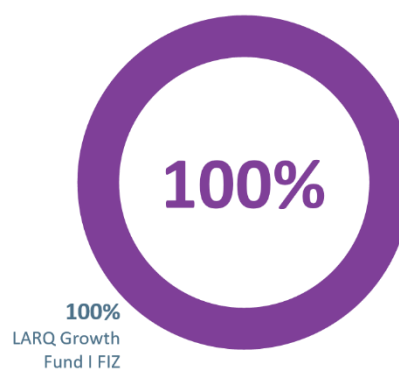


Structure of Advertising Space Available for Sale at End of June 2018





Synergic Shareholding Structure (June 2018)



Source: Synergic own estimates

Warsaw, 31 August 2018