

CONDENSED SEMI-ANNUAL  
FINANCIAL STATEMENTS  
LARQ SPÓŁKA AKCYJNA

-----  
For the Period Ended on 30 June 2018  
-----

LARQ Spółka Akcyjna of Warsaw

Warsaw, 31 August 2018



## TABLE OF CONTENTS

1. FINANCIAL HIGHLIGHTS.....	Błąd! Nie zdefiniowano zakładki.
2. CONDENSED STATEMENT OF FINANCIAL POSITION AT 30.06.2018.....	4
3. CONDENSED STATEMENT OF COMPREHENSIVE INCOME .....	5
4. CONDENSED STATEMENT OF CASH FLOWS .....	6
5. CONDENSED STATEMENT OF CHANGES IN EQUITY .....	7
6. BACKGROUND INFORMATION .....	Błąd! Nie zdefiniowano zakładki.
7. STATEMENTS .....	10
8. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS .....	10
9. CHANGES IN THE ACCOUNTING POLICY .....	12
10. GOING CONCERN ASSUMPTION .....	Błąd! Nie zdefiniowano zakładki.
11. RESTATEMENT OF COMPARATIVE FIGURES.....	13
12. MATERIAL VALUES BASED ON PROFESIONAL JUDGEMENT AND ESTIMATES .....	17
13. DETAILED NOTES AND EXPLANATIONS.....	Błąd! Nie zdefiniowano zakładki.

## 1. FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS	PLN '000		EUR ' 000	
	01.01- 30.06.2018	01.01- 30.06.2017	01.01- 30.06.2018	01.01- 30.06.2017
I. Net revenue from sale of finished products, merchandise and materials	243	370	57	87
II. Operating profit (loss)	421	24,614	99	5,795
III. Profit (loss) before taxation	414	24,546	98	5,779
IV. Net profit (loss)	140	19,008	33	4,475
V. Net cash flows from operating activities	(1,561)	(1,006)	(368)	(237)
VI. Net cash flows from discontinued operations	169	165	40	39
VII. Net cash flows from investing activities	830	(2,693)	196	(634)
VIII. Net cash flows from financing activities	-	6,097	-	1,435
IX. Total net cash flows	(562)	2,562	(133)	603
X. Earnings per ordinary share (PLN/EUR)	0.02	2.47	0.00	0.58
XI. Diluted earnings per ordinary share (PLN/EUR)	0.02	2.47	0.00	0.58
	<b>Balance at 30.06.2018</b>	<b>Balance at 31.12.2017</b>	<b>Balance at 30.06.2018</b>	<b>Balance at 31.12.2017</b>
XII. Total assets	149,942	152,304	34,378	36,516
XIII. Liabilities and provisions for liabilities	16,178	15,865	3,709	3,804
XIV. Deferred income tax liability	9,733	9,254	2,231	2,219
XV. Non-current liabilities	6,445	6,611	1,478	1,585
XVI. Equity	133,764	136,439	30,669	32,712
XVII. Share capital	777	777	178	186
XVIII. Number of shares	7,767,833	7,767,833	7,767,833	7,767,833
XIX. Book value per share (PLN/EUR)	17.22	17.56	3.95	4.21
XX. Diluted earnings per ordinary share (PLN/EUR)	17.22	17.56	3.95	4.21
XXI. Dividend declared or paid per share (PLN/EUR)	-	-	-	-

The figures presented as “Financial Highlights”, derived from the statements of profit or loss, other comprehensive income, financial position and cash flows, were translated from PLN to EUR as follows:

- The items of assets, liabilities and equity in the statement of financial position were translated at the average rate as published by the National Bank of Poland for EUR, i.e., EUR 1 = PLN 4.3616 as prevailing on 29 June 2018 and EUR 1 = PLN 4.1709 as prevailing on 29 December 2017; and
- The items in the statements of comprehensive income and cash flows were translated at the rate equal to the arithmetic average of average rates as published by the National Bank of Poland for EUR and applicable on the last day of each month during the period concerned, i.e., EUR 1 = PLN 4.2395 and EUR 1 = PLN 4.2474 for the corresponding period of 2017.

## 2. CONDENSED STATEMENT OF FINANCIAL POSITION AT 30.06.2018

ASSETS	30.06.2018,	31.12.2017, restated
<b>Non-current Assets</b>	<b>147,108,500.52</b>	<b>146,235,027.88</b>
Property, plant and equipment	1,779,799.36	1,827,513.24
Intangible assets	199,856.31	225,540.70
Investment property	2,833,608.11	2,881,266.42
Financial assets measured at fair value	141,637,281.43	140,407,607.40
Available-for-sale financial assets	-	-
Trade receivables and other receivables	42,755.00	42,755.00
Deferred tax assets	-	-
Other financial assets	615,200.31	850,345.12
<b>Current assets</b>	<b>2,833,372.93</b>	<b>6,068,719.21</b>
Inventories	-	-
Trade receivables and other receivables	1,411,883.05	1,920,400.53
Prepayments	-	-
Income tax assets	-	-
Cash and cash equivalents	228,335.66	790,352.87
Other financial assets	1,003,154.22	3,203,965.81
Current assets – discontinued activities	190,000.00	154,000.00
<b>TOTAL ASSETS</b>	<b>149,941,873.45</b>	<b>152,303,747.09</b>
	,	,
LIABILITIES & EQUITY	30.06.2018,	31.12.2017
<b>Equity</b>	<b>133,764,357.05</b>	<b>136,438,631.97</b>
Share capital	776,783.30	776,783.30
Share premium account	24,065,230.88	24,065,230.88
Other reserves	121,962.15	121,962.15
Reserve on valuation of incentive scheme	4,613,901.00	4,236,838.00
Revenue reserve for purchase of own shares	3,000,000.00	-
Retained earnings	101,186,479.72	107,237,817.64
<b>Non-current liabilities</b>	<b>9,732,725.74</b>	<b>9,254,120.87</b>
Borrowings	-	-
Other financial liabilities	-	-
Deferred income tax liability	9,732,725.74	9,254,120.87
Provisions for pensions and similar benefits	-	-
Employee benefit obligation	-	-
Grants	-	-
<b>Current liabilities</b>	<b>6,444,790.66</b>	<b>6,610,994.25</b>
Borrowings	3,175,491.78	3,103,141.37
Other financial liabilities	-	-
Trade payables and other liabilities	2,219,980.51	2,477,604.69
Income tax liabilities	-	-
Accruals	-	-
Provisions for pensions and similar benefits	46,128.37	46,128.37
Employee benefit obligation	-	-
Other provisions	1,003,190.00	966,190.00
Grants	-	17,929.82
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>149,941,873.45</b>	<b>152,303,747.09</b>

### 3. CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	01.01-30.06.2018	01.01-30.06.2017 restated
<b>Continuing operations</b>		
Revenue from sale of lease services	242,817.27	370,385.08
Result of disposal and re-measurement of financial assets measured at fair value through profit or loss	2,474,351.15	29,795,091.71
General administrative expenses	(2,272,900.66)	(5,763,924.48)
Other operating income	21,441.14	218,783.74
Other operating expenses	(44,685.84)	(5,950.08)
<b>Operating profit (loss)</b>	<b>421,023.06</b>	<b>24,614,385.97</b>
Finance income	81,763.40	71,809.55
Finance cost	(88,541.70)	(140,251.38)
<b>Profit (loss) before taxation</b>	<b>414,244.76</b>	<b>24,545,944.14</b>
Current income tax	-	(10,480.00)
Deferred income tax	(442,504.87)	(5,640,110.78)
<b>Net profit/(loss) from continuing operations</b>	<b>(28,260.11)</b>	<b>18,895,353.36</b>
<b>Discontinued operations</b>		
Profit/(loss) for the period from discontinued operations	168,514.49	112,955.62
<b>Net profit /(loss) for the period</b>	<b>140,254.38</b>	<b>19,008,308.98</b>
<b>Net profit/(loss) per share in PLN</b>		
– Basic earnings from continuing operations	(0.00)	2.47
–Diluted earnings from continuing operations	(0.00)	2.47
– Basic earnings from discontinued operations	0.02	0.01
–Diluted earnings from continuing discontinued operations	0.02	0.01
<b>Other comprehensive income:</b>		
Other comprehensive income that will be reclassified to profit or loss in future periods	-	-
Other comprehensive income that will not be reclassified to profit or loss in future periods	-	-
<b>Other net comprehensive income</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR FINANCIAL YEAR</b>	<b>140,254.38</b>	<b>19,008,308.98</b>

#### 4. CONDENSED STATEMENT OF CASH FLOWS

	01.01-30.06.2018	01.01-30.06.2017 restated
<b>Operating activities</b>		
Net profit/(loss)	414,244.76	24,545,944.14
Adjustments for:		-
Depreciation and amortisation	124,633.00	291,878.50
Interest and dividend, net	(9,412.99)	63,926.80
(Profit)/loss on investing activities	-	(24,073.25)
Result of disposal and re-measurement of financial assets measured at fair value	(2,474,351.15)	(29,795,091.71)
Increase/decrease in receivables	298,002.48	317,576.53
Increase/decrease in inventories	-	-
Increase/decrease in liabilities	(257,624.28)	50,614.72
Increase/decrease in grants		(14,688.72)
Increase/decrease in provisions	37,000.00	(153,993.00)
Income tax paid	-	(10,480.00)
Increase/decrease in prepayments and accruals	(17,929.82)	(92,476.18)
Valuation of incentive scheme	377,063.00	3,827,000.00
Other	(52,191.23)	(12,186.04)
<b>Net cash from operating activities</b>	<b>(1,560,566.23)</b>	<b>(1,006,048.21)</b>
<b>Discontinued activities</b>		
Discontinued activities	168,614.49	164,699.39
<b>Net cash flows from discontinued activities</b>	<b>168,614.49</b>	<b>164,699.39</b>
<b>Investing activities</b>		
Disposal of property, plant and equipment and intangible assets	-	25,203.25
Acquisition of property, plant and equipment and intangible assets	(3,576.32)	(20,814.16)
Disposal of financial assets	2,131,267.50	-
Acquisition of financial assets	(833,590.38)	(2,005,932.50)
Dividend and interest received	805.73	2,429.64
Repayment of lending	122,028.00	104,056.00
Lending	(587,000.00)	(786,418.00)
Interest accrued on deposits	-	-
Other	-	(11,900.00)
<b>Net cash from investing activities</b>	<b>829,934.53</b>	<b>(2,693,375.77)</b>
<b>Financing activities</b>		
Proceeds from share issue	-	6,290,000.00
Repayment of finance lease liabilities	-	-
Proceeds from borrowings	-	1,470,000.00
Repayment of borrowings	-	(1,645,638.00)
Dividend paid	-	-
Interest paid	-	(15,989.77)
Other	-	(1,283.00)
<b>Net cash from financing activities</b>	<b>-</b>	<b>6,097,089.23</b>
Net increase in cash and cash equivalents	(562,017.21)	2,562,364.64
Net FX differences	-	-
<b>Cash at the beginning of the period</b>	<b>790,352.87</b>	<b>252,500.32</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>228,335.66</b>	<b>2,814,864.96</b>

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**

(all amounts presented in PLN unless stated otherwise)

**5. CONDENSED STATEMENT OF CHANGES IN EQUITY**

	Share Capital	Share Premium Account	Other reserves	Reserve on Valuation of Incentive Scheme	Revenue Reserve for Purchase of Own Shares	Retained Earnings	Total Equity
<b>At 1 January 2018</b>	<b>776,783.30</b>	<b>24,065,230.88</b>	<b>121,962.15</b>	<b>4,236,838.00</b>	<b>-</b>	<b>107,237,817.64</b>	<b>136,438,631.97</b>
IFRS 9 adjustments	-	-	-	-	-	(3,191,592.30)	(3,191,592.30)
<b>At 1 January 2018</b>	<b>776,783.30</b>	<b>24,065,230.88</b>	<b>121,962.15</b>	<b>4,236,838.00</b>	<b>-</b>	<b>104,046,225.34</b>	<b>133,247,039.67</b>
Total comprehensive income	-	-	-	-	-	140,254.38	<b>140,254.38</b>
Share issue	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	-
Valuation of incentive scheme	-	-	-	377,063.00	-	-	<b>377,063.00</b>
Transfer	-	-	-	-	3,000,000.00	(3,000,000.00)	-
<b>At 30 June 2018</b>	<b>776,783.30</b>	<b>24,065,230.88</b>	<b>121,962.15</b>	<b>4,613,901.00</b>	<b>3,000,000.00</b>	<b>101,186,479.72</b>	<b>133,764,357.05</b>
<b>At 1 January 2017</b>	<b>733,450.00</b>	<b>18,063,513.88</b>	<b>121,962.15</b>	<b>771,838.00</b>	<b>-</b>	<b>74,051,618.57</b>	<b>93,742,382.60</b>
Correction of errors	-	-	-	-	-	-	-
<b>At 1 January 2017</b>	<b>733,450.00</b>	<b>18,063,513.88</b>	<b>121,962.15</b>	<b>771,838.00</b>	<b>-</b>	<b>74,051,618.57</b>	<b>93,742,382.60</b>
Total comprehensive income	-	-	-	-	-	19,008,308.98	<b>19,008,308.98</b>
Share issue	37,000.00	6,001,717.00	-	-	-	-	<b>6,038,717.00</b>
Cost of share issue	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	-
Valuation of incentive scheme	-	-	-	3,827,000.00	-	-	<b>3,827,000.00</b>
<b>At 30 June 2017</b>	<b>770,450.00</b>	<b>24,065,230.88</b>	<b>121,962.15</b>	<b>4,598,838.00</b>	<b>-</b>	<b>93,059,927.55</b>	<b>122,616,408.58</b>

## **6. BACKGROUND INFORMATION**

### **6.1. Core Business**

LARQ S.A. ("LARQ", the "Company") 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 in the above industries as well as options for the best sale of assets holdings.

During the first six months of 2018, the Company has additionally 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 (this business is being transferred to a subsidiary). That business will be finally discontinued in the first half of 2019.

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

- The Company maintains several 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.

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

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)
- Nextbike Polska S.A. (LARQ owns 1% of its capital)
- 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% of share capital)
- Media Power sp. z o.o. (it is wholly owned by LARQ)
- AWL VIII sp. z o.o. (it is wholly owned by LARQ)
- Trigo SA (LARQ holds 2% in its capital that was acquired in 2018).

The Company's subsidiary called 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).

## 6.2. Members of the Company's Governing Bodies

At 30 June 2018, the Company was managed by the Management Board composed of three members:

Krzysztof Przybyłowski, Ph.D. – Chairman of the Management Board

Mikołaj Chruszczewski – Member of the Management Board

Małgorzata Dzięcioł – Member of the Management Board.

No changes in the Management Board of the Company were made during the first six months of 2018 up to the date of approval of these statements.

At 30 June 2018, the operations of the Company were supervised by the Supervisory Board consisting of:

Joanna Braulińska-Wójcik – Chairperson of the Supervisory Board

Bartosz Foronczewicz – Member of the Supervisory Board

Sergiusz Frąckowiak – Member of the Supervisory Board

Adam Kalkusiński – Member of the Supervisory Board

Piotr Krawczyński – Member of the Supervisory Board

No changes in the Supervisory Board of the Company were made during the first six months of 2018 up to the date of approval of these statements.

## 6.3. Auditors

PKF Consult Spółka z ograniczoną odpowiedzialnością sp.k.

ul. Orzycka 6 lok. 1B

02- 695 Warszawa

## 6.4. Shareholders Holding More Than 5% Votes at 30 June 2018 and at the Publication Date

**30.06.2018**

Shareholder	Number of Shares	% of Share Capital	% of Votes
HARBINGER CAPITAL Ltd.	3,000,000	38.62%	55.72%
QUERCUS TFI S.A.	720,478	9.28%	6.69%
NATIONALE NEDERLANDEN OFE & DFE	602,156	7.75%	5.59%
OTHERS	3,445,199	44.35%	32.00%
<b>Total share capital</b>	<b>7,767,833</b>	<b>100.00%</b>	<b>100.00%</b>

\*Number of shares based on records made in the share register with respect to registered shares. In case of shares admitted to public trading, the number of shares was determined based on LARQ S.A. AGM for 2017 and 2018.

**31.08.2018**

Shareholder	Number of Shares	% of Share Capital	% of Votes
HARBINGER CAPITAL Ltd.	3,000,000	37.53%	54.58%
QUERCUS TFI S.A.	720,478	9.01%	6.55%
NATIONALE NEDERLANDEN OFE & DFE	602,156	7.53%	5.48%
OTHERS	3,670,199	45.92%	33.39%
<b>Total share capital</b>	<b>7,992,833</b>	<b>100.00%</b>	<b>100.00%</b>

\* Number of shares based on records made in the share register with respect to registered shares. In case of shares admitted to public trading, the number of shares was determined based on LARQ S.A. AGM for 2017 and 2018.

## **7. STATEMENTS**

### **7.1. Statement of the Management Board**

Pursuant to the Finance Minister's Regulation of 19 February 2009 on current and periodic information to be provided by issuers of securities (Journal of Laws 2014 Item 133, as amended), the Management Board of the Company hereby states that, according to its best knowledge, these financial statements and the comparative figures were prepared in accordance with the accounting principles applicable to the Company and they give a true, fair and clear view of the assets and financial position of the Company and its profit or loss.

Furthermore, the Management Board states that the Company's business review report gives a true view of the development, achievements and situation of the issuer, including a description of key threats and risks.

These financial statements were approved for publication by the Management Board on 31 August 2018.

### **7.2. Basis for Preparation of Condensed Financial Statements**

In these condensed interim financial statements, figures are given in Polish Zloty (PLN) being the functional currency and the currency for presentation of the Company's results. The condensed interim financial statements have been prepared on the historical cost basis save for financial instruments that are measured at fair value through profit or loss.

Due to the application of the changed principles of accounting in accordance with paragraph 27 of IFRS 10, the Company qualifies as an investment entity and does not prepare any consolidated financial statements and, in these financial statements, all investments in subsidiaries are measured at fair value through profit or loss.

These condensed interim financial statements have not been audited by an independent auditor. The most recent financial statements audited by an independent auditor, are the financial statements for 2017.

The condensed interim financial statements have been reviewed. The review report is published alongside these statements.

## **8. COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* (IAS 34).

The condensed interim financial statements do not include all information and disclosures that are required for the annual financial statements and should be read together with the 2017 annual financial statements of the Company together with the notes, for the period of 12 months ended on 31 December 2017 that have been made in compliance with the International Accounting Standards, International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and endorsed by the European Union under the IFRS Regulation (EC 1606/2002) (IFRS-EU), and the Company's reports issued in 2018. The condensed interim financial statements include explanatory notes referring to events and transactions that are meaningful for understanding changes in the Company's financial standing and results that took place after the end of the last annual reporting period.

In preparation of these interim financial statements, the Company applied the same accounting principles as used by it while making its annual financial statements for 2017 and for the comparative period of six months ended on 30 June 2017, save for new and amended standards that apply as of 1 January 2018.

### **New and amended standards adopted and applied by the Company**

Numerous standards and amendments thereof apply as of 1 January 2018. The Company has changed its accounting principles upon its adoption of the International Financial Reporting Standard 9 *Financial Instruments* (IFRS 9) and the International Financial Reporting Standard 15 *Revenue from Contracts with Customers* (IFRS 15). Those changes in the accounting policy and their impact on the Company's financials are presented in Section 9.

### **New and amended standards that have not been adopted by the Company**

The Company has not used the option of earlier application of the following standards and amendments to standards as approved by the European Union and effective for the reporting periods beginning on or after 1 January 2018:

## Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018

(all amounts presented in PLN unless stated otherwise)

IFRS 16 *Leases* – effective for the reporting periods beginning on or after 1 January 2019

IFRS 16 replaces the existing lease accounting according to IAS 17, IFRIC 4, SIC 15 and SIC 27. This IFRS provides for a single lease accounting model requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessor's approach substantially remains unchanged compared to the accounting under IAS 17 – they continue to classify leases as operating or finance leases.

In 2015 and 2016, the Company signed five long-term leases of passenger cars for the period of 36 months each; the Company treats them as operating lease in accordance with IAS 17. The aggregate value of those contracts is PLN 499,802.40, net (PLN 614,756.52, gross) and they provide for lease of five passenger cars.

The amount of PLN 83,141 was expensed under the above contract in 2018.

The amounts of future minimum lease payments under the above contract are as follows:

- 1 year or less: PLN 90,018

- From 1 year to 5 years: PLN 0.

The standards and interpretations adopted by the IASB that have not been yet approved for application by the EU:

IFRS 14: *14 Regulatory Deferral Accounts* – effective for the reporting periods beginning on or after 1 January 2016

This standard was published as a part of larger project "Rate regulated activities" dedicated to comparability of financial statements of entities active in areas subject to rate regulation by specified regulatory or supervisory authorities (depending on jurisdiction, such areas often include the distribution of electricity and heat, sale of energy and heat, telecommunication services, etc.).

IFRS 17 *Insurance Contracts* – effective for the reporting periods beginning on or after 1 January 2021

IFRS 17 replaces IFRS 4 *Insurance Contracts*. IFRS 17 establishes the uniform principles for recognition and measurement of insurance and reinsurance contracts at their present value. Under IFRS 17 insurance contracts must be reported based on current estimates and assumptions that reflect future expected cash flows and associated uncertainty. Revenue from an insurance contract (contractual service margin) is recognised alongside the provision of service included in the insurance contract throughout the insurance period.

Any changes in estimates of future expected flows as between balance sheet dates are reported in profit or loss or as adjustment of the expected contractual service margin, depending on the nature of such change and why it occurred. An entity can choose how to recognise certain changes in the discount rate: in profit or loss or in the statement of comprehensive income for a given period.

Earlier application of IFRS 17 is permitted if both IFRS 9 and IFRS 15 have also been applied.

Amendments to IAS 28 *Investments in Associates and Joint Ventures*

The amendment has clarified that the election to measure investments in associates or joint ventures at fair value through profit or loss (instead of equity method) that can be made by a venture capital organisation or other qualifying entity (such as mutual funds, trust funds), is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendment addresses also the options to elect the method to measure an investment entity being an associate or joint venture of a non-investment entity – it may continue the fair value measurement applied by that entity and apply the equity method at the same time.

IFRIC 23 *Uncertainty over Income Tax Treatments* – effective for the reporting periods beginning on or after 1 January 2019

The interpretation explains how to reflect in financial statements the uncertainty over income tax. The interpretation refers to situations when the recognition of a given transaction or circumstance is unclear in tax regulations or when a given entity is unsure whether tax authorities will accept the approach adopted by the entity or its own interpretation of tax law.

The Company estimates that the standards, interpretations and amendments to the standards discussed above will not materially affect the financial statements of the Company.

## **9. CHANGES IN THE ACCOUNTING POLICY**

Following the adoption of the new standards and amendments to the standards as of 1 January 2018, certain changes were made to its principles of accounting due to such new standards and amendments thereto. The following notes present the new accounting policy to the extent modified upon adoption of those standards, and its impact on the financial data.

### **IFRS 9**

The Company adopted IFRS 9 on 1 January 2018. It led to changes in the principles of accounting and restatement of amounts reported in the financial statements.

This standard replaces IAS 39 and is effective for the reporting periods beginning on or after 1 January 2018

The standard introduces the following categories of financial assets: measured at amortised cost, measured at fair value through profit or loss and measured through other comprehensive income. The classification is made at the initial recognition and is based on the model adopted by the entity for management of financial instruments and the characteristics of contractual cash flows from such instruments.

IFRS 9 has introduced a new impairment model, i.e., the expected credit loss model. As regards trade receivables and considering the small number of its contractors, the Company has a customised approach to each contractor and recognises impairment equal to expected credit losses based on historical data adjusted for the impact of looking-forward information. As regards its loans, the Company approaches each contract separately and assesses the repayment history of each loan, growth in credit risk compared to the initial recognition, and the probability of borrower's default.

As regards hedge accounting, the changes were intended to bring the hedge accounting closer to the risk management. The Standard does not apply to the Company in that respect since the Company does not apply hedge accounting.

### **IFRS 15**

The Company adopted IFRS 15 effective of 1 January 2018. IFRS 15 *Contracts with Customers* replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts*. Under IFRS 15, revenue is recognised so as to reflect the transfer of promised goods or services to the customer in the amount that reflects the remuneration to which the Company will be entitled in exchange for such goods or services.

The Company generates very narrow revenue subject to IFRS 15 (single contract for sale of services in its line of business that is being run off); the method of revenue recognition is consistent with the requirements of IFRS 15 as far as the delivery of service to the customer is concerned, therefore, there is no need to alter the way the revenue is recognised by the Company in light of the new standard.

The Company applied the standards as of 1 January 2018 without any restatement of comparative figure, however, the restatements due to the application of IFRS as of 1 January 2018 were reflected in the equity. Following its application of IFRS 9, the Company classified trade receivables and lending as financial assets measured at amortised cost, and made estimations of impairment losses for trade receivables and lending based on the probability of default.

The detailed impact of IFRS 9 guidance on line items of the financial statements is presented in table below. Unaffected line items of the financial statements have been omitted.

<b>ASSETS</b>	<b>31.12.2017 published</b>	<b>IFRS 9</b>	<b>01.01.2018 restated</b>
<b>Non-current assets</b>	<b>146,235,027.88</b>	<b>(227,900.60)</b>	<b>146,007,127.28</b>
Other financial assets	850,345.12	(227,900.60)	622,444.52
<b>Current assets</b>	<b>6,068,719.21</b>	<b>(2,963,691.70)</b>	<b>3,105,027.51</b>
Trade receivables and other receivables	1,920,400.53	(210,515.00)	1,709,885.53
Other financial assets	3,203,965.81	(2,753,176.70)	450,789.11
<b>OTHER ASSETS</b>	<b>152,303,747.09</b>	<b>(3,191,592.30)</b>	<b>149,112,154.79</b>

<b>EQUITY &amp; LIABILITIES</b>	<b>31.12.2017 published</b>	<b>IFRS 9</b>	<b>01.01.2018 restated</b>
<b>Equity</b>	<b>136,438,631.97</b>	<b>(3,191,592.30)</b>	<b>133,247,039.67</b>
Retained earnings	107,237,817.64	(3,191,592.30)	104,046,225.34
<b>Non-current liabilities</b>	<b>9,254,120.87</b>	<b>-</b>	<b>9,254,120.87</b>
<b>Current liabilities</b>	<b>6,610,994.25</b>	<b>-</b>	<b>6,610,994.25</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>152,303,747.09</b>	<b>(3,191,592.30)</b>	<b>149,112,154.79</b>

## 10. GOING CONCERN ASSUMPTION

These condensed financial statements have been made based on the going concern principle, i.e., assuming that the Company will continue its operations in the foreseeable future. The Management Board has taken into account the fact that, as at 30 June 2018, current liabilities exceed current assets and the Company incurs ongoing running expenses of ca. PLN 4 million per year. In the first quarter of 2019, the Company will terminate its performance of full-service advertising agency contracts that the Company used to by a party and that continue to bind the Company. Since that line of business will be discontinued by the Company, it will fund its continued operations with rental income from its real properties, sale of assets held by the Company (including shares in public companies) and dividend from its subsidiaries. Such funding will allow for ensuring the repayment of current liabilities and short-term loans, as well as running costs. Therefore, considering the foregoing circumstances, the Management Board cannot see any material premises indicating any threat to the going concern of the Company.

## 11. RESTATEMENT OF COMPARATIVE FIGURES

As a result of changes in the principles of accounting that were applied by LARQ for the first time in the 2016 accounts, the Company recognised a deferred income tax liability of PLN 15,388,504.24 on measurement of financial assets measured at fair value through profit or loss. The amount of that provision was overstated by PLN 15,796,646.08 since certain changes in measurement of those financial assets qualify as a permanent difference and will not be taxed in the future. The amount of that liability was corrected by the Company in its statement of financial position at 31 December 2017. The amount of that liability was not adjusted in the financial statements for the period up to 30 June 2017.

The Company uses certain real properties to generate rental revenue from their lease. Accordingly, there are grounds for reclassification of the value of those properties from "property, plant and equipment" to "investment property" by means of adequate adjustment to the statement of financial position at 31 December 2017. The Company has measured the value of investment properties in book values and they amounted to PLN 2,881,266.42 as at 31 December 2017.

In the first quarter of 2019, the Company will terminate its performance of full-service advertising agency since the Company used to be a party to such contracts and the contracts continue to bind the Company. Accordingly, the result of that line of business was transferred to "the result of discontinued operations" in these statements. In order to provide for the comparison, the result of that line of business for the first half of 2017, equal to PLN 112,955.62 was also transferred. There were also parallel reclassifications of rental income from leasing properties and other tangible assets from "Other operating income" to "Revenue from sale of services" in order to reflect better the operating nature of that business. The amount reclassified for the first six months of 2018 is PLN 370,385.08.

The Company's statement of financial position at 30 June 2017 is give below, followed by the statement of comprehensive income for the first six months of 2017 as published on 31 August 2017 and after restatement.

**STATEMENT OF FINANCIAL POSITION AT 30.06.2017 - RESTATEMENT**

<b>ASSETS</b>	<b>30.06.2017 published</b>	<b>restatement</b>	<b>30.06.2017 restated</b>
<b>Non-current assets</b>	<b>128,084,411.12</b>	-	<b>128,084,411.12</b>
<b>Current assets</b>	<b>8,004,026.52</b>	-	<b>8,004,026.52</b>
<b>TOTAL ASSETS</b>	<b>136,088,437.64</b>	-	<b>136,088,437.64</b>
<b>EQUITY &amp; LIABILITIES</b>	<b>30.06.2017 published</b>	<b>restatement</b>	<b>30.06.2017 restated</b>
<b>Equity</b>	<b>106,819,762.50</b>	<b>15,796,646.08</b>	<b>122,616,408.58</b>
Retained earnings	77,263,281.47	15,796,646.08	93,059,927.55
<b>Non-current liabilities</b>	<b>21,317,096.85</b>	<b>(15,796,646.08)</b>	<b>5,520,450.77</b>
Deferred income tax liability	20,733,806.97	(15,796,646.08)	4,937,160.89
<b>Current liabilities</b>	<b>7,951,578.29</b>	-	<b>7,951,578.29</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>136,088,437.64</b>	-	<b>136,088,437.64</b>

**STATEMENT OF FINANCIAL POSITION AT 31.12.2017 - RESTATEMENT**

<b>ASSETS</b>	<b>31.12.2017 published</b>	<b>restatement</b>	<b>31.12.2017 restated</b>
<b>Non-current assets</b>	<b>146,235,027.88</b>	-	<b>146,235,027.88</b>
Property, plant and equipment	4,708,779.66	(2,881,266.42)	1,827,513.24
Investment property	-	2,881,266.42	2,881,266.42
<b>Current assets</b>	<b>6,068,719.21</b>	-	<b>6,068,719.21</b>
<b>TOTAL ASSETS</b>	<b>152,303,747.09</b>	-	<b>152,303,747.09</b>

**STATEMENT OF COMPREHENSIVE INCOME – RESTATEMENT FOR PERIOD 01.01-30.06.2017**

	01.01-30.06.2017 published	restatement	01.01-30.06.2017 restated
<b>Continuing operations</b>			
<b>Sales revenue</b>	<b>2,381,120.88</b>	<b>(2,010,735.80)</b>	<b>370,385.08</b>
Revenue from sale of finished products	2,381,120.88	(2,381,120.88)	-
Revenue from sale of services	-	370,385.08	370,385.08
<b>Cost of goods sold</b>	<b>(2,189,815.89)</b>	<b>2,189,815.89</b>	<b>-</b>
Production cost of goods sold	(2,189,815.89)	2,189,815.89	-
<b>Gross profit (loss) on sales</b>	<b>191,304.99</b>	<b>179,080.09</b>	<b>370,385.08</b>
Selling expenses	(31,498.41)	31,498.41	-
<b>Operating profit (loss)</b>	<b>24,774,192.55</b>	<b>(159,806.58)</b>	<b>24,614,385.97</b>
<b>Profit (loss) before taxation</b>	<b>24,705,750.72</b>	<b>(159,806.58)</b>	<b>24,545,944.14</b>
Deferred income tax	(5,686,961.74)	46,850.96	(5,640,110.78)
<b>Net profit/(loss) from continuing operations</b>	<b>19,008,308.98</b>	<b>(112,955.62)</b>	<b>18,895,353.36</b>
<b>Discontinued operations</b>			
Profit/(loss) for the period from discontinued operations	-	112,955.62	112,955.62
<b>Net profit /(loss) for the period</b>	<b>19,008,308.98</b>	<b>-</b>	<b>19,008,308.98</b>

**STATEMENT OF CASH FLOWS– RESTATEMENT FOR PERIOD 01.01-30.06.2017**

	01.01-30.06.2017 published	restatement	01.01-30.06.2017 restated
<b>Operating activities</b>			
Net profit/(loss)	24,705,750.72	(159,806.58)	24,545,944.14
Adjustments for:			-
Increase/decrease in prepayments and accruals	(87,583.37)	(4,892.81)	(92,476.18)
Discontinued operations		164,699.39	164,699.39
<b>Net cash from operating activities</b>	<b>(841 348,82)</b>	<b>-</b>	<b>(841 348,82)</b>

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**

(all amounts presented in PLN unless stated otherwise)

	Share Capital	Share Premium Account	Other Reserves	Reserve on Valuation of Incentive Scheme	Retained Earnings	Total Equity
<b>At 1 January 2017</b>	<b>733,450.00</b>	<b>18,063,513.88</b>	<b>121,962.15</b>	<b>771,838.00</b>	<b>58,254,972.49</b>	<b>77,945,736.52</b>
Restatement	-	-	-	-	15,796,646.08	15,796,646.08
<b>At 1 January 2017</b>	<b>733,450.00</b>	<b>18,063,513.88</b>	<b>121,962.15</b>	<b>771,838.00</b>	<b>74,051,618.57</b>	<b>93,742,382.60</b>
Total comprehensive income	-	-	-	-	19,008,308.98	19,008,308.98
Share issue	37,000.00	6,001,717.00	-	-	-	6,038,717.00
Cost of share issue	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-
Change in revaluation reserve	-	-	-	3,827,000.00	-	3,827,000.00
Restatement	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>770,450.00</b>	<b>24,065,230.88</b>	<b>121,962.15</b>	<b>4,598,838.00</b>	<b>93,059,927.55</b>	<b>122,616,408.58</b>



## **12. MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES**

The preparation of condensed interim financial statements in compliance with IAS 34 requires certain estimates and assumptions to be made by the Management Board; such estimates and assumptions affect the figures disclosed in the financial statements. Most estimates are based on analyses and best knowledge of the Management Board. Although the assumptions and estimates adopted are based on the Management Board's best knowledge of current operations and developments, actual results might differ from expectations. The estimates and underlying assumptions are subject to validation. Any change in accounting estimates is recognised in the period when such estimate was changed, or in current and future periods if the changed estimate affects both the current and future periods. Judgments made by the Management Board by reliance on IAS 34 that materially affect the financial statements as well as estimates that are very likely to be changed in future years, are presented in the interim financial statement.

### **Professional Judgment**

In the process of application of the accounting principles (policy), in addition to the accounting estimates, the professional judgment of the management was of crucial importance for the issues stated below.

### **Estimation Uncertainty**

The following are the key assumptions concerning the future and other key sources of uncertainty existing at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Deferred Tax Asset**

The Company recognises a deferred tax asset based on the assumption that sufficient taxable profits will be generated in the future to allow for recovery of that assets. Any deterioration of taxable income in the future might render that assumption groundless.

### **Impairment of Assets**

The Company conducts tests for impairment of non-current assets. They require estimation of the value in use of a cash generating unit to which given assets belong. The value in use is estimated by determining future cash flows expected to be generated by a cash generating unit; it is necessary to determine what discount rate should be applied in order to calculate the present value of those flows.

### **Fair Value of Financial Assets**

The fair value of financial assets for which there is no active market, is measured using relevant valuation techniques. The Company follows the professional judgment in the selection of suitable methods and assumptions.

### **Depreciation/Amortisation Rates**

The amounts of depreciation/amortisation rates are set based on the expected economic useful life of property, plant and equipment and intangible assets. The Company reviews the adopted useful lives every year by reference to its current estimates.

### **Expected Credit Losses**

Expected credit losses are estimated by the Company based on relevant IFRS 9-compliant models. As regards trade receivables and considering the small number of its contractors, the Company has a customised approach to each contractor and recognises impairment equal to expected credit losses based on historical data adjusted for the impact of looking-forward information. As regards its loans, the Company approaches each contract separately and assesses the repayment history of each loan, growth in credit risk compared to the initial recognition, and the probability of borrower's default. The determination of existence of credit losses and the calculation of allowance for expected credit losses are based on judgment.

## 13. DETAILED NOTES AND EXPLANATIONS

### Note 1 Financial Assets Measured at Fair Value

Financial assets measured at fair value	30.06.2018	31.12.2017
Larq Fund Management	139,285,555.52	136,757,981.66
Nextbike Polska S.A.	938,034.50	2,303,455.00
Adinnovation sp. z o.o.	816,384.41	1,048,743.74
Cam Media Creative Works sp. z o.o.	-	-
Intelisoft sp. z o.o.	285,055.00	285,055.00
Media Power sp. z o.o.	1,212.00	1,212.00
AWL VIII sp. z o.o.	11,160.00	11,160.00
Triggo SA	299,880.00	-
<b>Total financial assets measured at fair value</b>	<b>141,637,281.43</b>	<b>140,407,607.40</b>

The 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)

### Corporate Profiles of Companies Classified as Financial Assets

#### Larq Fund Management sp. z o.o. (100% shares)

The Company holds all certificates in LARQ Growth Fund I FIZ. The net assets value of that fund exceeded PLN 149 million at 30 June 2018. The fund comprises shareholdings in the following companies: Nextbike Polska SA, Brand 24 SA and Synergic sp. z o.o., and cash. The Company's main assets are investments certificates in Larq Growth Fund I Closed-End Investment Fund. The Company does not have any material liabilities. The Company does not engage in any other material operations and its future receipts are based on its assets that, at present, serve as the main driver of the Company's value. In mid-2018, the Company's worth, as determined in the aforesaid manner, grew by almost PLN 2.5 million due to the increase in value of certificates held by the Company.

The value of shareholdings in the company is measured at fair value using the valuation technique that determines the adjusted net assets value at the balance sheet date.

#### Nextbike Polska SA (67% shares are held by LARQ Growth Fund I FIZ and 1% shares directly by LARQ SA)

The largest supplier and operator of city bike sharing systems in Poland. Nextbike manages the fleet of 13,400 bikes in 45 towns in Poland and in one town in Finland, and has more than 1,500,000 registered users in its base. The company keeps reinforcing its market leadership by winning new tenders and increasing the fleet of city bikes available to residents of Polish towns. Since August 2017, Nextbike has been listed on NewConnect. At the level of LARQ and LARQ Growth Fund I FIZ, Nextbike listed shares are valued based on its share price of 29 June 2018; in case of unlisted shares, the price was subject to a 5% discount on account of the failure to admit the shares of the series being valued to exchange trading, and their registered nature.

#### Brand 24 SA (40% shares are held by LARQ Growth Fund I FIZ)

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 and has dynamically grown its user base on the global market. At 30 June 2018, the company had 2,544 Users. Since January 2018, Brand24 has been listed on NewConnect. The valuation of Brand24 at 30 June 2018, at the level of LARQ Growth Fund, is based on the valuation of the company's shares at 29 June 2018.

**Synergic sp. z o.o. (100% shares are held by LARQ Growth Fund I FIZ)**

The leading operator and owner of non-standard outdoor advertising media in Poland. Synergic displays its advertisements at almost all Polish airports and key bus stations. The company is the exclusive operator of advertising space on city bikes and in underground passages in the major cities in Poland. At the level of LARQ Growth Fund, Synergic was valued using the peer group comparative method and generally acceptable market multipliers such as EV/EBITDA, P/E and P/BV that are quoted on both Polish and international markets.

**CAM Media Creative Works sp. z o.o. (100% shares)**

Full-service advertising agency with more than 20 years of market experience. CAM Media Creative Works supports its customers in the area of designing a communication strategy, creating visionary creative solutions, designing visual identifications and also planning and organisation of marketing campaigns with the use of all communication tools and channels available on the market.

The value of shareholdings in the company is measured at fair value using the valuation technique that determines the adjusted net assets value at the balance sheet date.

**Intelisoft sp. z o.o. (51% shares)**

Interactive agency and software house focused on the development and commercialisation of Youlead, extended tool in the sales & marketing automation class which supports the generation and conversion of sale leads.

The value of shareholdings in the company is measured at fair value using the valuation technique that determines the adjusted net assets value at the balance sheet date.

**Triggo SA (2% shares)**

The Company develops the idea of a fully-electric city vehicle dedicated for the car sharing market. The Company is going to debut on NewConnect in 2019.

The value of shareholdings in the company is measured at fair value using the valuation technique that determines the adjusted net assets value at the balance sheet date.

**AWL VIII sp. z o.o., Media Power sp. z o.o., AdInnovation sp. z o.o. (100% shares)**

Special purpose vehicles dedicated to special projects.

The value of shareholdings in the company is measured at fair value using the valuation technique that determines the adjusted net assets value at the balance sheet date.

The value of shareholdings in companies that are directly held by LARQ, is reported at fair value. In case of LARQ Fund Management sp. z o.o., the adjusted net assets value mostly comprises the value of investment certificates in LARQ Growth Fund I FIZ. The fair value of those investment certificates is measured based on published valuations of that investment fund. The fund is valued on a quarterly basis based on the fair value measurement of portfolio companies held by those funds, and other investments of those funds. The portfolio companies are measured by an auditor using the peer group comparison method. The peer group comparison method estimates the company's value in light of results generated by companies whose business profile is as close as possible to the company being valued, and the amount of transactions made by entities active in the same business on both public and non-public markets. The peer group comparison method based on the sample of public companies and non-public transactions is carried out in the following stages:

- Identification of public companies whose business profile is as close as possible to the company being valued, or transactions involving non-public companies active in the industry of the company being valued;
- Collection of financial information concerning companies deemed representative for a given industry, data about quotations of those companies or their financial information, and the value of transactions involving identifiable non-public companies;
- Determination and calculation of ratios to be used in the valuation;

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**  
(all amounts presented in PLN unless stated otherwise)

- Application of such available ratios to determine the value of the business being valued; and
- Determination and use of specified discount rates.

**Note 2 TRADE RECEIVABLES AND OTHER RECEIVABLES**

<b>Non-current trade receivables and other receivables</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
Other financial receivables	-	-
Guarantee deposits	42,755.00	42,755.00
Impairment losses	-	-
<b>Total non-current trade receivables and other receivables</b>	<b>42,755.00</b>	<b>42,755.00</b>

<b>Current trade receivables and other receivables</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
Trade receivables, of which:	686,450.80	1,185,067.59
- from related parties	644,814.54	790,592.77
- from others	41,636.26	394,474.82
Tax, social security, health insurance and other benefits receivable	176,266.03	328,796.79
Other non-financial receivables	549,166.22	406,536.15
<b>Total current trade receivables and other receivables</b>	<b>1,411,883.05</b>	<b>1,920,400.53</b>

<b>Current trade receivables</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
Gross trade receivables, of which:	1,397,648.55	1,642,746.29
- from related parties	644,814.54	790,592.77
- from others	752,834.01	852,153.52
Impairment losses	(711,197.75)	(457,678.70)
<b>Total current trade receivables, net of impairment</b>	<b>686,450.80</b>	<b>1,185,067.59</b>

At 30 June 2018, trade receivables of PLN 711,000 (31 December 2017: PLN 458,000) were deemed doubtful and impairment loss was recognised thereon. Changes in the impairment loss on receivables were as follows:

<b>Balance of impairment losses on trade receivables</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>Balance at the beginning of the period</b>	<b>457,678.70</b>	<b>417,678.70</b>
Application of IFRS 9	210,515.00	-
Increased – impairment on receivables charged to profit / loss	43,004.05	40,000.00
Increased – impairment on unbilled receivables	-	-
Released – reversal of impairment through profit or loss	-	-
Used (charged off)	-	-
<b>Balance at the end of the period</b>	<b>711,197.75</b>	<b>457,678.70</b>

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**  
(all amounts presented in PLN unless stated otherwise)

**Note 3 OTHER FINANCIAL ASSETS**

	<b>30.06.2018</b>	<b>31.12.2017</b>
Loans to affiliates, including:	5,125,051.30	4,579,121.63
- to related parties	5,125,051.30	4,579,121.63
- to others	-	-
Impairment loss	(3,506,696.77)	(524,810.70)
<b>Total other financial assets, net of impairment</b>	<b>1,618,354.53</b>	<b>4,054,310.93</b>
Non-current	615,200.31	850,345.12
Current	1,003,154.22	3,203,965.81
<b>Impairment loss on other financial assets</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>Balance at the beginning of the period</b>	<b>524,810.70</b>	<b>-</b>
Application of IFRS 9	2,981,077.30	,-
Increased – impairment on assets charged to profit / loss	808.77	524,810.70
Released – reversal of impairment through profit or loss	-	-
Used (charged off)	-	-
<b>Balance at the end of the period</b>	<b>3,506,696.77</b>	<b>524,810.70</b>

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**

(all amounts presented in PLN unless stated otherwise)

**Note 4 DEFERRED INCOME TAX**

<b>DEDUCTIBLE TIMING DIFFERENCES GIVING RISE TO DEFERRED TAX ASSET</b>	<b>31.12.2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>30.06.2018</b>
Provision for unused holiday entitlements	-	-	-	-
Other provisions	-	-	-	-
Interest accrued on liabilities	-	-	-	-
Outstanding interest accrued on borrowings	-	-	-	-
Losses for deduction from future taxable income	-	-	-	-
Salaries and social security payments payable in future periods	-	-	-	-
Other	-	-	-	-
<b>Total deductible timing differences</b>	-	-	-	-
Tax rate	19%	19%	19%	19%
<b>Deferred tax assets</b>	-	-	-	-

<b>TAXABLE TIMING DIFFERENCES GIVING RISE TO DEFERRED TAX LIABILITY</b>	<b>31.12.2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>30.06.2018</b>
Interest charged on lending	(299,907.05)	(80,957.68)	-	(380,864.74)
Unbilled receivables	(154,000.00)	(190,000.00)	154,000.00	(190,000.00)
Fair value re-measurement of financial assets	(48,251,992.26)	(2,458,544.59)	56,529.28	(50,654,007.58)
<b>Total taxable timing differences</b>	<b>(48,705,899.31)</b>	<b>(2,729,502.27)</b>	<b>210,529.28</b>	<b>(51,224,872.32)</b>
Tax rate	19%	19%	19%	19%
<b>Deferred tax liability</b>	<b>(9,254,120.87)</b>	<b>(518,605.43)</b>	<b>40,000.56</b>	<b>(9,732,725.74)</b>

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**  
(all amounts presented in PLN unless stated otherwise)

<b>Deferred tax liability, net</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
Deferred tax assets	-	-
Deferred tax liability – continuing operations	(9,732,725.74)	(9,254,120.87)
Deferred tax liability –discontinued operations	-	-
<b>Deferred tax asset/liability, net</b>	<b>(9,732,725.74)</b>	<b>(9,254,120.87)</b>

**Note 5 PROVISION FOR PENSIONS AND SIMILAR BENEFITS**

	<b>30.06.2018</b>	<b>31.12.2017</b>
Holiday allowances	46,128.37	46,128.37
Termination benefits on retirement	-	-
Jubilee awards	-	-
<b>Total provisions</b>	<b>46,128.37</b>	<b>46,128.37</b>
Long-term portion	-	-
Short-term portion	46,128.37	46,128.37

<b>Increase/Decrease in Provisions for Employee Benefits</b>	<b>Holiday Allowances</b>	<b>Termination Benefits on Retirement</b>	<b>Jubilee Awards</b>
<b>Balance at 1 January 2018</b>	<b>46 128,37</b>	<b>-</b>	<b>-</b>
Established during the financial year	-	-	-
Released	-	-	-
Used	-	-	-
<b>Balance at 30 June 2018</b>	<b>46 128,37</b>	<b>-</b>	<b>-</b>
Long-term portion	-	-	-
Short-term portion	46 128,37	-	-

**Note 6 OTHER PROVISIONS**

	<b>30.06.2018</b>	<b>31.12.2017</b>
Provision for social security arrears	425,000.00	425,000.00
Provision for litigation expenses	200,000.00	200,000.00
Provision for volume bonuses	200,000.00	200,000.00
Other provisions for costs	178,190.00	141,190.00
<b>Total other provisions</b>	<b>1,003,190.00</b>	<b>966,190.00</b>
Long-term portion	-	-
Short-term portion	1,003,190.00	966,190.00

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**

(all amounts presented in PLN unless stated otherwise)

	<b>Provision for Social Security Arrears</b>	<b>Provision for Litigation Expenses</b>	<b>Provision for Volume Bonuses</b>	<b>Other Provisions for Costs</b>	<b>Total</b>
<b>Balance at 1 January 2018</b>	<b>425,000.00</b>	<b>200,000.00</b>	<b>200,000.00</b>	<b>141,190.00</b>	<b>966,190.00</b>
Established during financial year	-	-	-	178,190.00	178,190.00
Released	-	-	-	-	-
Used	-	-	-	(141,190.00)	(141,190.00)
<b>Balance at 30 June 2018</b>	<b>425,000.00</b>	<b>200,000.00</b>	<b>200,000.00</b>	<b>178,190.00</b>	<b>1,003,190.00</b>
Long-term portion	-	-	-	-	-
Short-term portion	425,000.00	200,000.00	200,000.00	178,190.00	1,003,190.00



**Note 7 SHARE CAPITAL**

	<b>30.06.2018</b>	<b>31.12.2017</b>
Number of shares	7,767,833	7,767,833
Par value per share	0.10	0.10
<b>Share capital</b>	<b>776,783.30</b>	<b>776,783.30</b>

	<b>30.06.2018</b>	<b>31.12.2017</b>
<b>Share capital at the beginning of period</b>	<b>776,783.30</b>	<b>733,450.00</b>
Increases, due to:		
Share issue	-	43,333.30
<b>Share capital</b>	<b>776,783.30</b>	<b>776,783.30</b>

**Note 8 DIVIDEND (PAID OR DECLARED)**

None.

**Note 9 MOVEMENTS IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS SINCE THE END OF THE LAST FINANCIAL YEAR**

	<b>30.06.2018</b>	<b>31.12.2017</b>
Surety for loan repayment	7,500,000.00	7,500,000.00
Surety for repayment of a bill of exchange	-	-
<b>Total contingent liabilities</b>	<b>7 500 000,00</b>	<b>7 500 000,00</b>

The surety for loan repayment concerns the loan borrowed by a subsidiary – Nextbike Polska S.A.

**Security Created on the Company's Assets at 30 June 2018**

1. Contractual maximum mortgage created in favour of ALIOR Bank S.A. by way of security for claims arising under the loan facility number U0002361420168 signed by Nextbike on 27.06.2013. The mortgage amount is PLN 3,000,000.00;
2. Contractual blanket mortgage created in favour of Mr. Marcin Pawlak by way of security for repayment of claims that might arise in the event of default by the lessee, namely Nextbike Polska S.A., under the framework agreement; framework agreement for insurance guarantee no. 50/NEXTBIKE/01/2014 dated 1 April 2014. The mortgage amount is PLN 2,000,000;
3. Contractual mortgage created in favour of Alior Bank by way of security for repayment of the loan facility and guarantee by Nextbike. The mortgage amount is capped at PLN 9,791,500.00;
4. Contractual mortgage created in favour of Alior Bank by way of security for repayment of the loan facility and guarantee by Nextbike. The mortgage amount is capped at PLN 26,610,375.00; and
5. Contractual mortgage created in favour of ING Bank Śląski by way of security for repayment of the loan facility by Nextbike Polska SA. The mortgage amount is capped at PLN 12,000,000.00.
6. Contractual mortgage created in favour of Alior Bank by way of security for repayment of the loan facility by Nextbike Polska SA. The mortgage amount is capped at PLN 8,320,000.00.

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**  
(all amounts presented in PLN unless stated otherwise)

**Note 10 DISCLOSURE OF FINANCIAL INSTRUMENTS**

	30.06.2018		31.12.2017		Financial Instrument Category
	Fair Value	Book Amount	Fair Value	Book Amount	
<b>Non-current assets</b>	<b>142,295,236.74</b>	<b>142,295,236.74</b>	<b>141,300,707.52</b>	<b>141,300,707.52</b>	
Financial assets measured at fair value	141,637,281.43	141,637,281.43	140,407,607.40	140,407,607.40	Financial assets measured at fair value through profit or loss
Trade receivables and other receivables	42,755.00	42,755.00	42,755.00	42,755.00	Financial assets measured at amortised cost
Other financial assets	615,200.31	615,200.31	850,345.12	850,345.12	Financial assets measured at amortised cost
<b>Current assets</b>	<b>2,643,372.93</b>	<b>2,643,372.93</b>	<b>5,914,719.21</b>	<b>5,914,719.21</b>	
Trade receivables and other receivables	1,411,883.05	1,411,883.05	1,920,400.53	1,920,400.53	Financial assets measured at amortised cost
Cash at bank	228,335.66	228,335.66	790,352.87	790,352.87	Financial assets measured at amortised cost
Other financial assets	1,003,154.22	1,003,154.22	3,203,965.81	3,203,965.81	Financial assets measured at amortised cost
<b>Total</b>	<b>144,938,609.67</b>	<b>144,938,609.67</b>	<b>147,215,426.73</b>	<b>147,215,426.73</b>	

	30.06.2018		31.12.2017		Financial Instrument Category
	Fair Value	Book Amount	Fair Value	Book Amount	
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Bank loans and loans	-	-	-	-	Financial liabilities measured at amortised cost
<b>Current liabilities</b>	<b>5,395,472.29</b>	<b>5,395,472.29</b>	<b>5,580,746.06</b>	<b>5,580,746.06</b>	
Bank loans and loans	3,175,491.78	3,175,491.78	3,103,141.37	3,103,141.37	Financial liabilities measured at amortised cost
Trade payables and other Liabilities	2,219,980.51	2,219,980.51	2,477,604.69	2,477,604.69	Financial liabilities measured at amortised cost
<b>Total</b>	<b>5,395,472.29</b>	<b>5,395,472.29</b>	<b>5,580,746.06</b>	<b>5,580,746.06</b>	

In accordance with the accounting principles adopted, the Company should measure bank loans at amortised cost. However, for the balance sheet presentation, the Company used the par measurement of loan liabilities due to insignificant difference between those measurements.

The principles for measurement of fair value according to the following hierarchy reflect the importance of underlying data used for valuation:

- Level 1 – financial assets/liabilities measured directly based on quoted prices in an active market;

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**  
(all amounts presented in PLN unless stated otherwise)

- Level 2 – financial assets/liabilities measured based on valuation techniques that are based on assumptions utilising information from an active market or market observations;
- Level 3 – financial assets/liabilities measured as generally applied by other market participants.

30.06.2018				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	938,034.50	-	140,699,246.93	141,637,281.43
<b>Total</b>	<b>938,034.50</b>	<b>-</b>	<b>140,699,246.93</b>	<b>141,637,281.43</b>

The valuation of Nextbike's shares held directly by LARQ is presented at level 1 within the hierarchy. The valuation of LARQ Fund Management sp. z o.o., Adinnovation sp. z o.o., Intelisoft sp. z o.o., Media Power sp. z o.o., AWL VII sp. z o.o. and Triggo SA. are presented at level 3 in the valuation hierarchy. In the period covered by these statements, there were no transfers into/out of any levels in the hierarchy.

**Note 11 RESULT OF DISPOSAL AND RE-MEASUREMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE**

Result of disposal and re-measurement of financial assets measured at fair value	01.01-30.06.2018	01.01-30.06.2017
<b>Result of disposal of financial assets</b>	<b>72,335.00</b>	-
Nextbike Polska SA	72,335.00	-
<b>Result of re-measurement of financial assets</b>	<b>2,402,016.15</b>	<b>29,795,091.71</b>
LARQ Fund Management sp. z o.o.	2,527,573.86	29,659,568.42
Nextbike Polska SA	106,801.62	,
Adinnovation sp. z o.o.	(232,359.33)	135,523.29
Cam Media Creative Works sp. z o.o.	-	-
Intelisoft sp. z o.o.	-	-
Media Power sp. z o.o.	-	-
AWL VIII sp. z o.o.	-	-
<b>Total result of disposal and re-measurement of financial assets measured at fair value</b>	<b>2,474,351.15</b>	<b>29,795,091.71</b>

**Note 12 REVENUE FROM CONTRACTS WITH CUSTOMERS– IFRS 15**

In its discontinued operations, the Company generates revenue from contracts with customers under the single contract for provision of marketing services. Under IFRS 15, revenue is recognised so as to reflect the transfer of promised goods or services to the customer in the amount that reflects the remuneration to which the Company will be entitled in exchange for such goods or services.

Revenue from contracts with customers	01.01-30.06.2018	01.01-30.06.2017
Revenue from sale of marketing services	2,394,410.02	2,381,120.88
<b>Total revenue from contracts with customers</b>	<b>2,394,410.02</b>	<b>2,381,120.88</b>

**Note 13 DISCLOSURE OF RELATED PARTIES**

**Revenue from sales to related parties**

**01.01-30.06.2018**

	<b>Revenue from Sale of Finished Products</b>	<b>Other Operating Income *</b>	<b>Finance Income</b>
Synergic sp. z o.o.	-	538,787.78	-
Nextbike Polska SA	-	-	-
AdInnovation sp. z o.o.	-	1,797.90	27,767.49
CAM Media Creative Works sp. z o.o.	-	24,570.00	32,009.64
Intelisoft sp. z o.o.	-	-	5,587.98
Larq Fund Management sp. z o.o.	-	-	-
AWL VIII sp. z o.o.	-	-	808.77
<b>Total revenue from sales to related parties</b>	<b>-</b>	<b>565155.68</b>	<b>66173.88</b>

\*including revenue from recharges reported in Note 5 on a net basis

**Revenue from sales to related parties**

**01.01-30.06.2017**

	<b>Revenue from Sale of Finished Products</b>	<b>Other Operating Income *</b>	<b>Finance Income</b>
Synergic sp. z o.o.	-	1,359,780.67	-
Nextbike Polska SA	-	-	753.42
AdInnovation sp. z o.o.	-	5,400.00	10,021.01
CAM Media Creative Works sp. z o.o.	-	54,000.00	17,893.95
Intelisoft sp. z o.o.	-	6,000.00	11,527.06
Larq Fund Management sp. z o.o.	-	-	-
AWL VIII sp. z o.o.	-	-	1,480.68
<b>Total revenue from sales to related parties</b>	<b>-</b>	<b>1,425,180.67</b>	<b>41676.12</b>

**Purchases from related parties**

**01.01-30.06.2018**

	<b>Purchase of Services</b>	<b>Purchase of Property, Plant &amp; Equipment and Intangible Assets</b>	<b>Finance Cost</b>
Synergic sp. z o.o.	-	-	22,265.48
Nextbike Polska SA	-	-	-
AdInnovation sp. z o.o.	394,133.18	-	-
CAM Media Creative Works sp. z o.o.	30,004.48	-	-
Intelisoft sp. z o.o.	815.00	-	-
Larq Fund Management sp. z o.o.	-	-	50,084.93
AWL VIII sp. z o.o.	-	-	-
<b>Total purchases from related parties</b>	<b>424,952.66</b>	<b>-</b>	<b>72,350.41</b>

**01.01-30.06.2017**

	<b>Purchase of Services</b>	<b>Purchase of Property, Plant &amp; Equipment and Intangible Assets</b>	<b>Finance Cost</b>
Synergic sp. z o.o.	-	-	40,753.15
Nextbike Polska SA	-	-	-
AdInnovation sp. z o.o.	420,967.63	-	-
CAM Media Creative Works sp. z o.o.	60,807.41	-	-
Intelisoft sp. z o.o.	1,500.00	-	-
Larq Fund Management sp. z o.o.	-	-	53,832.88
AWL VIII sp. z o.o.	-	-	-
<b>Total purchases from related parties</b>	<b>483,275.04</b>	<b>-</b>	<b>94,586.03</b>

**Receivables from and loans to related parties**

	<b>30.06.2018</b>	<b>31.12.2017</b>
Synergic sp. z o.o.	565,275.39	427,710.60
Nextbike Polska SA	-	-
AdInnovation sp. z o.o.	1,601,698.66	1,261,931.17
CAM Media Creative Works sp. z o.o.	1,906,400.90	1,265,423.70
Intelisoft sp. z o.o.	787,645.67	682,057.69
AWL VIII sp. z o.o.	87,766.16	-
Larq Fund Management sp. z o.o.	235.21	-
Media Power sp. z o.o.	1,114.38	1,114.38
Other related parties	979,720.76	1,091,920.53
<b>Total receivables from and loans to related parties</b>	<b>5,929,621.92</b>	<b>4,730,158.07</b>

**Payables to and loans from related parties**

	<b>30.06.2018</b>	<b>31.12.2017</b>
Synergic sp. z o.o.	1,121,087.15	1,098,821.67
Nextbike Polska SA	-	-
AdInnovation sp. z o.o.	-	-
CAM Media Creative Works sp. z o.o.	20,562.33	-
Intelisoft sp. z o.o.	541.20	-
AWL VIII sp. z o.o.	-	-
Larq Fund Management sp. z o.o.	2,177,345.20	2,127,260.27
Media Power sp. z o.o.	-	-
Other related parties	-	-
<b>Total payables to and loans from related parties</b>	<b>3,319,535.88</b>	<b>3,226,081.94</b>

#### **Note 14 EMPLOYEE BENEFITS 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 Dzięcioł, 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 subscribed for 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 subscribed for, 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.

#### **Note 15 CHANGES IN THE BUSINESS ENTITY'S STRUCTURE AND DISCONTINUED OPERATIONS**

During the period covered by these statements, the entity's structures remained unaltered. However, considering the scheduled termination, in the first quarter of 2019, of the contracts relating to the activities of a full-service advertising agency where the Company used to be a party to such contracts and the contracts continue to bind the Company, the profit or loss from those operations is shown below.

	<b>01.01-30.06.2018</b>	<b>01.01-30.06.2017</b>
<b>Discontinued operations</b>		
<b>Sales revenue</b>	<b>2,394,410.02</b>	<b>2,381,120.88</b>
Revenue from sale of finished products	2,394,410.02	2,381,120.88
<b>Cost of goods sold</b>	<b>(2,159,791.05)</b>	<b>(2,189,815.89)</b>
Production cost of goods sold	(2,159,791.05)	(2,189,815.89)
<b>Gross profit (loss) on sales</b>	<b>234,618.97</b>	<b>191,304.99</b>

**Condensed Semi-Annual Financial Statements of LARQ S.A. for the period of six months ended on 30 June 2018**

(all amounts presented in PLN unless stated otherwise)

Selling expenses	(30,004.48)	(31,498.41)
<b>Profit (loss) before taxation</b>	<b>204,614.49</b>	<b>159,806.58</b>
Deferred income tax	(36,100.00)	(46,850.96)
<b>Profit/ (loss) from discontinued operations</b>	<b>168,514.49</b>	<b>112,955.62</b>

Due to the intended discontinuation of the operations described above, the further operations of the Company will be funded with the sale of assets held by the Company and dividend payouts from its subsidiaries.

**Note 16 LITIGATION**

At the publication of these financial statements, the Company is not a party to any litigation where the cause of action would exceed 10% of the equity of LARQ S.A.

**Note 17 EVENTS AFTER THE BALANCE SHEET DATE**

Upon meeting the conditions set forth for the third year of implementation of the 2015 incentive scheme, Mr. Mikołaj Chruszczewski subscribed for 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 Dzieciol and Mr. Jakub Kurzynoga subscribed for, 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 these statements.

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.

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, and include certain 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.

**Warsaw, 31 August 2018**