LARQ S.A.

CURRENT REPORT 7 / 2020

Report Date:

2 March 2020

Subject:

Resolution passed by the Management Board of the Company to increase the share capital in exercise of its authority to increase the share capital of the Company within the limits of its authorised capital.

Legal Basis:

Article 17(1) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

Text of the Report

The Management Board of the company styled LARQ S.A. of Warsaw (the "**Issuer**", the "**Company**"), hereby reports that, today, acting pursuant to Articles 444-447 of the Commercial Companies Code and § 5a.1 of the Company's Articles of Association, i.e. the authority to increase the share capital of the Company within the limits of its authorised capital as granted by Resolution 17/17 of the Annual General Meeting of the Company of 30 June 2017, resolved to increase the share capital of the Company within the authorised capital by way of issuing new shares by way of private placement, alongside with the dis-application of the pre-emptive right of the existing shareholders, and the amendments to the Articles of Association of the Company.

The Management Board's resolution provides for increasing the Company's share capital from PLN 801,616.60 (eight hundred one thousand six hundred sixteen zlotys and sixty grosz) by at least PLN 32,000.00 (thirty two thousand zlotys) but no more than PLN 57,000.00 (fifty seven thousand zlotys) up to at least PLN 833,616.60 (eight hundred thirty three thousand six hundred sixteen zlotys and sixty grosz) but no more than PLN 858,616.60 (eight hundred fifty eight thousand six hundred sixteen zlotys and sixty grosz), by way of issuance, within the limits of the authorised capital, of new ordinary bearer shares of series I in the number of at least 320,000.00 (three hundred twenty thousand) but no more than 570,000.00 (five hundred seventy thousand), of a par value of PLN 0.1 (ten grosz) each.

The issue price per share was determined pursuant to § 5a.3 of the Company's Articles of Association at PLN 3.15 (three zlotys fifteen grosz); the issue price per share cannot be less than the average stock exchange price of the Company's shares on the regulated market of the Warsaw Stock Exchange during the last six months before this resolution was adopted. Pursuant to § 5a.2.2 of the Articles, the Supervisory Board of the Company has approved the issue price to be set at the aforesaid rate.

The share issue will be carried out by way of private placement in the meaning of Article 431 § 2.1) of the Commercial Companies Code, namely as a public offer addressed at less than 150 (one hundred fifty) natural or legal persons, and does not require the publication of any issuance prospectus pursuant to Article 1.4.a) and/or b) of the Regulation of the European Parliament and of the Council (EU) 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC; accordingly, the a/m offer is not subject the generally applicable legislation providing for the obligation to draw up, have them approved by the Financial Supervision Commission, and publish any issuance prospectus, information memorandum or any other securities note.

Shares to be issued by the Company as aforesaid will be subscribed by way of solicitation of an offer by the Company and its acceptance by the specified addressees.

Pursuant to Article 433 § 2 of the Commercial Companies Code and by reliance on the approval granted by the Supervisory Board in its resolution, the Management Board of the Company, believing it to be in the best interest of the Company, has decided to dis-apply the pre-emptive right accruing to the existing shareholders to the entire new issue of shares. At the same time, by way of reasons behind the dis-application of the pre-emptive right of the existing shareholders, the Management Board has accepted the opinion submitted by the Management Board of the Company in connection with the adoption of Resolution 17/17 of the Annual General Meeting dated 30 June 2017 regarding amendments to the Articles of Association regarding the amendment the Company's Articles of Association so as to authorise the Company's Management Board to increase the share capital of the Company within the limits of its authorised capital, and to authorise the Company's Management Board to dis-apply, as a whole or in part, the pre-emptive rights of the existing shareholders, subject to approval of the Supervisory Board; that resolution has authorised the Management Board of the Company to increase the share capital within the limits of the authorised capital.

Further, the Management Board of the Company resolved that the new issue of shares in the Company will be proposed for admission and introduction to trading on a regulated market – the official stock exchange quotations market operated by the Warsaw Stock Exchange where the past issues of the Company's shares have been quoted. Accordingly, the Management Board of the Company decided that those shares would be dematerialised in the meaning of the Trading in Financial Instruments Act of 29 July 2005 (uniform text in Journal of Laws 2020 Item 89).

The text of the Management Board's Resolution dated 2 March 2020 is attached to this Current Report.

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Persons representing the Company:

Krzysztof Przybyłowski – President of Management Board

Anna Krawczyńska-Nowak – Member of Management Board