

LARQ S.A.

CURRENT REPORT 2 / 2020

Subject:

Fulfillment of Conditions Precedent under the Investment Agreement for Nextbike GmbH's Investment in Nextbike Polska S.A.

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"**), with reference to the Current Reports 25/2019, 26/2019, 27/2019, 28/2019, 29/2019 and 30/2019, hereby reports that, today, it became aware that all conditions precedent have been satisfied as set forth in the Investment Agreement and the Preliminary Share Conversion Agreement (the **"Investment Agreement"**) made on 16 November 2019 between the Issuer, Nextbike Polska S.A. (**"Nextbike"**), Nextbike GmbH (**"Nextbike GE"**) and Larq Growth Fund I Fundusz Inwestycyjny Zamknięty (the **"Fund"**); the execution thereof was reported by the Issuer in its Current Report 30/2019 dated 16 November 2019.

The conditions precedent defined in the Investment Agreement referred to the following events: (i) full payment of the issue price for the series F shares in Nextbike by Nextbike GE to Nextbike's bank account; and (ii) registration by the competent registration court of Nextbike's share capital increases, including the issuance of the series E and F shares.

In accordance with the Investment Agreement, upon satisfaction of the conditions precedent, the Fund and Nextbike GE are obligated to close the deal, without limitation, to execute the share conversion agreement whereunder Nextbike GE will transfer to the Fund 318,000 (three hundred eighteen thousand) non-preference series F shares in Nextbike, and the Fund will transfer to Nextbike GE 318,000 (three hundred eighteen thousand) series A shares in Nextbike that carry voting preferences so that each series A share in Nextbike gives the right to cast 2 (two) votes at the General Meeting of Nextbike (**"Share Conversion"**).

Furthermore, following the Share Conversion, the Fund and Nextbike GE will make a registered pledge agreement for 318,000 (three hundred eighteen thousand) non-preference series F shares in Nextbike as due to the Fund following the Share Conversion, by way of security for certain commitments made by the Issuer and the Fund to cure damage suffered as a result of breach of any warranties and representations as made in the Investment Agreement, as well as the Issuer's liability for repayment of Nextbike's debt under the Loan and Guarantee Agreement as reported by the Issuer in its Current Report 30/2019.

The Issuer emphasizes that if the Fund or Nextbike GE fails to complete any closing-related actions as required from it, than the non-defaulting party will be authorised to renounce the Investment Agreement forthwith.

At the same time, the Issuer's Management Board reports that, after the Share Conversion, the stake held by the Issuer in Nextbike (especially indirectly via the Fund) will be reduced whereupon the control of Nextbike will be assumed by GE.