

**LARQ S.A.**

**CURRENT REPORT 1/2017**

**Subject:**

Execution of a Significant Contract by the Issuer's Subsidiary

**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 Report:**

The Management Board of LARQ S.A. of Warsaw (hereinafter: the "**Issuer**") hereby informs that, on 3 January 2017, the Issuer's subsidiary – NEXTBIKE POLSKA Sp. z o.o. of Warsaw (hereinafter: "NEXTBIKE") executed the Contract for the Organisation, Management and Operation of the BikeR – Urban Cycling System in Białystok (hereinafter: the "System", the "Contract") with the City of Białystok (the "Contracting Authority").

For fulfilment of the Contract deliverable, the Contracting Authority will pay to NEXTBIKE a monthly fee depending on the number of terminals and bike stands, bikes by category operational during a given financial period, at the prices defined in the Contract, however provided that the fee for fulfilment of the Contract with the exercise of option right (i.e., order for additional hardware, provision of service or completion of specified activities) must not exceed PLN 6,743,739.00, gross, specifically the fee for the basic contract: PLN 5,487,960.00, gross, and for the exercise of option right: PLN 1,255,779.00, gross.

NEXTBIKE furnished a performance bond equal to 5% of the maximum Contract amount.

The Contract provides for contractual penalties, i.a., for: (i) withdrawal from the Contract for reasons attributable to NEXTBIKE, equal to 20% of the maximum Contract amount; (ii) delay in making the System operational equal to 0.5% of the maximum Contract amount for each day of delay; (iii) for stoppage (suspension) or downtime of the System for reasons attributable to NEXTBIKE, equal to 0.5% of the maximum Contract amount for each started day of stoppage/downtime of the System.

The Contracting Authority may withdraw from the Contract if: (i) NEXTBIKE, for reasons attributable to it, fails to commence work within 20 days after the agreed commencement date; (ii) NEXTBIKE fails to pursue work in accordance with the contractual terms and conditions or neglects its contractual obligations; or (iii) NEXTBIKE fails to perform the Contract.

NEXTBIKE is obligated to make the System operational and available to customers from 1 April to 30 November 2017, 2018 and 2019.

The remaining terms and conditions of the Contract performance do not deviate from those commonly used in this type of contracts.

**Report Date**

3 January 2017