

LARQ S.A.

CURRENT REPORT 2/2017

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:

With reference to the Current Report 46/2016, the Management Board of LARQ S.A. of Warsaw (hereinafter: the "**Issuer**") hereby informs that it was advised yesterday that the Issuer's Subsidiary – Synergic Sp. z o.o. of Warsaw (hereinafter: "**Synergic**"), the bank (the "**Client**") and the media house had executed the contract intended to set forth the terms and conditions of cooperation among the parties for fulfilment of the Order (as defined in the Current Report 46/2016). The Contract date is 30 December 2016 ("**Contract**").

The Contract is made for the fixed term of three years, from 1 January 2017 to 31 December 2019. The aggregate fee for fulfilment of the Contract is equal to the contract amount disclosed in the Current Report 46/2016.

With respect to years 2017 and 2018, the Contract may be terminated by either party on 31 September of the preceding calendar year in the event of circumstances provided for in the Contract, including the reduction of the number of bikes at Synergic's disposal, delay in delivery of advertising campaigns, insufficient brand awareness achieved by the Client compared to its expectations.

The parties did not provide for any contractual penalties other than: (i) PLN 50,000 for unauthorised use of the Client's markings by Synergic; (ii) equal to 20% of the Order amount pro-rated to the number of bikes on which the Contract has not been performed if the Contract deliverable is not delivered by 1 March 2017. The Client has the right to seek compensation based on the generally applicable legislation. The Client has the right to renounce the Contract if the Contract deliverable is not delivered by 1 March 2017; this right expires upon commencement of performance of the Contract.

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

Report Date

4 January 2017

Confirmation of transmission of this report to the Financial Supervision Authority

REPORT RECEIVED: CR Report was submitted to the Public Receiving Office.

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