

LARQ S.A.

CURRENT REPORT 5/2017

Subject:

Execution of a Significant Contract by the Issuer's Subsidiary

General 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 18 January 2017, the Issuer's subsidiary – NEXTBIKE POLSKA Sp. z o.o. of Warsaw (hereinafter: "**NEXTBIKE**") executed the Contract for Completion of Comprehensive Bike Rental System – Urban Cycling System in Radom (RRM) (hereinafter: the "**System**", the "**Contract**") with the Municipal Sports and Recreation Centre in Radom (the "**Contracting Authority**").

For fulfilment of the Contract deliverable, the Contracting Authority will pay to NEXTBIKE the gross fee of PLN 3,099,333.

NEXTBIKE has issued the six-year quality warranty for completion of this order. NEXTBIKE furnished a performance bond equal to 10% of the fee.

The Contract provides for contractual penalties, i.e., for: (i) withdrawal from the Contract for reasons attributable to NEXTBIKE, equal to 10% of the fee; (ii) PLN 300.00 for each started day when the System is non-operational during any period when the System is to be available to customers under the contract; (iii) for delay in having the RRM components stored and maintained during the off-season, equal to PLN 1,000.00 (one thousand zlotys) for each started day of delay.

NEXTBIKE is held fully liable to the Contracting Authority, its customers and third parties for any damage suffered in connection with the fulfilment of the Contract deliverable; without limitation, NEXTBIKE is fully liable for all damage suffered by customers due to a defective operation of the System or its components.

The Contracting Authority may withdraw from the Contract if: (i) NEXTBIKE, for reasons attributable to it, interrupts working under the Contract if such interruption is longer than 14 days; (ii) NEXTBIKE, for reasons attributable to it, is late with fulfilment of the Contract deliverable for at least 14 days vis-à-vis any of the deadlines set in the Contract.

The Contract expiration date is on 2 November 2019; the System will be operational as of 1 April 2017.

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

Report Date:

18 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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