

**LARQ S.A.**

**CURRENT REPORT 7/2017**

**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 6 February 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 – Gliwice City Bike (hereinafter: the "**System**", the "**Contract**") with the Town of Gliwice (the "**Contracting Authority**").

For fulfilment of the Contract deliverable, the Contracting Authority will pay to NEXTBIKE the gross fee of PLN 931,554.00.

NEXTBIKE has furnished a performance bond equal to 5% of the fee.

The Contract provides for contractual penalties, i.a., for: (i) withdrawal from the Contract for reasons attributable to NEXTBIKE, equal to 20% of the fee; (ii) penalty equal to 0.5% of the fee for each started day when the System is non-operational during any period when the System should be available to customers under the Contract.

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 individual 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 is late with fulfilment of the Contract deliverable for reasons attributable to it.

The Contract expiration date is on 30 November 2019; the System will be operational within 50 days of the Contract signature.

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

**Report Date:**

6 February 2017