

LARQ S.A.

CURRENT REPORT 11/2017

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 11 April 2017, the Issuer's subsidiary – NEXTBIKE POLSKA S.A. of Warsaw (hereinafter: "NEXTBIKE") executed the Contract for Activation, Management and Full Operation of the Konstancin City Bike System (hereinafter: the "System", the "Contract") with the Konstancin-Jeziorna Municipality (the "Contracting Authority").

For fulfilment of the Contract deliverable, the Contracting Authority will pay to NEXTBIKE the gross fee of PLN 995,734.20.

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

The Contract provides for contractual penalties, i.a., for: (i) withdrawal from the Contract for reasons attributable to NEXTBIKE, equal to 10% of the gross fee; (ii) 5% of the gross monthly flat fee for each started day when the System is not operational.

The Contracting Authority will be entitled to terminate the Contract of: (i) NEXTBIKE subcontracts any of the Contract deliverable without a prior written consent of the Contracting Authority; (ii) NEXTBIKE suspends the fulfilment of the Contract deliverable without important reasons; (iii) the number of system bicycles is less than 50 during any of daily checks, three times during the life of the System; (iv) NEXTBIKE fails to launch the System within two months after the day of the Contract; (v) a bankruptcy petition is filed against NEXTBIKE; or (vi) NEXTBIKE is struck off the relevant registry.

The fulfilment of the order will start on the day of the Contract, at the latest on 14 April 2017. The order will be completed on 30 November 2019.

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

Report Date:

12 April 2017