

LARQ S.A.

CURRENT REPORT 12/2017

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 12 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 Bike Sharing System in the Town of Stalowa Wola called "Stalowa Wola – Bike City – SWMR" (hereinafter: the "**Contract**") with Miejski Zakład Komunalny Sp. z o.o. – the municipal services enterprise in Stalowa Wola (the "**Contracting Authority**").

For fulfilment of the Contract deliverable, the Contracting Authority will pay to NEXTBIKE the gross fee of PLN 947,100.00.

NEXTBIKE has to take out third party liability insurance, including tort liability and contractual liability, for the sum insured of PLN 500,000.00.

The Contract provides for contractual penalties, i.a., for: (i) withdrawal from the Contract for reasons attributable to NEXTBIKE, equal to 20% of the gross fee; (ii) for each day of delay in fulfilment of the contract deliverable, a penalty equal to 1% of the gross fee during the first year of service and equal to 0.5% of the gross fee during the second year, for each day, capped at 10% of the gross fee; (iii) failure to take out insurance or defective insurance equal to 0.1% of the gross fee for each day. If NEXTBIKE withdraws from the Contract for reasons attributable to the Contracting Authority, the Contracting Authority will pay a contractual penalty to NEXTBIKE at the rate of 10% of the gross fee.

The Contracting Authority may withdraw from the Contract upon the events of default as stipulated in the Contract as: (i) delay in supply of service by at least 14 days for reasons attributable to NEXTBIKE; (ii) interruption of services for at least seven days for reasons attributable to NEXTBIKE.

NEXTBIKE has agreed to complete the contract deliverable in full until 19 April 2017. The Contract contemplates the provision of services until 31 October 2018.

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

Report Date:

13 April 2017