LARQ S.A.

CURRENT REPORT 20/2017

Subject:

Execution of the Share Options Agreement by the Issuer

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 (the "**Issuer**") hereby informs that, on 2 June 2017, it made the agreement with Mr. Tomasz Wojtkiewicz, President of Management Board of the Issuer's subsidiary – NEXTBIKE POLSKA S.A. of Warsaw (the "**Manager**") ("**NEXTBIKE**") for an option and grant of shares in NEXTBIKE (the "**Agreement**").

The Agreement sets out the terms and conditions for granting to the Manager: (i) 8,489 shares of series B in NEXTBIKE of a par value of PLN 0.10 each (the "**Shares**") and (ii) conditional right (the "**Share Option**") to acquire specified blocks of shares in NEXTBIKE.

Under the Agreement, the Issue agreed to: (i) cause an irrevocable offer of sale of the Shares for their par value is made to the Manager on or before 19 June 2017; (ii) cause that, following the satisfaction of the conditions set forth in the Agreement, the Manager is granted, in the aggregate, no more than 17,000 Share Options during the period of two consecutive financial years of NEXTBIKE, starting with the financial year that began on 1 January 2017, however no more than 8,500 Share Options during any financial year.

The Share Options to vest in each financial year will be granted to the Manager provided that all of the following conditions have been met: (i) the financial statements for the financial year affected by a given Share Option tranche are approved by the general meeting; (ii) the financial criterion is met as defined in the Agreement with reference to consolidated EBITDA (the "**Financial Criterion**"); and (iii) the Manager continues to serve as the President of Management Board of NEXTBIKE on the day of holding NEXTBIKE's general meeting which approves the financial statements for the financial year affected by a given Share Option tranche. The ultimate number of Share Options to be granted to the Manager will also depend on the degree of achievement of the aforesaid financial parameters.

The Financial Criterion has has to be met for being granted the Share Options, entails the following consolidated EBITDA to be generated by NEXTBIKE for a given financial year (the "**Financial Parameter**"):

(i) Consolidated EBITDA for 2017: PLN 17.5 million
(ii) Consolidated EBITDA for 2018: PLN 22.5 million.

In the event that the degree of achievement of the Financial Parameter for a given financial year is at least 100% - the maximum number of Share Options for a given year will be granted.

In the event that the degree of achievement of the Financial Parameter for a given financial year is at least 80% but less than 100% - the number of Share Options for a given year will be reduced pro rata to the value corresponding to the degree of achievement of the Financial Parameter.

If consolidated EBITDA generated by NEXTBIKE is less than 80% of the Financial Parameters, no Share Options foreseen for a given year will be granted.

If the Manager exercises the offer of sale of 8,489 Shares, he will hold, in the aggregate, 11,629 Shares equal to 1.1% of the total number of shares in NEXTBIKE and 0.7% of the total number of votes at the General Meeting of NEXTBIKE.

Under the Agreement, the Manager has covenanted to the Issuer that, as regards the Shares and if he is granted the Share Options, each time during the period of 12 months from, respectively, (i) the Share purchase date; or (ii) the day of purchase or taking up of the shares under the Share Options, he will not transfer them, in any legal form whatsoever (for consideration or without consideration), including but not limited to a contract of sale, exchange or donation, nor will encumber them with any pledge, other limited right in rem or obligation (including the right of beneficial ownership) save for the exceptions provided for in the Agreement.

The Agreement also provides for certain rights of the Issuer to repurchase the Shares or the Share Options in the events foreseen in the Agreement and involving, among others, any breach of the no competition undertaking by the Manager or if he is finally disqualified from holding functions in the governing bodies of capital companies.

The Agreement is made for a fixed period of time until the day that follows 100 days after the end of the lock-up period with respect to the Share Options granted during the second financial year. Moreover, certain events of early expiration of the Agreement have been provided for.

Report Date:

2 June 2017