

LARQ S.A.

CURRENT REPORT 22/2017

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 (the "**Issuer**") hereby informs that, on 6 June 2017, the Issuer's subsidiary – NEXTBIKE POLSKA S.A. of Warsaw ("**NEXTBIKE**") executed the Contract for Delivery of Components for the Kołobrzeki City Bike (KRM), Their Installation and Activation, and for the Service of Management and Full Operation of that System"(the "**Contract**") with the Town and Municipality of Kołobrzeg (the "**Contracting Authority**"). The KRM system will consist of 12 stations of 125 bicycles.

For fulfilment of the Contract deliverable, the Contracting Authority will pay to NEXTBIKE the gross fee of PLN 2,247,210.00.

NEXTBIKE has to take out third party liability insurance, including tort liability and contractual liability, for the sum insured of PLN 1,000,000.

The Contract provides for contractual penalties, i.e., for: (i) the Contracting Authority's withdrawal from the Contract for reasons attributable to NEXTBIKE, equal to 15% of the gross fee; (ii) equal to 0.2% of the gross fee for each day of delay in fulfilment of the contract deliverable. 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 15% of the gross fee.

The Contracting Authority may withdraw from the Contract upon occurrence of certain events as stipulated in the Contract, i.e.: (i) failure to commence services within 14 days, without important reasons, for reasons attributable to NEXTBIKE; (ii) interruption of services for at least 14 days for reasons attributable to NEXTBIKE.

The Contract is made for a fixed period of time, with effect as of its signature date until 30 November 2020. The system is to be made operational at the latest within three days of the day of signature of the Contract.

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

Report Date:

6 June 2017