

**LARQ S.A.**

**CURRENT REPORT 33/2017**

**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 11 August 2017, the Issuer's subsidiary – NEXTBIKE POLSKA S.A. of Warsaw ("**NEXTBIKE**", "**Licensee**") signed a licence agreement with Nextbike GmbH ("**Licensor**") for the territory of Norway, Finland and Iceland ( "**Agreement**").

Under the Agreement, the Licensor granted the exclusive licence to the Licensee, with a right to grant sub-licences, to deliver and operate public bicycle systems within the territory of Norway, Finland and Iceland.

The main duties of the Licensor include, without limitation: (i) delivery of the elements of public bicycle system for the Licensee; (ii) delivery and maintenance of software for servicing of public bicycle system; (iii) hosting of servers that operate the system and collect data, with exercise of utmost care and diligence.

The main duties of the Licensee include: (i) own operation of the Licensor's system; (ii) purchase of system elements from Licensor only (subject to agreed exceptions) at the price list included in the Agreement.

The fee for the licence granted under the Agreement is linked to the number of active bikes in the system.

The Parties agreed to respect the no-competition clause within the territory of the Agreement during the term of the Agreement and after its termination.

The Agreement contemplates contractual penalties: (i) for NEXTBIKE for each day of delay in completion of the hardware order by the Licensor – equal to 0.5% of the order amount, however no more than 10% thereof unless agreed otherwise; (ii) for each breach of no-competition clause equal to EUR 200,000 – payable to the other Party.

The Licensor has granted a warranty for delivered system elements for the period of two years of the hardware acceptance report.

The Agreement is made for a fixed period of time from its effective date until 31 December 2027, with an option to extend it for 10 years unless terminated by either party subject to a 6-month notice before its expiration.

The Agreement may be terminated by either Party in the event of breach of its provisions and failure to remedy breach within 30-days period for remedy. The Agreement will be terminated if it is not performed during the period of 3 years of its execution.

Other terms and conditions of the Agreement do not deviate from the terms and conditions commonly accepted in agreements of such type.

**Report Date:**

11 August 2017