

LARQ S.A.

CURRENT REPORT 44/2017

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:

With reference to the Current Report 34/2017 of 5 September 2017, the Management Board of LARQ S.A. of Warsaw (the "**Issuer**") hereby reports that, today, the Management Board of the Issuer's subsidiary – Nextbike Polska S.A. of Warsaw ("**NEXTBIKE**") was delivered a copy of the agreement (in confirmation of its conclusion) signed by the Town of Turku in Finland (the "**Contracting Entity**") for the supply and service 300 city smartbikes.

The contract covers the supply and service of 300 city smartbikes in the period from 1 May 2018 to 30 April 2021 (the "Main Contract"); afterwards, the contract may be extended at the Contracting Entity's discretion, on the original terms, for another three years, i.e. for the period from 1 May 2021 to 30 April 2024. The agreement also provides for the option, at the Contracting Entity's discretion, of additional contracts for other municipalities in the Föli area and an additional contract for the City of Turku on the terms and conditions set forth in NEXTBIKE's tender proposal.

The Contracting Entity will pay the fee of EUR 2,064,000 to NEXTBIKE, payable in monthly instalments.

The agreement contemplates contractual penalties, among others for each week of delay in fulfilment of the contract deliverable, equal to 5% of the contract amount, however capped at 15% of the contract amount.

Each contracting party has the right to terminate the agreement in the event of grave breach of contractual terms by the other. The Contracting Entity has the right to terminate the agreement or its part forthwith in the event of bankruptcy or liquidation proceedings against NEXTBIKE, or if NEXTBIKE has serious financial trouble.

The agreement was made for the fixed period of time to expire on 30.04.2021. Any decision (option) to extend the agreement will be made before expiration of the agreement.

The agreement is governed by the laws of Finland. The District Court for South-Western Finland is competent to resolve any disputes.

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

Report Date:

3 November 2017