

Current Report No. 2 / 2014

Report Date: 4 February 2014

Abbreviated name of the issuer: Ronson Europe N.V.

Subject: Adoption of an incentive plan for key managers linked to the share price performance of Ronson Europe N.V.

Legal basis: Article 56 section 1.1 of the Public Offering Act – inside information

The Report:

The management board of Ronson Europe N.V., a company listed on the Warsaw Stock Exchange (the “**Company**”), hereby announces that on 3 February 2014, the supervisory board of the Company adopted an incentive plan, addressed to selected key employees, which is based on the price performance of the Company’s shares (the “**Phantom Stock Plan**”). The Phantom Stock Plan does not assume any new issue of shares, will not result in any new shares supply, is made based on the following key assumptions and has the settlement mechanism as described below:

- i. the exercise price of one option under the Phantom Stock Plan is PLN 1.6;
- ii. the total number of options is 2,705,000 (which is the equivalent of approximately 1% of the Company’s total number of shares), and the allocation of options to particular employees shall be made by way of a separate decision of the remuneration committee of the supervisory board of the Company (the “**Remuneration Committee**”);
- iii. benefits will be aggregated among the selected employees (of the Company or of its subsidiaries) who join the Phantom Stock Plan through the end of 2015, of which (a) 50% is awarded as of the date of the decision of the Remuneration Committee approving the Phantom Stock Plan, (b) 25% as of the end of 2014, and (c) 25% by the end of 2015;
- iv. employees participating in the Phantom Stock Plan maintain the right to exercise their options until the end of 2017 (or a maximum of two years from the date they are no longer employed by the Ronson Group);
- v. upon the exercise of the options, the Company will pay the option holder the amount in cash equal to the difference between PLN 1.6 and the current market price of the shares in the Company (“**Current Market Price**”) allocated to a particular employee (option holder);
- vi. the Current Market Price will be calculated as the average trading price of the shares during the preceding calendar month, whereas the average trading price shall be determined by calculating the total turnover value in PLN of all of the shares in the Company traded during that period divided by the total number of shares traded during such period (however, if the total value of the overall turnover in any particular month is lower than PLN 100 thousand, then the Current Market Price shall be calculated on the basis of the most recent two-month market average);
- vii. in the event that the free float is less than 10% of all the outstanding shares in the Company, the Current Market Price will be established by a reputable valuation company based on a comparable valuation of Ronson’s peer companies listed on the Warsaw Stock Exchange (based on P/E and P/BV multiples); and
- viii. an option holder shall be entitled to submit a payment request during the first five working days of each calendar month, provided that all employees must observe any trading restrictions related to the sale/purchase of the Company’s shares by management and supervisory board members and key management under applicable regulations, especially with respect to the observance of closed periods.