

# COMARCH



## **Managerial Option Program for Members of the Management Board and Other Key Employees** for 2011-2013

On the 28<sup>th</sup> of June, 2010, the Annual General Meeting of Shareholders passed Resolution no. 23 on the managerial options program for Company's Key Employees for 2011-2013. The objective of the program was to additionally motivate members of the Management Board and Key Employees by options on Comarch S.A. shares (hereinafter referred to as the "Option") dependent on increases in the value of the Company and increase in its capitalization. The program was executed through offers of newly-issued shares in the Company in 2012, 2013 and 2014 to Key Employees. The value of the Option is to be at all times equivalent to the difference between the average closing price of the Company's shares of each year of the execution of the program (beginning with 2011) and the issue price of shares offered to Key Employees.

The basis for the calculation of the value of the Option shall be increases in company capitalization, calculated as follows:

- for 2011 – as the difference between the average capitalization of the Company in 2011 and the average capitalization of the Company in 2010,
- for 2012 – as the difference between the average capitalization of the Company in 2012 and the average capitalization of the Company in 2011,
- for 2013 – as the difference between the average capitalization of the Company in 2013 and the average capitalization of the Company in 2012,

where the average capitalization of the Company in the given year is the arithmetical average of the daily capitalizations of the Company in the given year, and the daily capitalization is the number of shares of the Company multiplied by the stock exchange closing rate for shares of the Company in the given day.

In the fourth quarter of the year that precedes the year of the Program execution, the Board of Supervisors shall establish a list of Key Employees and Individual Option Ratios. The list of Key Employees and Individual Option's Ratios were established independently for each year of the Program. Total value of Individual Option Ratios for all Key Employees in the given year amounted to 3.6% (three and six tenths per cent) of the increase in the company's capitalization.

Pursuant to IFRS2, the Company was obliged to calculate the value of the Option and classify it as a cost in the income statement in the Option period, i.e. from its issue date until its expiry date. The Company recognized the value of the particular options beginning from the options' acquiring, i.e. an establishment by the Supervisory Board a list of Key Employees and single option factors for each subsequent year.

The Company notes that despite the fact that the value of the Option decreases the net profit of the Company and of Group, this operation did not affect the value of cash flows. Moreover, the economic cost of the Option shall be classified in the income statement through its inclusion in the "diluted net profit" of newly issued shares for the participants of the program. Despite the fact that the IFRS2 standard was officially adopted by the European Union to companies listed on the stock exchange in the preparation of consolidated statements, many experts pointed out its controversial nature – in their opinion, placing the cost of the Option in the income statement results in the double inclusion of the effect of the Option program (once by result and second by dilution).

The difference between the average capitalization 2011 and the average capitalization in 2010 was negative, which means that the basic condition of the programme has not been met. As a result, shares for members of the Management Board and Key Employees were not issued in 2012.

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The determined Option's value amounted to PLN 2,873 thousand and it was recognized as cost in the income statement.

The difference between the average capitalization in 2013 and the average capitalization in 2012 was positive, as a result, shares for members of the Management Board and Key Employees were issued in 2014

Acting in execution of the Resolution no. 23 of the Annual General Meeting of Comarch S.A. of the 28<sup>th</sup> of June, 2010, regarding the managerial option program for key employees, on the 13<sup>th</sup> of January, 2014, the Supervisory Board of Comarch S.A. passed the Resolution no. 2/01/2014 on execution of the managerial option program for 2013, by way of issuance of 73,953 ordinary bearer series K3 shares, of nominal value of PLN 1 and issue price of PLN 1 each, excluding a stock right of the current Company's shareholders (current report no. 2/2014 dated the 13<sup>th</sup> of January, 2014).

In consequence, the Management Board of Comarch S.A. passed the resolution no. 1 dated the 20<sup>th</sup> of January, 2014, regarding an increase in the share capital by way of emission of 73,953 ordinary bearer series K3 shares (current report no. 3/2014 dated the 20<sup>th</sup> of January, 2014).

Shares were granted to members of Comarch S.A.'s Management Board as follows:

Name and surname	Number of shares	Shares' value as at 31 December, 2013
Janusz Filipiak	49,305	PLN 4,782,585
Piotr Piątosza	4,108	PLN 398,476
Paweł Prokop	4,108	PLN 398,476
Piotr Reichert	4,108	PLN 398,476
Zbigniew Rymarczyk	4,108	PLN 398,476
Konrad Tarański	4,108	PLN 398,476
Marcin Warwas	4,108	PLN 398,476
<b>Total</b>	<b>73,953</b>	<b>PLN 7,173,441</b>

On the 31<sup>st</sup> of March, 2014, the District Court for Kraków-Śródmieście, the Eleventh Economic Division of the National Court Register registered increase in the Company's share capital to the amount of PLN 8,125,590.00. After this increase the Company's share capital is divided into 8,125,590 shares. It corresponds to 15,119,190 votes at the Company's AGM (current report no. 7/2014 dated the 3<sup>rd</sup> of April, 2014).