

**REPORT OF
COMARCH S.A.'s MANAGEMENT BOARD
REGARDING THE ACTIVITIES OF
THE CAPITAL GROUP
IN 2017**

Krakow, 27th of April, 2018

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**PLN 35.8
million of
operating
profit**

**Business
activities in
over 60
countries on 6
continents**

**PLN 1,103
million of
sales
revenue**

**Over
5,500
professionals
employed**

**52
subsidiaries
worldwide**

**PLN 1.5 billion
of Comarch S.A.
capitalisation
on WSE
(31.12.2017)**

**58% share of
foreign sales in
revenue from
sales**

1. Information about Company

1.1. Shareholding Structure, Managing and Supervising Entities

1.1.1. Shareholders Holding at Least 5% of the Total Number of Votes at the General Meeting of Comarch S.A.

Comarch S.A.'s share capital consists of 8,133,349 shares at total nominal value of PLN 8,133,349. According to the information possessed by Comarch S.A., as at 31st of December, 2017, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak and MetLife OFE.

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12
Other members of the Company's Management Board	91,622	1.13	129,222	0.85
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,880,142	47.71	3,880,142	25.65
Total	8,133,349	100.00	15,126,949	100.00

AS AT 27TH OF APRIL, 2018

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12
Other members of the Company's Management Board*	84,146	1.04	121,746	0.80
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,887,618	47.80	3,887,618	25.70
Total	8,133,349	100.00	15,126,949	100.00

*) On the 12th of February, 2018, the Management Board of Comarch S.A. received from Paweł Prokop, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 8th of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50. The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#), ENG: [RB-5-2018](#) and [RB-5-2018/K](#), dated the 12th of March, 2018.

**) Transaction below the limit of EUR 5,000.

1.1.2. Comarch S.A.'s Board of Supervisors and Management Board

a) Members of Comarch S.A.'s Board of Supervisors as at 31st of December, 2017:

Name and surname	Position	Comarch S.A. Number of shares / nominal value in PLN	Metrum Capital S.A. Number of shares / nominal value in PLN
Elżbieta Filipiak	Chairman of the Supervisory Board	1,323,461/ PLN 1,323,461	-
Maciej Brzeziński	Vice-Chairman of the Supervisory Board	-	-
Danuta Drobnik	Member of the Supervisory Board	-	-
Wojciech Kucharzyk	Member of the Supervisory Board	-	-
Anna Ławrynowicz	Member of the Supervisory Board	-	-
Robert Bednarski	Member of the Supervisory Board	-	-
Anna Pruska	Member of the Supervisory Board	-	50,000 / PLN 50,000

AS AT 27TH OF APRIL, 2018

Without changes.

b) Members of Comarch S.A.'s Management Board as at 31st of December, 2017:

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	PLN 1,997,027
Marcin Dąbrowski	Vice-President of the Management Board	-	-
Paweł Prokop	Vice-President of the Management Board	37,539	PLN 37,539
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-
Zbigniew Rymarczyk	Vice-President of the Management Board	32,867	PLN 32,867
Konrad Tarański	Vice-President of the Management Board	10,608	PLN 10,608
Marcin Warwas	Vice-President of the Management Board	10,608	PLN 10,608

AS AT 27TH OF APRIL, 2018

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	PLN 1,997,027
Marcin Dąbrowski	Vice-President of the Management Board	-	-
Paweł Prokop	Vice-President of the Management Board	30,000*	PLN 30,000
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-
Zbigniew Rymarczyk	Vice-President of the Management Board	32,930**	PLN 32,930
Konrad Tarański	Vice-President of the Management Board	10,608	PLN 10,608
Marcin Warwas	Vice-President of the Management Board	10,608	PLN 10,608

*) On the 12th of February, 2018, the Management Board of Comarch S.A. received from Paweł Prokop, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 8th of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50. The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#), ENG: [RB-5-2018](#) and [RB-5-2018/K](#), dated the 12th of March, 2018.

**) Transaction below the limit of EUR 5,000.

Michał Bajcar, Dariusz Durałek, Anna Kleszcz, Maria Smolińska, Iwona Kasprzyk and Dorota Klentak-Łyżwa are the Company's proxies.

c) Contracts that May Result in Future Changes in Holdings of Shareholders or Bondholders

None present.

d) Agreements between the Issuer and the Managing Persons, which Plan for Compensation in Case of Resignation or Discharge from the Occupied Post without a Substantial Reason, or when Their Dismissing or Discharge are Caused by Merger through Takeover

None present.

e) Value of Paid, Due or Potentially Due Remuneration, Awards or Benefits, including those Resulting from Managerial or Bonus Programmes based on Issuer's Equity, Separately for Each of the Managing and Supervising Persons in the Parent Company

Information is included in notes 3.17.3 and 3.34 of the consolidated financial statement.

f) The Liability under the Pensions or similar Benefits for Former Managers, Supervisors or Former Members of Administrative Bodies and the Liabilities that are incurred in relations to such Pensions

None present.

2. Basic Economics and Financial Values

2.1. Selected Financial Data

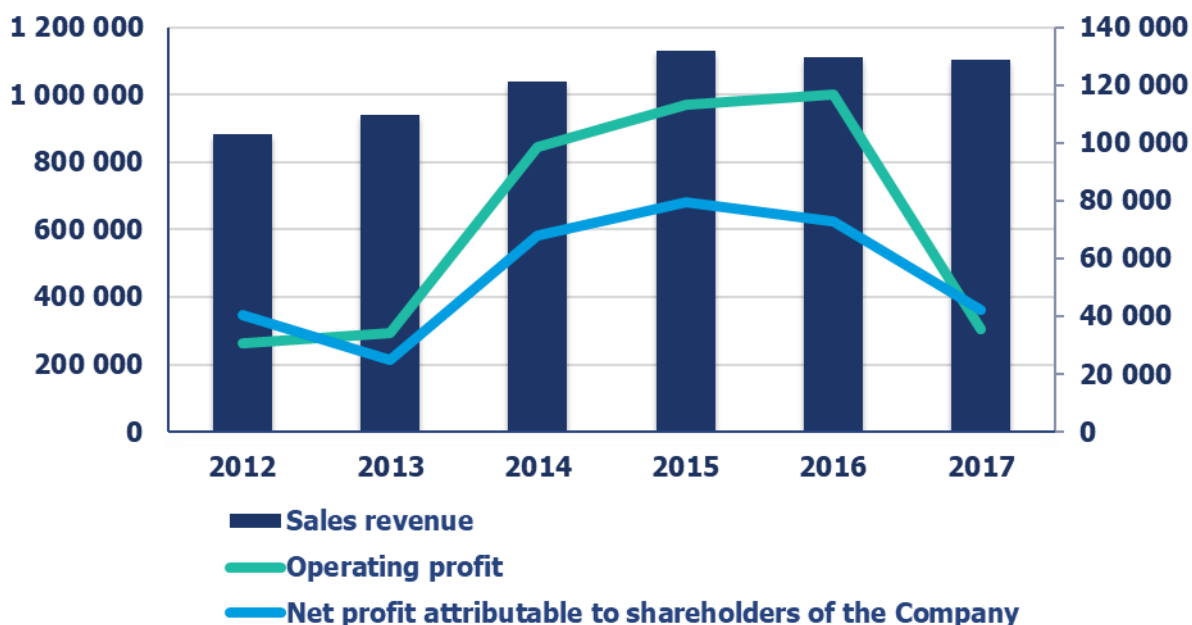
	2017	2016	2015	2014	2013
Revenues from sales	1,102,520	1,112,813	1,131,580	1,038,351	938,976
Revenues from sales of proprietary IT solutions	1,024,804	1,041,133	994,152	910,216	763,928
Operating profit	35,774	116,893	113,028	98,529	34,446
EBITDA*	100,083	179,901	166,511	152,909	98,941
Profit before income tax	64,559	104,777	108,129	92,577	36,724
Net profit attributable to the Parent Company's shareholders	42,036	73,034	79,651	67,894	25,077
Profit per share	5.17	8.98	9.80	8.37	3.11
Assets	1,501,915	1,444,875	1,304,828	1,216,555	1,142,301
Equity	879,032	862,064	780,581	700,693	637,711

* Operating profit + Depreciation

In 2017, Comarch Group's sales revenue was lower by PLN 10.3 million i.e. 0.9% compared to the previous year. Operating profit amounted to PLN 35.8 million and decreased by 69.4% compared to that achieved in 2016, while net profit attributable to the Parent Company's shareholders in 2017 was lower by 42.4% and reached the value of PLN 42.0 million.

EBIT margin reached 3.2% (in previous year amounted to 10.5%), net margin reached 3.8% (6.6% in 2016).

As at the end of 2017, the value of Comarch Group's assets increased by PLN 57.0 million, i.e. 3.9% compared to the previous year. Equity grew by PLN 17.0 million over 2017 and in large measure due to the net profit gained in 2016.



2.2. Employment and Production Capacity of the Group

As at 31st of December, 2017, in Comarch S.A. there were 4,303 employees compared to 4,276 persons as at 31st of December, 2016, and in the Comarch Group number of employees reached 5,541 persons compared to 5,490 persons as at the 31st of December, 2016.

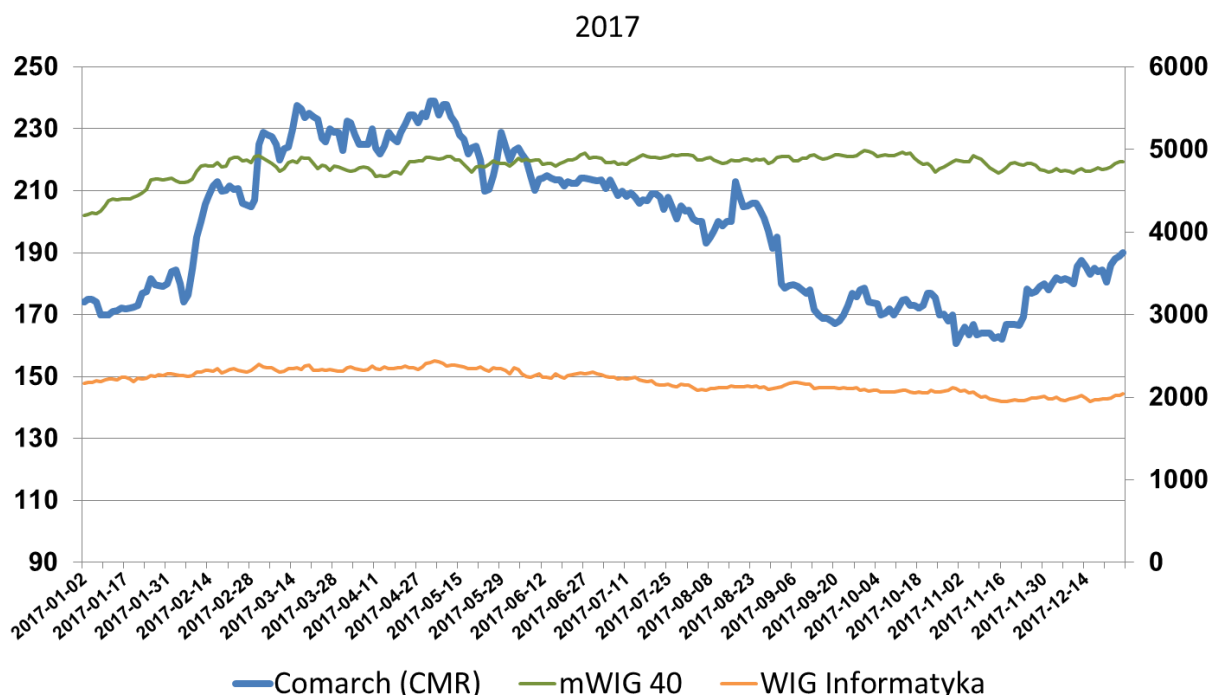
Average employment in the Comarch Group, from 2014 to 2017 is presented in tables below:

Average number of employees:	2017	2016	2015	2014
full-time	4,393	4,323	4,066	3,439
co-workers	1,245	1,276	1,238	1,037
Total	5,638	5,599	5,304	4,476

Average number of employees:	2017	2016	2015	2014
production employees and technical consultants	4,369	4,342	4,104	3,438
marketing and sales	293	336	339	287
management and administrative employees	458	434	427	376
other	518	487	434	375
Total	5,638	5,599	5,304	4,476

Most of production by Comarch consists in production of company's own, versatile software products and in production of computer software on the basis of customer orders. The basic factor limiting the production capacity is human resources. As the company makes active investments in new products and technologies, it strives to provide appropriately wide range of competencies for all its employees. The company flexibly manages teams of employees through continuous optimisation of placements for current commercial projects and internal R&D projects (developing new products and updating the existing ones, which are not directly connected to contractual requirements), using proprietary IT solutions for this target. In effect, there are almost no unused resources. The Group diversifies the risk of limitations in availability of human resources by conducting business in 15 branches located in urban centres in Poland. As at 31st of December, 2017, 3,168 employees were employed in Krakow, 1,780 in other cities in Poland and 593 abroad.

2.3. Comarch S.A. Stock Price Performance



Period	The highest	The lowest
I quarter of 2017	237.50	169.80
II quarter of 2017	239.00	210.00
III quarter of 2017	213.50	167.00
IV quarter of 2017	190.00	160.60

In 2017, the closing rate of Comarch S.A. shares between the 2nd of January, 2017, and 29th of December, 2017, increased by 9.2% from PLN 174.00 to PLN 190.00. During the year, the maximum closing rate amounted to PLN 239.00.

Data in PLN	12 months ended 31 December 2017 / 31 December 2017	12 months ended 31 December 2016 / 31 December 2016
Closing rate as of the balance sheet date	190.00	174.00
Average price during the reporting period	198.17	149.82
MIN price during the reporting period	160.60	103.70
MAX price during the reporting period	239.00	190.00
Average volume during the reporting period	4,592	6,314
Capitalization at the balance sheet date	1,545,336,310	1,415,202,726
Ratios for consolidated data		
P/E at the balance sheet date	36.75	19.38
P/BV at the balance sheet date	1.79	1.67
P/S at the balance sheet date	1.40	1.27

3. Products and Services Offered by Comarch in 2017

Comarch is a producer of innovative IT systems for key sectors of economy: telecommunications, finance and banking, public administration, medical, as well as large, small and medium-sized companies. A wide range of the Comarch offer includes ERP-class and financial and accounting systems, CRM systems and loyalty software, sales support, electronic document exchange, electronic banking, teleinformatic network management and billing systems, Business Intelligence, security and protection of data, electronic devices and many other solutions. Apart from providing innovative IT solutions to its customers, Comarch is focused on professional customer service and on providing consulting, advisory and integration services as a uniform package, with which our customers can take full advantage of the possibilities offered by modern IT systems.

3.1. Telecommunications Sector

Since 1993 Comarch has specialist telecoms unit providing IT solutions to some of the biggest telecoms brands in the world, including Telefónica, Deutsche Telekom, Vodafone, KPN and Orange.

It builds technology solutions to meet the key requirements of telecoms companies, namely to: increase revenue; grow business efficiency; simplify systems; cut costs; enhance the customer experience; and build new services and shorten their time to market.

Comarch's OSS and BSS solutions have been consistently listed on Gartner's Magic Quadrant report. It has also been recognised for its work in the telecoms industry by other analysts, including Forrester, Informa and Frost & Sullivan.

IOT ECOSYSTEM

Comarch IoT Connectivity Management enables mobile operators to provide managed connectivity in multi-national, multi-level and multi-operator environments. The system is a M2M/IoT connectivity management platform that helps launch IoT offers for vertical industries such as automotive, consumer electronics, retail, energy & utilities, finance & banking, healthcare, manufacturing, public services, security, and transport & logistics.

Comarch IoT Analytics Platform module focuses on delivering measurable business value, using intelligent big data processing and real-time data analytics for M2M/IoT business purposes. It provides thorough information about the way in which customers are using your IoT products. Additionally, it handles some issues related to quality of service (QoS) within operations, by helping discover which device (or type of device) generates issues, revealing data patterns and trends, and providing reports and analyses of anomalies.

Comarch IoT Billing is tailored to the needs of your IoT operations. It enables to charge not only for connectivity, but also for IoT devices, vertical applications and bundled services. IoT customers are looking for the well suited offer answering their businesses in the most appropriate way. System supports all kinds of multileveled business relations (B2B, B2B2C, B2B2B).

SALES & CUSTOMER MANAGEMENT

Comarch Customer Management helps communication service providers sell more services, get closer to their customers and significantly reduce customer churn. This flexible solution enables telecoms companies to benefit from a single customer view and gain a deeper understanding of their customer base, which translates into increased revenues and optimized customer service costs. By offering a seamless customer experience and providing a reliable 360-degree customer view, the solution also helps strengthen customer loyalty.

Comarch Self Care is a web self-service tool enabling communications service providers to provide their end customers with a convenient online self-management portal, where they can access and edit their profile data and service subscription information, without any help from a call centre agent. Comarch Self Care, integrated with major social media platforms, provides customers with telecom specific services around the clock and plays a crucial role in the Comarch Omni-Experience.

Comarch Sales Channel Management optimizes sales force efforts and helps service providers increase sales. The highly efficient Comarch Commission & Incentive module enables the implementation of innovative strategies and optimization of sales force compensation plans. Pre-integrated with the Comarch BSS suite, the tablet-based Comarch External Sales Mobile App lets your sales representatives check the most up to date customer data from any location at any time, verify service availability, and register new contracts. Comarch Logistics Management allows the verification, control and automation of replenishment of stock levels for selling points.

BILLING & CHARGING

Comarch Convergent Billing System is a key module within the Comarch BSS suite, pre-integrated with other modules (e.g. Comarch Product Catalogue, Comarch BSS Mediation). Comarch CBS allows real-time charging for any service type and facilitates the development of new business models in cooperation with partners – a key element in elevating business in the digital world. This high capacity, flexible and scalable service-agnostic management system can be used by service providers to monetize services ranging from traditional telecommunications, through MVNO and M2M, to modern digital services. Comarch BSS tools are also featured in Gartner Magic Quadrant for Integrated Revenue and Customer Management.

Comarch InterPartner Billing allows service and content providers to exchange billing data and invoices and share revenue or cost information with partners. The system also facilitates the management of relations with domestic and international business partners, and supports various business models which include revenue sharing, wholesale and roaming services. The Comarch platform is easily scalable, ready to support today's newest services, and open to business evolution. The system can process high volumes of any kind of services (voice, data, messaging, content and others) within any kind of agreement, including bilateral, hubbing, revenue sharing, roaming, MVNO and content-based. The Partner Management functionality supports the management of relationships with partners and suppliers, and can automate most tasks required for cooperating with them.

BSS TAILORED TO YOUR NEEDS

Comarch B2B Solution focuses on critical problems related to B2B relationships, such as providing distinct selling strategies to companies of varied size (small, medium-size and multi-national corporations – MNC's), delivering and supporting large numbers of customized products and services, managing service level agreements (SLA's) and handling of complex fulfilment processes. This solution also supports multiple billing scenarios such as split billing or billing on behalf.

Comarch Smart BSS is an all in one, compact BSS solution perfectly tailored to the needs of tier-2 and tier-3 telecoms companies, including Internet, cable and satellite TV providers, and MVNOs, thanks to fast deployment and low costs. The highly customizable system allows the management of all payment types, both pre-paid and post-paid, and the smooth creation of new product offers and specifications through the product catalogue engine, which directly reduces time to market. The system speeds up generating PIN codes and scratch cards, and makes managing them more efficient. The integrated CRM module helps collect info on clients and enhances the customer experience, with the additional benefit of preventing churn. Comarch Smart BSS comes with a user-friendly, personalized self-care portal and a built-in messaging functionality to simplify communication between companies and customers.

Comarch MVNO & MVNE Solutions are tailored to MVNO (Mobile Virtual Network Operators) and MVNE (Mobile Virtual Service Enablers) business models. Offering cost-effective services that are often aimed at niche customer segments can become an additional source of revenue for your company, and Comarch solutions can help you easily manage relations with customers and business partners, the portfolio of offered services, and revenues. An end to end Comarch Solution for MVNEs is aimed at companies delivering services to MVNO operators. The solution performs tasks related strictly to telecommunications (e.g. integration with an MNO (Mobile Network Operator) network, product catalogue, CRM, SelfCare, managing a network of partners, and convergent billing), as well as those related to ERP.

FUTURE-PROOF OPERATIONS

Comarch NFV/SDN Solution leads to network virtualization, reduces OPEX / CAPEX, and unleashes innovation in the service and application domain, resulting in better network monetization.

Comarch Self-Organizing Network (SON) solution enables the automation of network failure management and optimization of network processes, thus operators may not only reduce OPEX, but also shorten the time to market for new technologies and network services.

Comarch SON Integration Box - is a solution responsible mainly for integrating centralized SON (self-organizing network) tools with the existing OSS environment. As a central hub for the exchange of various types of data, it aggregates SON plans and dispatches them to different tools. It also provides physical network information to SON. Data is gathered from multiple external sources and pre-processed for SON usage.

Comarch Customer-Centric OSS enables the transformation of an OSS environment so that it reflects true customer needs. It thus enables switching the telecom operator's perspective from network resources to customer experience.

INTAGRATED ASSURANCE

Comarch Customer Experience Management provides information on service quality by providing an insight into customer perception of services. This also brings the additional benefit of proactive-ness, deriving from the ability to monitor the network and predict the impact of network faults on customer services.

Comarch Service Quality Management (SQM) transforms traditional network-centric performance management into customer-centric telco service quality management. The insight into customers' perceptions of service quality enables the prioritization of network performance management based on the forecast influence on customer experience. Comarch SQM enables you to become proactive in managing service quality by preventing customers from experiencing service problems, thanks to trend analyses and prediction capabilities.

Comarch Service Assurance transforms traditional network-centric fault management into an assurance solution focused on customer service. The main purpose of the system is to enhance customer service proactiveness capabilities. This is possible because the system allows the early detection of network problems and the ability to predict and calculate customer service impact based on the service models from service catalogue and inventory systems. The solution is capable of monitoring digital services based on complex value chains, and of aggregating information from partners' systems and converged networks, including IT infrastructure, and fixed, mobile and cable access domains.

Comarch OSS/BSS Data Analytics processes data gathered from the telecommunications network (which is the key customer touchpoint for CSPs) in real time, combines it with information from external systems (Performance Management, Fault Management, Network Inventory, CRM, etc.) and aggregates it. By correlating data from all these sources, Comarch OSS/BSS Data Analytics can produce a comprehensive real-time analysis, providing an invaluable insight into the customers' perception of the services. Based on the aggregated data, the tool suggests specific actions that can be also carried out automatically. Comarch OSS/BSS Data Analytics effectively helps telecoms companies improve their overall Net Promoter Score (NPS) or Customer Satisfaction (CSAT), as it takes into account the real customer experience when using a given service provided by the network.

RESOURCE PLANNING & INVENTORY

Comarch Network Inventory Management stores complete information about network resources management and presents live, historical and planning states of telecommunications/IT networks.

Comarch Network Planning enables the Operator to manage telecom network planning, design and optimization processes comprehensively and efficiently. Process orchestrated planning is a future-proof way of making network investments, where the business value of the investment becomes more and more important in response to developing telecom opportunities. The solution simplifies the full use of your resources and adapts to changing demand in near real time.

Comarch Auto-discovery & Reconciliation - provides a complete, comprehensive and up to date insight into the multi-vendor, multi-domain network, enabling effective network management. The system supports reconciliation of RAN, transport, core, access and IT domains, and thanks to integration with Network Inventory provides one, comprehensive and integrated view of the live state of the network.

Comarch Configuration Management enables service providers to automate network provisioning for all network domains, such as RAN, transmission, core and access. It is fully integrated with Inventory Planning & Design, which allows the planning and configuration loop to be closed and automates the whole end to end fulfilment process. Thanks to the reconciliation capability, configuration of the network is performed on the most up to date and accurate data from the live network.

Comarch Network Consolidation for M&A helps telecoms efficiently organize and streamline network planning and consolidation processes in merger and acquisition (M&A) projects. The solution is built of various components from Comarch's next generation OSS portfolio. The core modules of the solution include Resource & Network Inventory, Planning Framework (with Radio, Transport and Core technology packs), Geographical Information System (GIS), Mediation, Reporting, and Business Process Management. The Pairing and Rating engine, used for automatic benchmarking and site selection, has been developed specifically for this solution and extends the capabilities of network inventory planning.

SERVICE DESIGN & FULFILLMENT

Comarch Product Catalogue is a single platform for managing telecom product catalogues and life cycles, thus simplifying the IT architecture and accelerating the launch of new products. As a central source of product and offer information, it ensures rapid new product and offer deployment, additionally accelerating the publication of content in sales channels without extra configuration of IT systems. Based on increased service reusability and automation, Comarch Product Catalogue enables marketing and product managers to build new services quickly and speed up their market launch. The system also allows partners' products and services to be incorporated smoothly into the product catalogue. The system allows product offers and specifications to be processed digitally, and product relationships for stand-alone and bundle offers to be defined. You can also create target customer pro-files with location data and other parameters. The Comarch Product Catalogue is pre-integrated with other Comarch products, such as Customer Management, SelfCare and the Convergent Billing System.

Comarch Omnichannel Order Management is a fully automated, end to end fulfilment solution operating from customer order capture through service, network provisioning and activation to customer billing. This fully catalogue-driven and highly configurable tool allows the introduction of new offers or bundles in a matter of days instead of months, as is currently often the case for many telecom operators. This is achieved by system architecture built around a pre-integrated central product catalogue and service catalogue, which serve as a single product definition database.

Comarch Service Fulfilment supports the complete telecom service fulfilment process, by creating the customer's service, modelling it and then orchestrating network operations. It helps CSPs automate telecom service fulfilment and delivery, and reduce time to market thanks to the catalogue-driven fulfilment concept.

The solution assumes building services from pre-defined components managed in the service catalogue, thus enabling CSPs to reduce time to market for new offers and maintain a high level of innovation of their product portfolio. Thanks to catalogue-driven orchestration, NGSF enables the quick introduction of traditional and digital services delivered in sophisticated value chains. The fulfilment process is realized on top of existing technological silos, which allows for step by step transformation programs without the need for huge up-front investments.

Comarch Field Service Management (FSM) is a comprehensive Workforce Management solution for scheduling, staffing, managing, and supporting the workforce in the field, which results in significantly increased efficiency of operations. Thanks to this tool, customer and network operations can utilize the available resources more efficiently and improve the team's coordination. The system selects the most suitable resources for each task, considering all aspects and bearing in mind KPIs according to the company's business model. Comarch FSM addresses the needs of field workforce managers,

allowing them to manage resources, tasks, time and knowledge effortlessly. Full mobility support for all on-site activities allows the time needed for task execution to be shortened, work quality to be improved, and changes to be performed in real time.

Comarch Service Inventory enables management of the network from the service perspective. The system can be pre-integrated with Comarch Service Catalogue to describe the services according to the TMF SID model (Customer Facing Services (CFS) and Resource Facing Services (RFS)). When integrated with Product Inventory (through the north-bound interface) and with Network Inventory (through the south-bound interface), telecom Service Inventory provides an end to end view of the network, services and products.

PROFESSIONAL SERVICES

Business Consulting is a service that helps telecoms optimize and automate their business processes and increase their efficiency in OSS and BSS areas, by eliminating multi-vendor and cross-organization redundancy and by rethinking IT architectures and configurations.

Managed Services offer telecom operators the opportunity to outsource system and/or process management, enabling them to optimize the delivery of services to customers and increase their availability, while decreasing the workload and business costs without compromising process quality or business/technology independence.

BSS/OSS Transformations – as a software vendor and a business partner for global telecoms companies we understand the nature and complexity of telecom transformation projects. Based on our experience we have developed a complete offer of products and services to support local and multi-country transformation projects in OSS and BSS domains.

End to End Project Delivery adds extra value on top of delivering a system to a customer, and encompasses the following services: requirement analysis and solution design, training, implementation and integration, as well as maintenance and support.

3.2. Finance, Banking and Insurance Sector

Finance, Banking and Insurance Sector for over 20 years, has been creating and implementing state-of-the-art IT solutions and services in financial institutions on the banking, insurance and capital markets. Our customer portfolio includes companies in over 30 countries. These include, among others: Raiffeisen, ING, TMB Bank, Alior Bank, Pekao, AXA, Allianz, UniCredit.

PRODUCTS

Comarch Corporate Banking is an omnichannel platform designed for the specific needs of large and medium-sized companies, and offered to banks providing services to such companies. It's a transactional banking system, a financial management tool, and a solution to facilitate handling of bulk payments – all rolled up into one. It also supports corporates in managing accounts of different types, buying currencies, making local and international payments, or consolidating balances across the world.

Comarch Wealth Management is an integrated, multi-module platform dedicated to retail, affluent and private banking client segments. The system supports different recipients: relationship managers - in advisory and financial planning processes, end-clients – in self-driven robo-advisory processes and bank-client communication with the use of newest technologies, wealth managers - in discretionary portfolio management in line with regulations and investment mandates, and analysts - in running performance and risk calculations to assess client portfolio efficiency.

Comarch Loan Origination enables more efficient control of credit risk and allows for a significant reduction of time needed to grant a loan. The system automates the work of client advisors managing the credit-granting process at its every stage. It allows banks to optimize the most vital elements of credit management: loan simulation, application verification, analysis of customer financial situation (including database checks), decision making and fund disbursement.

Comarch Digital Insurance is, on one hand, a system dedicated to insurance agents, brokers or intermediaries. It helps them not only advise on and sell insurance products but also provide post-sales

support, manage their tasks and monitor own business performance. On the other hand, Comarch Digital Insurance allows individual customers to smoothly purchase a policy online and manage their insurance product portfolio.

Comarch Identity and Access Management (IAM) is a solution that allows full control over the access to company's applications, VPNs and workstations. It comes with world-class methods for identity lifecycle, authentication, authorization and accountability. Its modular architecture makes it easy to adapt to specific types of organizations across hierarchies and geographies.

Comarch tPro ECC is an innovative USB token for digital signature. The token is driverless, OS-agnostic and browser-independent thanks to a connectivity mechanism that is unique in the market. Furthermore, the presence of a built-in button that the user has to press and release in order to authorize transactions makes tPro ECC an extremely effective device in countering remote attacks.

Comarch tPro Mobile is a mobile solution for strong customer authentication and transaction authorization based on two factors: what the user has – a mobile phone with an app; and what the user knows – a PIN or pattern. The application also supports biometry on mobile devices with a fingerprint scanner.

3.3. ERP Sector

Comarch ERP Altum - The first intelligent ERP platform which comprehensively supports all key business processes in medium and large trading and service companies and in store chains. It is also intended for holdings. The solution is adjusted to the Polish and foreign markets. The system is also available in a service model (SaaS).

Comarch ERP XL - The most popular ERP system in Poland – it is used by more than 5,000 enterprises from different industries, 400 new customers per year decide to implement it to manage main business processes. The solution fulfils specific requirements of manufacturing, trading and service enterprises. The system is also available in a service model (SaaS).

Comarch ERP Optima - An application for micro, small and medium enterprises which offers sales management, management, accounting services and personnel and payroll management. Along with an additional Accountant Office module and iKsięgowość24 Accountant Office Social portal, Comarch ERP Optima is a tool for managing and advertising the accountant offices and tax counselling offices. The application is also available in a service model (SaaS).

Comarch ERP XT - An innovative application for on-line invoicing, managing a warehouse and simplified accountancy, it is available through an internet browser or application downloaded from Windows Store or mobile apps on Android or iOS platform. A solution dedicated to micro and small enterprises on Polish French and German market. Its main advantages are the ease of use, a complete process automation, a possibility to integrate it with an accountant office, Wszystko.pl portal, Comarch e-Shop and Comarch BI Point. The application is only available in a service model (SaaS).

Comarch Retail - An independent system for managing a retail sale with whole omnichannel model. Enables a company to manage a retail store chain efficiently and comprehensively, starting from its main office through back-office to the point of sale (POS).

Comarch Mobile - a solution dedicated to management staff as well as mobile employees, e.g. sales representatives, service technicians or sales assistants, who carry out their tasks outside the office using a smartphone or tablet. The package includes: **Comarch Mobile Management, Comarch Mobile Sales, Comarch Mobile Monitoring, Comarch Mobile mPOS, Comarch Mobile Service and Comarch Mobile Shopping**. Individual applications from the Comarch Mobile package enable management of mobile employees and the sales they have achieved, monitoring the effects of work and the current location of employees on the map and routes registered by them. It enables efficient execution of vanselling transactions and preselling directly during the client's visit, as well as registration of offers and purchase orders from suppliers, e.g. during trade fairs. Comarch Mobile also enables the execution of service orders, e.g. during inspections, assembly or repair of devices.

Comarch WMS - A solution which enables companies to manage a High Bay Warehouse. The package includes: **Comarch WMS Management** and **Comarch WMS Warehouse**. Comarch WMS Management is a tool for the warehouse manager, used to control warehouse operations and manage the flow of goods within its structure. Comarch WMS Warehouse facilitates the implementation of operations by employees directly in the warehouse, using data collectors working online.

Comarch Business Intelligence - Based on data warehouse technology system, which is dedicated to large and medium-sized enterprises as well as international corporations. The solution supports decision-making processes and reporting tasks. It offers support to the following industries: financial and insurance institutions, FMCG, service and production.

Comarch BI Point - Comarch's own, web-based reporting tool which allows to create and view interactive reports and dashboards, directed mainly to analysts, controllers and managers. Responsiveness of the application allows to use it also on mobile devices. Through an intuitive interface and many forms of data visualization, it ensures user friendliness. The tool is used in every type and size of enterprises - the ability to share reports with other users from different geographic locations and operating systems, ensures its flexibility and universalism.

Comarch IBARD - An easy to use, multifunctional tool for, amongst others, automatic backup, file synchronization between devices and team work on documents. Comarch IBARD service allows users to have constant access to company data from any device and place 24/7. A huge advantage of the application is the high level of security of the stored data: double encoding and their storage in a certified Comarch Data Centre in Poland. Comarch IBARD is available in four languages (Polish, English, German and French). It can be sold in Whitelabel model.

iKsięgowość24 - Accountancy and bookkeeping services for enterprises, provided by more than 1,000 accountant offices which use Comarch ERP Optima.

Comarch B2B - a B2B platform enables, among others, ordering goods via the Internet. A logged-in contractor has access to the history of his orders, payments, complaints, preview of the status of service orders and production orders. The application works with Comarch ERP XL and Comarch ERP Altum.

Comarch e-Shop - A software for an internet shop for small and medium companies fully integrated with the Comarch ERP management systems, price comparison applications, Allegro and Wszystko.pl auction websites, and also with on-line payment services.

Wszystko.pl - A trading platform (operating so far in www.iMall24.pl domain), it enables a company to sale directly on the Internet from the invoicing and warehouse system used by enterprises. Every company that has purchased the Comarch ERP management software can sell its products via this application.

Comarch ERP e-Pracownik - Application to manage, among others, working time and holiday leaves, cooperating with the personnel and payroll module in Comarch ERP Optima, Comarch ERP XL and Comarch ERP Altum. The application can be used on your computer, laptop, tablet and smartphone. The program dynamically adapts to the screen size of the device where it is displayed. It can be installed on the user's local computer or as a service model in the Comarch cloud (SaaS).

Comarch ERP Inwentaryzacja - Is used to make inventory records using a smartphone. Using the camera built into the smartphone allows you to scan barcodes of goods and enter their quantity or count them automatically for the user.

Comarch TNA (Time and Attendance) is an innovative system for tracking and monitoring working time based on the cooperation of an original mobile application with **Comarch TNA Gateway** devices. The solution can function as a stand-alone system or cooperate with other Comarch systems. It is also easily integrated with third party solutions.

The Systems of Comarch Software und Beratung AG belong to a range of ERP systems as well as financial and accounting systems designed for small and medium-sized enterprises in the German-speaking market:

- **Comarch ERP Enterprise** - ERP system of the new generation intended for active companies operating on the international markets and using the Internet. Possesses an ergonomic user interface, built-in WorkFlow module and is optimised to best reflect business processes and organisation structure. The system is also available in a service model (SaaS).
- **Comarch Financials Enterprise** - financial and accounting system of the new generation, developed as the complement of Comarch ERP Enterprise system, enabling complete financial management of modern enterprises. The system is also available in a service model (SaaS).
- **Comarch ERP Suite** - classic ERP system, offering proven, tailored to the specificity of the industry, functional solutions for a wide range of users.
- **Comarch Financials Suite** - comprehensive, certified financial and accounting system with controlling and electronic archiving of documents modules at its disposal, enabling work in an international environment, taking into account different accounting standards (US GAAP, IFRS).
- **Comarch Financials Schilling** - classic financial and accounting system.
- **Comarch Financials DKS** - financial and accounting system developed for customers in the Austrian market, possessing also the controlling and HR modules.
- **Comarch HR** - HR and employee settlement system dedicated to support work time management and recruitment processes.
- **Comarch ECM** - system for electronic archiving and document management, enabling companies to implement a fully electronic documents circulation.
- **Comarch eBilanz** - system designed for the electronic transmission of financial statements to the bodies of state administration in Germany; the application works with various accounting and financial systems.
- **Comarch eRechnung** - system designed for servicing electronic invoices in Germany in accordance with applicable regulations; the application works with Comarch's German financial and accounting systems.

3.4. Public Sector

Comarch specialises in designing, implementing and integrating modern IT systems for public administration and companies and institutions from the public sector. Comarch is also experienced in developing comprehensive turnkey solutions and creating network hardware infrastructure. In view of the changes taking place in Polish public administration, Comarch has developed a series of e-government solutions. They are designed to meet specific needs of public sector entities. Comarch solutions are designed and developed according to the latest international standards and are implemented by the best specialists. The most important solutions implemented in public sector are:

Comarch ERGO

System supporting realisation of public tasks connected with land management. It enables to run over 60 registers and records in the area of geodesy and cartography, real estate management, spatial planning, road infrastructure management, construction, environmental protection, agricultural and forest land protection, protection of historical monuments and geo-portals. The system has modular construction that enables exchange of information between local government units and cooperating units, their faculties and employees. Comarch ERGO is a comprehensive solution allowing launch of the Spatial Economy SSC electronic platform.

Comarch EZD

It supports the electronic (and paper) flow of documents in companies and institutions (industry-specific versions have been developed for particular entities).

Comarch e-Office

Comarch e-Office is a platform of online public services with a set of modules that allow local public administration bodies to execute tasks set by the legislator. Intuitive tools allow for independent management of the application, and ensure support for content creation and publication. Comarch e-Office includes the following modules, among others: Digital Office, Public Information Newsletter, Information Portal, and Internet.

Comarch ERP Egeria

This ERP class Integrated IT System supports organization management and decision-making processes. It features a high configuration capacity and flexibility, which allows it to be adjusted to the individual needs of each client. The system is offered to different types of companies and institutions (government and local level administration, utilities, health care, etc.).

Comarch Security Platform

Comarch Security Platform is solution merging elements of both physical security and cybersecurity. It's an innovative Physical Security Information Management system supporting security of objects and protected areas. Our solution integrates multiple security systems such as anti-theft alarms, CCTV, fire alarms and access control system, allowing users to manage all the security measures throughout one central security system. Additional components regarding image analysis, data correlation and predefined action procedures allows for automation of work, increasing security of protected area or building. Information analysis modules allows for detection and prevention of physical (terrorism, demonstrations) and cyber (hackers, botnets) threats.

Comarch Smart City Platform

Comarch Smart City Platform is a comprehensive solution dedicated to cities and urban matters. The platform centre - Comarch Smart City Engine combines all platform elements with the existing municipal systems and infrastructure (including Internet of Things). The Platform is composed of: Comarch Partners Market, mobile applications, dedicated Comarch City Portal, Comarch Developers Platform and Comarch Smart City Console.

Comarch Smart Parking

Comarch Smart Parking is a complex solution that allows efficient management of the car park areas. Our system provides car park operators and managers with tools that facilitate their daily work like detection of free parking spaces in real time using Intelligent Video Analytics functionality or a sensor network, support for both outdoor and indoor car parks, Park&Ride, municipal or private or generating operational and managerial reports, statistics concerning occupancy and car parks.

Comarch eRecording

Comarch eRecording is a comprehensive and coherent solution, which combines the convenience of classic audio/video recorders with sound systems and a dedicated application to control the process of audio / video registration. The system allows for recording meetings or public appearances together with related metadata and comments, which guarantees efficient search for a recording during the playback.

Comarch Video Terminal

Comarch Video Terminal is a client of video conference that supports popular connection standards and audio-visual transmission. It is also a suitable complement for Comarch eRecording, as it provides point-to-point connection, as well compilation of multi-party calls based on the standards and infrastructure of video conferencing bridges of leading suppliers.

3.5. Services Sector

In the Services Sector, Comarch designs, implements and integrates innovative IT solutions for loyalty programs, marketing campaign management, employee motivation management, electronic data interchange and business information, manages documents and their flow within the company and sales process management using support systems and mobile applications. The offer also includes a comprehensive range of IT infrastructure management for services companies.

Services Sector implements projects on five continents in 35 countries. Among our clients are BP Global, Carlsberg, Heathrow Airport, Accor Hotels, JetBlue Airways, Metro Group, OMV, Diageo (producer of such brands as Johnnie Walker, Smirnoff and Baileys), Red Bull, Leroy Merlin, Unilever, BIC, Nivea and Tesco.

Comarch CRM&Marketing

The offer is addressed to large enterprises. It involves a comprehensive set of IT services that helps build and manage loyalty programs, create customer relations, automate marketing processes and increase profits. Furthermore, we develop tools for Big Data analysis and gamification-based systems for building engagement, increasing profits and strengthening the relationships between clients, partners and the brand.

Available solutions:

Comarch Loyalty Management for Retail – a loyalty program management system that supports B2C and B2B operators enabling the launch of multiple programs on a single platform and support for all areas (customer registration, profile management, promotions based on different currencies, communication with users, rewarding with gifts and special offers).

Comarch Loyalty Management Travel Edition – a platform dedicated for transport and tourist companies, (especially airlines) that supports loyalty programs for all carrier types, both for individual customers (Frequent Flyer Programs) and in the B2B model. The system supports the creation of rules for calculating points and defining rewards and privileges.

Comarch Campaign Management – simplifies the integration and automation of marketing activities in order to accelerate campaign launches and increase revenues. The tool enables multi-channel communication with clients, gives better insight into costs and marketing budget, and allows campaign results to be measured via reports.

Comarch Customer Engagement – a solution that manages the engagement and loyalty of clients, and enables the definition of diverse tasks (educational, social and entertainment) for which users are awarded with badges, higher level or ranking position.

Comarch Business Intelligence – supports companies that want to build loyalty strategies through in-depth analysis of a large amount of collected data and provide a detailed picture of purchase patterns, shopping cart values, campaign effectiveness and statistics related to the program.

Comarch Social Mining – an application extending the scope of the loyalty program for social media: based on defined criteria and data sources, it allows social media to be monitored, additional behavioural data based on users' profiles to be obtained, personalized communication to be defined and customers to be rewarded.

Loyalty Consulting – services that create complete, innovative programs, attract clients, increase profits and build a stronger bond between the client and the brand (developing the strategy and program concepts, rewarding methods, marketing communication, developing procedures and analysis of IT requirements).

Creative Services – creative services based on measurable strategies, advanced solutions and unconventional thinking: engagement strategies, engaging mechanisms, unique graphic designs (mobile application, www, TV spots, leaflets and posters), managing the engagement program.

Management Services - support in all processes: program organization, creation and selection of marketing service providers, management of relations with strategic partners, current application administration, performance reporting, detection and prevention of fraud, communication management, etc.

Customer Analytics - collecting, cleaning and auditing customer data, improving and maintaining data quality and analysis, creating customer segmentation models, analysing migrations and customer activation strategies, forecasting and scoring models, analysing database marketing and customer satisfaction.

Comarch Enterprise Engagement Platform - a solution for managing motivation, involvement of employees and business partners. The system allows the definition and engaging tasks (in social media, education, sales and entertainment), for which program members are awarded with badges, a higher level or better ranking position.

Comarch Location Based Services – innovational technological platform that enables a highly personalized marketing communication directed through mobile application channels towards people, clients, inhabitants or passengers at certain locations. The solution uses geo-localization and micro-localization and sends notifications through native iOS or Android applications. The platform contains a navigational module which enables the user to find their way in a building, which is helpful in large facilities such as shopping malls, hospitals and government offices. The platform is integrated with beacons produced by Comarch and the micro-localization is defined by Bluetooth.

The system has been adapted to the new EU regulation on personal data protection (GDPR). An important element is launching and expanding a distributed architecture, based on central integration and local system instances. Work in the field of multi-program support and redesign of Contact Centre, Member Portal and mobile application interfaces are in progress. Recently, a modern Comarch Location Based Services technology platform has been created, integrated with Comarch beacons that facilitate micro-location of the user via Bluetooth.

Comarch e-Invoicing

The Comarch e-Invoicing portfolio enables automation of sales processes and the supply chain. A comprehensive approach to communication with global partners, covering the electronic exchange of product, retail, logistic and financial data, brings business benefits. In addition, the solutions allow more efficient document management and automation of business processes within the company. Apart from EDI (Electronic Data Interchange) and ECM (Electronic Content Management) solutions, we offer SFA mobile and web solutions (Sales Force Automation) designed to support and optimize sales-related processes.

Comarch e-Invoicing offers the following solutions:

B2B Network – a platform for secure and fast exchange of electronic documents between companies from around the world, regardless of the industry in which they operate. In addition, integration with mobile sales solutions and comprehensive reporting tools guarantee rapid access to reliable business data.

Master Data Management – a central product catalogue that allows you to manage product data with multiple clients using a single solution. Comarch Master Data Management is a certified GDSN catalogue that ensures rapid synchronization of product data with partners around the world.

e-Invoicing – a solution that ensures automation of the invoicing process in accordance with legal regulations. Multi-channel support allows the processing and validation of data in various formats, as well as archiving (for both sales and cost invoices).

AP/AR Automation – an innovative solution that provides full control over the entire invoice management process (Accounts Payable/Accounts Receivable). It allows you to reduce the workload associated with manual data processing, speed up the document acceptance process and ensure rapid access to data at every stage of the process.

Procure-to-Pay – a solution that comprehensively supports choosing a supplier of goods/services, contract management, placing orders, e-invoicing and managing and settling transactions within the company. It provides effective cooperation with suppliers and between individual departments in the organization.

The integration of EDI and MDM class solutions is in progress, which ensures a significant improvement in the quality of transaction data (for example orders or invoices) and logistics. Comarch plans to create a global solution for mass e-invoice projects that ensure compliance with local legal conditions and support dedicated customer processes, including the acceptance of invoices within enterprises. Due to the inclusion of SFA products in the B2B Network area, it is planned to develop towards the integration of selected systems, in order to use the synergy of individual applications and gain a competitive advantage over other e-Invoicing solution providers.

Comarch ICT

Comarch ICT solutions allow control of the IT infrastructure of enterprises in telecommunications, outsourcing and data centre sectors, based on global standards and technology partnerships with IT market leaders data security.

Comarch Data Centre Solutions

Comarch Data Centre – advanced technological centres with high availability and Tier III and Tier IV architecture. They are an alternative for clients having to possess their own IT infrastructure resources. Comarch S.A. owns four Data Centres and partners with 11 others around the world. Services are provided in the following models:

- **IaaS (Infrastructure as a Service)** – renting IT infrastructure (specific number of servers, computing power or disk space) depending on the company's current needs.
- **PaaS (Platform as a Service)** – a full hardware and system platform with a complete set of accompanying services necessary to support the client's application along with management, administration and 24/7 monitoring.
- **SaaS (Software as a Service)** – the most comprehensive solution, including the delivery of Comarch applications along with the necessary server infrastructure, PaaS hosting and additional services.

Comarch Enterprise Cloud Platform – a unified and flexible cloud infrastructure with the highest security standards. The platform contains a wide range of tools supporting applications, built on the basis of micro-services. The cloud solution provided by Comarch was created to help solve problems associated with the lack of computing power, allowing capacity to be adjusted to meet the real level of demand for IT resources. The solution allows clients to reap all the benefits of the cloud, such as lower IT costs, increased efficiency and full control over existing IT resources, while optimizing the reliability of corporate data and maximizing flexibility. All this in a secure IT environment located in the Comarch Data Centre.

Disaster Recovery Centre – an optional service for all the above-mentioned solutions. It includes a backup data processing centre for critical systems. The service is offered in PaaS or SaaS models, ensuring data replication between two centres and the activation of the backup environment in the event of failure of the primary location.

IT Services Solutions

Due to dynamic changes in the IT infrastructure market, an experienced technology partner is important for business growth. Placing your company's IT environment in the hands of Comarch's engineers and analysts guarantees required system availability and the continuity of services customized to your needs.

Comarch IT Services - continuous and comprehensive IT services ranging from full support for the end user (Service Desk and job support), through LAN/WAN network administration, server and security infrastructure, to IT process management, according to good practices of the ITIL library.

Comarch IT Integration - services that adapt the client's IT environment to new business and technical requirements. We support clients from the analysis and design stage of the new IT platform, through the supply of appropriate devices and software, to the implementation phase.

Comarch Business Continuity - services that ensure a high level of system availability, minimize the effects of failures and disasters and guarantee a quick return to the "before failure" state. In addition, we offer audits in various IT areas.

Comarch Network Managed Services - solutions designed to create and maintain data transmission networks (including WAN/LAN/WLAN). CNMS is a comprehensive product for the construction or modernization of existing transmission networks, the management and administration of these networks, and their security.

Comarch Network Operations Centre – a Single Contact Point, providing technical support in IT infrastructure and business applications for all types of enterprises and institutions. Clients gain

knowledge about the current availability and performance of individual components of their IT infrastructure, operating systems, or operating platform.

IT Risk & Security Management Solutions

Managed IT Security Services - an effective and high-quality solution addressed to companies seeking strategic partners who undertake comprehensive IT security management as part of outsourcing. Monitoring and analysis of security events, penetration tests and sensitivity scans are just a few examples of managed services. Comarch adapts the services it provides to meet business and operational demands, and helps clients to comply with IT management procedures and regulatory requirements in their country, handle corporate risk management, and implement industry standards.

IT Security Auditing & Compliance - services related to evaluation, processing and compliance with all security standards at regional and international levels. Regular data security audits can detect a potential threat and prevent it early enough to neutralize the risk. We provide a wide range of services related to conducting a detailed audit of IT security, customized to the market needs and customer expectations.

IT Security Integration & Support - we offer a full range of IT integration and support services, from network security solutions to SIEM (Security Information and Event Management) systems. Thanks to a team of qualified network engineers and security specialists, and many years of security management experience, we are able to provide solutions tailored to our clients' needs.

In 2017, a private computing cloud Comarch Enterprise Cloud Platform (IaaS and PaaS) was launched at the CDC in Krakow. The solution consists of three layers: hardware (based on x86, SDS - Software Defined Storage and omni-path 100Gbe), application (for sharing resources, based on OpenStack open source cloud solution software - IaaS) and container (up to building applications based on microservice, implemented by OpenShift software - PaaS). The next step will be the expansion of the platform with new functionalities, as well as launching the platform in DC centres in Lille, Dresden and Chicago.

3.6. Comarch e-Health

The Comarch Group provides solutions dedicated to the health market, among other things, IT systems for hospitals, software products for radiology and medical record management in medical institutions, cities, and regions. Comarch Healthcare is also a supplier of innovative Remote Medical Care solutions that use its own software, equipment, and medical infrastructure.

MEDICAL INSTITUTIONS MANAGEMENT SOFTWARE

OPTIMED NXT

It is an innovative IT system designed for managing hospitals, allowing for the organisation of healthcare during the patient's stay in hospital wards and clinics – from the moment of registration till the discharge. The system may also be used on mobile devices such as tablets, which provides doctors with access to information about a patient right at the bedside.

OPTIMED24

It is an intuitive software for managing health clinics and doctor's offices. Dedicated to all outpatient facilities, regardless of their structure and services provided. The solution supports i.e. keeping electronic medical records, handling patient visits, issuing prescriptions and referrals. Optimed24 is a functional management tool for healthcare facility managers.

COMARCH ERP

It is a system for supporting the management of administrative part of the hospital. It enables control and guidance of the implementation of complex processes connected with supply, management of own assets of the institution, its maintenance and development, as well as with employment, current support and professional development of a wide range of specialists.

COMARCH BUSINESS INTELLIGENCE

This broad portfolio of tools for analysing data generated by the medical facility. The solution allows to make multidimensional analyses of the whole process carried out by the operator. The system offers a number of ready-made desktops of information dedicated to specific groups of employees and management.

SOFTWARE SUPPORTING THE MANAGEMENT OF MEDICAL RECORDS

COMARCH EDM (ELECTRONIC MEDICAL RECORDS)

It is a system used to manage e-records in all types of medical entities, as well as at regional level. Central access to documents originating from various systems enables efficient collection and processing of medical data. The solution allows for the exchange of information between the institutions, which accelerates the process of diagnosis and helps to avoid redundant research.

COMARCH CONCIERGE

It is a multi-channel communication platform for patients, providing continuity of medical care. The solution facilitates the exchange of information between the medical facility, doctor and patient. It allows the patient to remotely register on a visit to a specialist, ordering prescriptions, access to results of medical examinations and even consult a doctor without leaving home.

COMARCH MEDNOTE

It is a modern application for managing doctor's office. It organizes medical records, provides the necessary information concerning the patient and minimizes the time needed for paperwork. The system allows, among others, easy dispensing of prescriptions, referrals and other medical documents.

CITY OF HEALTH

"City of Health" is a service-IT platform, consisting of a set of mutually interconnected applications and IT systems. The service addressed to regions and cities is an effective tool for implementing regional health policy. The concept of "City of Health" focuses on residents as recipients and clients of provided health care services. It is the result of Comarch's practical experience in implementing regional platforms in the country:

- Wielkopolskie e-Zdrowie
- Regionalny System Informacji Medycznej
- Podlaski System Informacji e-Zdrowie
- E-Zdrowie dla Mazowsza
- Małopolski System Informacji Medycznej

REMOTE MEDICAL CARE

Remote Medical Care is the form of the provision of telemedicine services, which allows for constant monitoring of the patient's condition, and performing preventive and control examinations outside the hospital. The following way of providing medical care is possible through the use of portable medical devices recording specified life parameters. Results of the examination are transmitted automatically to the Centre for the Remote Medical Care, and analysed. If any irregularities, medical personnel remotely contact patient's with a doctor or specialist, and in case of danger to life or health - calls an ambulance.

REMOTE CARDIAC CARE

Remote cardiac care facilitates detection of cardiological problems, including tachycardia and bradycardia, ventricular tachycardia, ventricular fibrillation, ventricular flagellation, atrial fibrillation, atrial flagellation, and ineffective stimulation by a pacemaker. It is used both for in-patients, and to monitor the health status of patients rehabilitated at home.

REMOTE OBSTETRIC CARE

Remote Obstetric Care facilitates non-invasive CTG at a patient's home. After the test, results are sent to a Remote Medical Care Centre and assessed by a gynaecologist or midwife. CTG provides a comprehensive monitoring of fetal heartbeat and uterine contractions from home in the third trimester.

REMOTE ELDERLY CARE

Remote Elderly Care can be used for consultation with an attending physician, physiotherapist, dietician, psychologist, or specialist, about a senior's health status and mental state. Tests may be performed by the patient or their carer, or healthcare personnel. Depending on the results, the patient's doctor may contact them remotely, initiate a home visit, or call an ambulance. Tests can be performed at home (for a single patient) and in residential care units or facilities for many patients (services for patient groups).

REMOTE MEDICAL CENTRE

The Remote Medical Centre enables the provision of medical services at a distance. The solution does not replace traditional health care but is complementary to it and allows to broaden the range of health services offered without the need to employ additional medical staff. The implementation of cost-effective telemedicine solutions improves work performance, enabling the handling of more patients at the same time. Thanks to the use of teleinformation tools, allowing continuous monitoring of health status and performing preventive and control examinations at home, the Remote Clinic increases the effectiveness of treatment and the sense of safety of their patients by providing them with constant contact with qualified medical staff. In addition to fast and secure access to electronic medical records, the doctor has the opportunity to conduct a teleconsultation with the patient, as well as remote medical consultation with another specialist, from anywhere and at a convenient time, so you do not waste time and money on commuting. Services offered in this way are a perfect complement to therapy, especially for patients who require constant specialist medical supervision or long-term care.

E-CARE PLATFORM

Implementation of Remote Medical Care services is possible thanks to the Comarch e-Care platform, which allows continuous monitoring of patients' health status remotely. The platform enables the collection and processing of medical data and data collected from measuring devices that control specific vital signs. It also supports medical staff in the implementation of established procedures.

ELEMENTS OF E-CARE PLATFORM

TELEMEDIC EQUIPMENT

- Personal patient devices that directly transmit data to the Center of Remote Medical Care: portable heart rate recorders (e.g. Comarch PMA, SXT Cardiodial or alarm devices (e.g. Life Button)
- Medical Hub class devices and software, integrating with third-party sensors and medical devices and mediating data transmission to the Remote Medical Care Centre: stationary devices with advanced logic (e.g. HMA), simple transmission hubs (e.g. docking NoMed devices) and mobile applications (e.g.: Comarch mHMA). Examples of integrated devices: pulse oximeter, glucometer, spirometer, blood pressure meter, weight, thermometer. Other diagnostic devices (e.g. KTG, Breas Vivo respirator).

E-CARE APPLICATION WITH WEB INTERFACE

e-Care application with Web Interface can be used for consultation with an attending physician, physiotherapist, dietician, psychologist, or specialist, about a senior's health status and mental state. Tests may be performed by the patient or their carer, or healthcare personnel. Depending on the results, the patient's doctor may contact them remotely, initiate a home visit, or call an ambulance. Tests can be performed at home (for a single patient) and in residential care units or facilities for many patients (services for patient groups).

REMOTE MEDICAL CARE CENTRE

The Remote Medical Care Centre with healthcare personnel monitoring patient health status is the key component of the remote medical care system.

- Gathers qualified healthcare personnel, such as paramedics, midwives, various specialist doctors, dieticians, and physiotherapists.
- Monitors a patient's health status all day, including holidays.
- Intervenes if anomalies in terms of individually specified parameters are detected (for example, norm exceeded or alert value reached) and at the patient's request (for example, when the Life Button is used).
- Uses medical procedures that facilitate faster and more adequate intervention.

Comarch Helathcare S.A. has implemented a certified ISO 13485 system for the quality management of medical devices. The Comarch e-Care platform is a class IIa medical device certified for Directive 93/42/EEC.

iMed24 HEALTHCARE CENTRE

IMed24 Healthcare Centre as Comarch Healthcare S.A.'s healthcare centre this is naturally an environment for the development of solutions dedicated to this sector. iMed24 was the first healthcare centre in Małopolska to offer Remote Medical Care (more than 3,500 patients). The facility has about 100 doctors who work in more than 30 specialist out-patient clinics.

COMARCH TECHNOLOGIES

PRODUCTS

INTERNET OF THINGS

Comarch IoT Platform is a flexible cloud-based platform to manage smart and mobile devices. The platform enables configuration, management and monitoring of the communication between devices in network. It results in an increase in efficiency of process management and a decrease in both operating and of used resources.

Comarch Smart Lighting provides the ecosystem that facilitates fast implementation of fully flexible and scalable smart lighting solution for cities as well as municipal and enterprise buildings. It can be easily integrated with existing infrastructure or extended by 3rd party systems and it always remains a platform for further extensions.

Comarch Smart Manufacturing – Comarch Smart Manufacturing - is a solution based on the Comarch IoT Platform, which allows for quick configuration and management of intelligent lighting in the city, public buildings or in industry. The solution also uses a Smart Lighting module that allows you to transform your existing lighting infrastructure into an intelligent system.

Comarch Asset Tracking – is a solution based on the Comarch IoT Platform, allowing you to locate devices, things inside buildings. The system from the hardware side is based on Comarch devices and radio modules.

Comarch Modul BLE – a certified radio module for Bluetooth Low Energy technology (BLE) with a Comarch software stack, in the form of a PCB for use in various applications, among others IoT, as the BLE interface.

Comarch Radio Module – a certified wireless module in mesh technology (MESH) operating on the 2.4 GHz band, based on IEEE 802.15.4. Module in the form of a PCB to use in a variety of applications including IoT, as a radio interface.

Comarch Smartt Lighting Module (CSL) – a certified module for wireless lamp control, among others made in LED technology. Using various Comarch radio modules as a transport layer. The product is available in several functional variants with different radio interfaces.

Comarch beacon is a small transmitter that broadcasts a continuous signal via Bluetooth Low Energy. The device, through a dedicated mobile application, allows to connect individually with a customer using such its functionalities as: contextual messaging, communication in real time, indoors and outdoors.

Comarch IoT Hub acts as a bridge between connected devices and Comarch IoT Platform. It enables secure and reliable short distance communication, distributed control and remote device management through a single device. The support of leading connectivity protocols provides interoperability and creates new possibilities for business to offer smart services.

SHORT SERIES MANUFACTURING

Comarch Production Line offers an innovative and sophisticated product line that allows for rapid short series manufacturing. Aiming at supporting clients in a whole prototyping process, we provide services in the areas of industrial design, prototyping, software development and integration finalized in extensive quality assurances.

An innovative production line that allows short-run production of consumer electronics prototypes in a very short period of time, with particular emphasis on the quality of products and services provided. The IoT Plant production hall was created for the needs of electronics assembly, i.e. EMS services, it functions as part of the Integrated Management System Comarch S.A.

Comarch IoT Lab is a place where we build functional prototypes which follow the highest industry standards in safety, security and user experience. Our rapid prototyping technology process includes industrial design, 3D modelling, HW&SW prototyping, final product assembly, along with thorough testing and quality control.

MOBILITY

Application development is a service consisting in the designing of mobile applications according to the customer's requirements, while using knowledge and experience within security of the network and logistics, as well intuitiveness of the application when in contact with a customer.

User Experience Consulting consists in a comprehensive behaviour and users' profiles survey carried out in order to design intuitive and end-user friendly applications.

Quality control and testing is a complex planning and managing the testing process of mobile applications.

CERTIFICATION

Certification tools enable effective management of device and application certification processes. Additionally, they allow for verification of compliance with folded standards and provide continuous support to organizations during the evolution of the standards.

EMBEDDED SYSTEMS

Comarch offers visionary system and product solutions within embedded systems. Experience gained during performance of international projects related to consumer electronics, and automobile, medical, finance and banking industries guarantees conformity of the offered solutions with the current trends and the industry standards.

OUTSOURCING

Outsourcing delivered by Comarch is provided within outsourcing of processes, R&D, systems and know-how (human resources). Cooperation with Comarch enables limitation of costs, time and risk of the conducted projects.

3.7. Sports Activity

MKS Cracovia SSA operates sports activity by participating in professional leagues and competitions in several sports, the most important are football and ice hockey. The purpose of the company is to promote Comarch brand. It is a part of the marketing strategy of Comarch Group, the aim of which is to create the image of Comarch as a first-choice integrator for large and medium-sized companies in Poland.

Revenues from sports activity of MKS Cracovia SSA include revenues on account of advertising and other services as well as revenues from the sale of tickets to sports events organized by the company.

4. Position of the Group in the IT Market and Information about Markets and Sources of Supply

Due to the type of IT systems offered by Comarch, medium-size and large companies (who are the largest clients of advanced IT solutions all over the world) constitute the main group of clients. Majority of company's products are addressed to specific groups of customers, while IT services are of universal nature and are offered to all groups of customers. The Comarch's offer is dedicated to both Polish and foreign customers. Since many years, the Company's strategy is based on the sale of an increasing number of products on international markets, especially in Western Europe, South and North America and Asia. Sale in the Company is highly diversified, with no dependency on one major client. In 2017, the share of sale to none of the customer exceeded 10% of the Comarch Group sales.

Due to the specific nature of the industry, in which Comarch manages its operations, international concerns, which are producers of computer systems and programmer's tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In 2017, share of none of the product provider exceeded 10% of the value of Comarch sales.

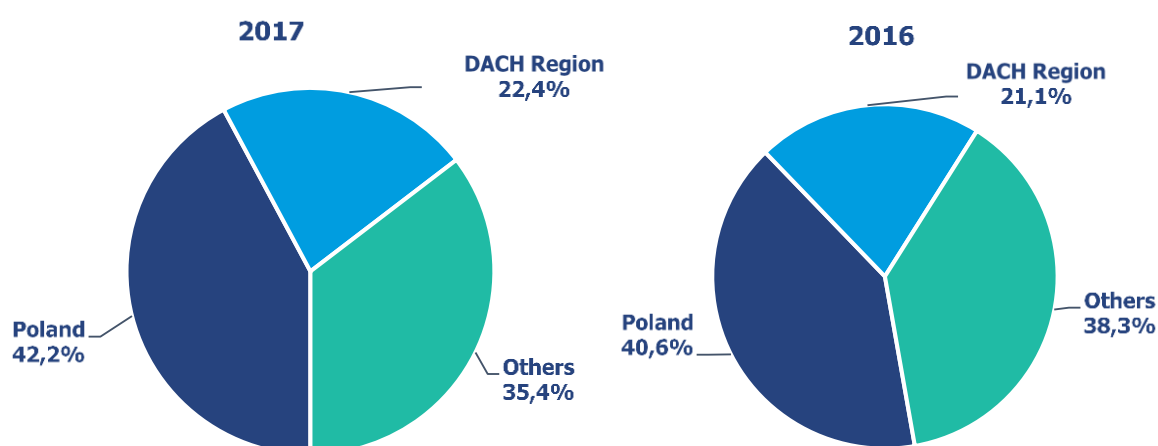
5. Sales Structure

5.1. Revenues from Sales- Geographical Structure (in thousands of PLN)

	2017	%	2016	%	2015	%
Domestic	465,076	42.2	451,680	40.6	554,058	49.0
Export	637,444	57.8	661,133	59.4	577,522	51.0
Total	1,102,520	100.0	1,112,813	100.0	1,131,580	100.0

In 2017, the Group's export sales decreased by PLN 23.7 million PLN, i.e. 3.6%. Domestic sales increased by PLN 13.4 million PLN, i.e. by 3.0%.

Geographical sales structure (by markets' localization):



	2017	%	2016	%	2015	%
Poland	465,076	42.2	451,680	40.6	554,058	49.0
DACH	247,100	22.4	235,241	21.1	267,097	23.6
Remaining countries	390,344	35.4	425,892	38.3	310,425	27.4
Total	1,102,520	100.0	1,112,813	100.0	1,131,580	100.0

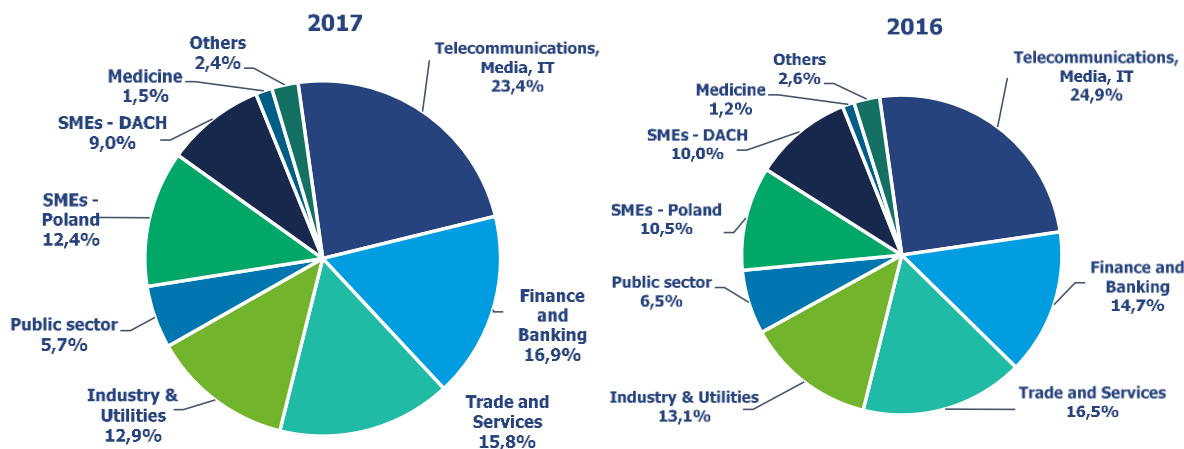
In 2017, the Group's sales in DACH region increased by PLN 11.9 million, i.e. 5.0% compared to the previous year and its share in total Group's sales amounted to 22.4%. Other foreign sales diminished by PLN 35.5 million PLN, which is a decrease of 8.3%. Share of other foreign sales in total Group's sales decreased from 38.3% in 2016 to 35.4% in 2017.

5.2. Revenues from Sales – Market Structure (in thousands of PLN)

	2017	%	2016	%	2015	%
Telecommunication, Media, IT	258,201	23.4	276,620	24.9	313,284	27.7
Finance and Banking	186,284	16.9	163,811	14.7	151,122	13.4
Trade and Services	174,321	15.8	183,314	16.5	159,032	14.0
Industry & Utilities	141,872	12.9	146,100	13.1	112,805	10.0
Public Sector	63,330	5.7	72,856	6.5	114,240	10.1
Small and Medium Enterprises – Poland	136,024	12.4	116,566	10.5	106,600	9.4
Small and Medium Enterprises – DACH	99,771	9.0	111,223	10.0	102,547	9.1
Medical Sector	16,018	1.5	13,184	1.2	49,940	4.4
Others	26,699	2.4	29,139	2.6	22,010	1.9
Total	1,102,520	100.0	1,112,813	100.0	1,131,580	100.0

Within 2017, there was a significant increase in sales to customers from the SMEs Poland sector (by PLN 19.5 million, i.e. 16.7%). In case of SMEs customers in the DACH region, the revenues decreased by PLN 11.5 million, i.e. 10.3% in relation to the level of the previous year, mainly as a result of a strengthening of PLN against EUR. There was a dynamic increase in revenue from sales to customers from the Finance and Banking sector, they bought products and services with a value higher by PLN 22.5 million (i.e. 13.7%) than achieved in the corresponding period of the previous year. The share of this sector in total revenues amounted to 16.9%. Drop of revenue was recorded in case of customers in the Trade and Services sector (by PLN 9.0 million, i.e. 4.9% - the share of this sector in total revenues decreased to 15.8%), but also in case of customers in the Industry & Utilities sector, which revenues decreased by PLN 4.2 million, i.e. 2.9% and accounted for 12.9% of the total sales. Revenues from sales of the Comarch Group to customers in the TMT sector amounted to PLN 258.2 million, which represents a decrease of PLN 18.4 million (i.e. 6.7%) due to decrease in export sales. Their share in total sales was 23.4%, therefore the TMT sector remains the largest sector in terms of sales revenue. In 2017, there was a further drop of sales to customers from the Public sector, that is of PLN 9.5 million, i.e. 13.1%, which is associated with a reduction of purchases by customers in this sector. The Public sector was responsible for 5.7% of the Group's revenues in the reporting period. The value of sales to customers in the Medical sector within 12 months of 2017 amounted to PLN 16.0 million, which means

an increase of PLN 2.8 million, i.e. 21.5%. A decrease in other sales (of PLN 2.4 million, i.e. 8.4%) is the result of the decreased sales revenue from sports activities.

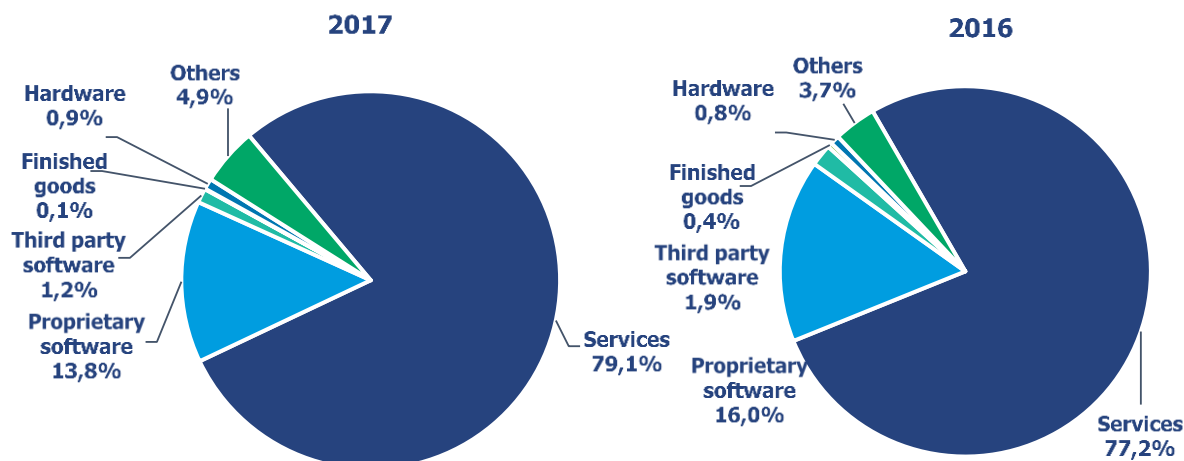


In particular quarters of 2017 the market sales structure maintained the stable level.

5.3. Revenues from Sales – Products Structure (in thousands of PLN)

	2017	%	2016	%	2015	%
Services	871,415	79.1	859,367	77.2	800,062	70.7
Proprietary Software	152,585	13.8	178,092	16.0	182,286	16.1
Third party Software	13,475	1.2	21,086	1.9	64,989	5.7
Finished goods	804	0.1	3,674	0.4	11,804	1.1
Hardware	10,096	0.9	9,038	0.8	39,723	3.5
Others	54,145	4.9	41,556	3.7	32,716	2.9
Total	1,102,520	100.0	1,112,813	100.0	1,131,580	100.0

Over 12 months of 2017, the Group's total sales of services and proprietary software diminished by PLN 13 million, i.e. 1.3%. This is primarily a consequence of a decrease in sales of proprietary software (a decrease of PLN 25.5 million, i.e. 14.3%). Sales of services increased by PLN 12.5 million, i.e. 1.5%. Total share of sales of services and proprietary software in total sales amounted to 92.9%. Total sales of third-party software and computer hardware decreased by PLN 6.6 million, i.e. 21.8%, and they amounted to PLN 23.6 million, which constitutes 2.1% in total sales. This is the result of the reduced deliveries of hardware and third-party software to customers in the domestic market. Within 2017, sales of finished goods decreased by PLN 3.1 million, i.e. 79.4% compared to the same period in 2016, due to the significant reduction of supplies of proprietary goods to customers in the Public sector. Other sales grew by PLN 12.6 million, i.e. 30.3%, due to the increased revenues from medical activities, among others. Within 2017, products sales structure was characterized by continuous increase in sales of services. This is related to the ongoing transformation into the business model of services in sales of IT solutions, among others.



Over 2017, the products sales structure maintained the stable level.

6. Factors Essential for Development of the Comarch Group

6.1. Internal Factors

- a) Steady increase in export sales and significance of foreign sales;
- b) Position and reputation of the Comarch Group affecting the nature of clients acquired;
- c) Commercial operations of Comarch Group in the special economic zone in Krakow;
- d) Significant share of standard (repetitive) products offered for sale, which means:
 - lower costs, especially variable costs related to a single contract,
 - the possibility of significant increase in profitability of a single contract with simultaneous reduction in charges for clients (license fees),
 - broader and more diversified circle of clients, which means a broader scale of activities,
- e) Attractive training policy and attractive work conditions offered for employees of the Company;
- f) Increasing awareness of the Comarch brand among prospective clients by promotion managed through marketing campaigns, including sports marketing (MKS Cracovia SSA);
- g) Necessity of continuous investment in human resources to maintain the Company's competitive edge in following years;
- h) High levels of investment expenditure designated for research and development activity and development of new products and IT services;
- i) High level of investment expenditure designated for the development of production sources in Poland (material investment) and for expansion on foreign markets (capital investment).

6.2. External Factors

- a) Enhanced requirements from clients for IT systems. There is an increase in demand for large, complex IT systems dedicated for specific users. This gives advantage to large IT companies such as Comarch S.A., which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
- b) Increased significance of mobile technologies broadly used in IT solutions for all groups of customers;

- c) Change in business models in many branches as well as change in business strategies of many companies related to technological progress and economic growth, which shape the demand for new IT systems, broadening software sales in the cloud computing model means an increase in capital and resources requirements for IT companies;
- d) An access of Polish companies to resources from structural funds related to Polish membership in European Union that will be dedicated in part to develop IT systems and finance research and development works;
- e) Growing competition, causing decrease in achieved margins; competition between IT companies;
- f) Continued pressure on increase in remuneration in IT sector; number of graduates from technical universities having IT skills decreases;
- g) Growing competition on the local labour market in IT sector in Krakow and other locations where the Company conducts its business;
- h) The international economic situation, taking into particular consideration the situation on financial markets that effects levels of demand for products and IT services;
- i) Exchange rate levels fluctuations, especially EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN and RUB/PLN, which affect the profitability of export sales;
- j) The international economic situation, in particular in Europe, which influences the demand for IT products and services on this market, as well as the financial credibility of the customers in this region;
- k) The international political situation, including increasing risk of terrorist attacks in places of project management complicates their implementation.

7. Other Significant Factors, including Risks and Threats

The Group is exposed to the following main types of financial risk:

7.1. Credit Risk

The Parent Company establishes the financial credibility of potential clients before signing contracts for the supply of IT systems and adjusts the conditions of each contract to the potential risk depending on its assessment of the financial standing of the client. Concentration of credit risk is limited due to diversification of the Comarch's sales to a significant number of customers in different branch of economy, in different world's regions.

7.2. Risk of Change in Interest Rates

The Comarch Group is exposed to the risk of changes in interest rates related to cash and cash equivalents, as well as long-term investment credits to finance the construction of new production buildings in the Special Economic Zone in Krakow. These are credits at variable interest rates based on the WIBOR and EURIBOR index. The group has been hedging this interest rate risk using IRS contracts and it continuously monitors market situation in this scope. The influence of interest rate changes on the amount of interest on credit paid is partly compensated for by a change in the amount of interest received on cash and cash equivalents.

Financial analysis of the Group's financial result sensitivity to the risk of changes in interest rates is included in notes 2.3.2. of the consolidated financial statement.

7.3. Risk of Fluctuation in the Exchange Rates

The Comarch Group is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies, especially in relation to foreign exchange of EUR/PLN, GBP/PLN,

USD/PLN, BRL/PLN and CAD/PLN. At the same time, part of the Group's costs are also expressed in, or related to exchange rates for foreign currencies. In individual cases, the Parent Company hedges future payments with forward contracts, as well as tries to use natural hedging through adjusting structures of assets, liabilities and equity denominated in foreign currencies (for example through a change of credit's currency from PLN to EUR performed lately). The balance sheet value of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date.

Financial analysis of the Group's financial result sensitivity to exchange rate fluctuation risk is included in notes 2.3.3. of the consolidated financial statement.

7.4. Financial Liquidity Risk

The Comarch Group has a liquidity risk management system to manage its short, medium and long-term funds. The fundamental financial liquidity risk arises because the majority of costs incurred by the Comarch Group are fixed, while revenue from sales, as is typical for a services company, fluctuates. The Comarch Group manages liquidity risk by holding the appropriate amount of working capital, by holding reserve credit lines in the current account, by constantly monitoring the forecasted and actual cash flows and by analysing the maturity profiles of financial assets and liabilities.

8. Perspectives of Development in the Group and Anticipated Financial Situation in 2018

In 2017, the demand for IT services and IT products remained stable, with changes in its structure. The company observed an increase in demand for solutions for the SME and financial-banking sector as well as a drop in demand for IT solutions for clients from the public and telecommunications sectors. The Company's order backlog now ensures full use of its production capacity in several subsequent periods. Economic and political situation in Poland and abroad, as well as the situation on the labour market will still have a detrimental impact on situation on the financial results achieved by the Comarch Group in 2018. Thanks to consistently executed strategy of positioning itself on the market as a technological and product-based Company, Comarch's offer is very well diversified. Customer base is constantly expanding and a considerable part of them are international companies, what allows to continue the development of the Company. Dynamically developing activity of Comarch in international markets additionally increases sales volume and enhance the image of Comarch among international corporations, thus strengthening the competitive position of Comarch. It also means the need to make numerous capital investment abroad Poland (principally through the establishment of foreign subsidiaries). Execution of Comarch strategy largely depends on macroeconomic conditions, beyond the Group, especially on the level of IT investments by medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector and labour market becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. An opportunity for the Group is its high innovativeness and growth in demand for delivery of IT solutions in a service model - Comarch Group thanks to the wide range of its own products, owned infrastructure and human and capital resources can flexibly adapt to business models expected by customers.

The most important risks related to the Group's operations are:

- risks related to R&D work (developing proprietary software products);
- risks related to implementation of long-term contracts;
- risks related to failure to meet contract terms and conditions and contractors taking advantage of the provided performance guarantees;
- risk of foreign legal and political environment related to execution of export contracts;
- the credit risk related to the sale with deferred payment, and frequently with a long period of execution of contracts;
- risk of employees rotation, and risk of a lack of possibility to hire the appropriate number of qualified employees, the risk of increased labour costs;

- the risk of fluctuations in exchange rates and interest rates;
- risks related to international terrorism, impeding the posting of employees in business travel in some regions of the world.

The Group does not expect any significant changes in its financial situation or in terms of the risks associated with its activities.

9. Financial Analysis

Balance Sheet	31 December 2017	%	31 December 2016	%	Change	Change %
ASSETS						
Non-current assets						
Property, plant and equipment	556,838	37,1	501,111	34.7	55,727	11.1
Investment real estates	15,357	1,0	15,626	1.1	(269)	(1.7)
Goodwill	42,197	2,8	40,735	2.8	1,462	3.6
Other intangible assets	63,319	4,2	61,343	4.2	1,976	3.2
Non-current prepayments	3,321	0,2	1,118	0.1	2,203	197.0
Investment in associates	11,233	0,7	14,395	1.0	(3,162)	(22.0)
Other assets at fair value	2,904	0,2	492	0.0	2,412	490.2
Other investment	112	0,0	106	0.0	6	5.7
Deferred income tax assets	31,237	2,1	35,007	2.4	(3,770)	(10.8)
Other receivables	5,392	0,4	3,914	0.3	1,478	37.8
	731,910	48,7	673,847	46.6	58,063	8.6
Current assets						
Inventories	114,967	7,7	76,555	5.3	38,412	50.2
Trade and other receivables	392,153	26,1	406,721	28.1	(14,568)	(3.6)
Current income tax receivables	2,222	0,1	5,210	0.4	(2,988)	(57.4)
Long-term contracts receivables	40,349	2,7	39,960	2.8	389	1.0
Available-for-sale financial assets	-	-	-	-	-	-
Other financial assets at fair value – derivative financial instruments	8,516	0,6	1,149	0.1	7,367	641.2
Stock or shares	-	-	1	0.0	(1)	(100.0)
Cash and cash equivalents	207,937	13,8	235,834	16.3	(27,897)	(11.8)
	766,144	51,0	765,430	53.0	714	0.1
Available-for-sale financial assets	3,861	0,3	5,598	0.4	(1,737)	(31.0)
Total assets	1,501,915	100,0	1,444,875	100.0	57,040	3.9

As of the end of 2017, the value of Comarch Group's assets increased by PLN 57.0 million, i.e. 3.9%. Non-current assets increased by PLN 58.1 million, i.e. 8.6% compared to the previous year, mostly as a consequence of an increase in property, plant and equipment from PLN 501.1 million to PLN 556.8 million (an increase of 11.1% compared to the previous year), as a result of the Group's infrastructure investments. The share of particular items of non-current assets in the total structure of assets remained at a similar level to that in 2016. The value of current assets remained at a similar level to that in the previous year. The most increase was observed in value of products and products in progress in inventories – of PLN 37.7 million, i.e. 50.2%. There was also a decrease in cash and cash equivalents (a decrease of PLN 27.9 million, i.e. 11.8%). The share of derivative financial instruments in total structure of assets increased by PLN 7.4 million, i.e. 641.2% compared to the previous year.

EQUITY	31 December 2017	%	31 December 2016	%	Change	Change %
Capital attributable to the company's shareholders						
Share capital	8,133	0.5	8,133	0.6	0	0.0
Other capital	143,041	9.5	143,041	9.9	0	0.0
Exchange differences	4,169	0.3	18,524	1.3	(14,355)	(77.5)
Net profit for the current period	42,036	2.8	73,034	5.1	(30,998)	(42.4)
Retained earnings	665,525	44.3	604,691	41.9	60,834	10.1
	862,904	57.5	847,423	58.7	15,481	1.8
Minority interest	16,128	1.1	14,641	1.0	1,487	10.2
Total	879,032	58.5	862,064	59.7	16,968	2.0
LIABILITIES						
Non-current liabilities						
Credit and loans	185,596	12.4	146,331	10.1	39,265	26.8
Other liabilities	6,928	0.5	5,278	0.4	1,650	31.3
Financial liabilities at fair value – derivative financial instruments	736	0.0	2,537	0.2	(1,801)	(71.0)
Other financial liabilities	446	0.0	631	0.0	(185)	(29.3)
Deferred income tax liabilities	43,962	2.9	42,144	2.9	1,818	4.3
	237,668	15.8	196,921	13.6	40,747	20.7
Current liabilities						
Trade and other liabilities	177,320	11.8	154,493	10.7	22,827	14.8
Current income tax liabilities	4,942	0.3	16,800	1.2	(11,858)	(70.6)
Long-term contracts liabilities	30,754	2.0	40,044	2.8	(9,290)	(23.2)
Credit and loans	39,111	2.6	28,469	2.0	10,642	37.4
Financial liabilities at fair value – derivative financial instruments	509	0.0	2,350	0.2	(1,841)	(78.3)
Other financial liabilities	165	0.0	6,530	0.5	(6,365)	(97.5)
Provisions for other liabilities and charges	132,414	8.8	137,204	9.5	(4,790)	(3.5)
	385,215	25.6	385,890	26.7	(675)	(0.2)
Total liabilities and charges	622,883	41.5	582,811	40.3	40,072	6.9
Total equity and liabilities	1,501,915	100.0	1,444,875	100.0	57,040	3.9

In 2017, the share structure of equity and liabilities did not change significantly. Equity grew in 2017 by 2.0%. There was a slight increase in the minority interest (PLN 16.1 million compared to PLN 14.6 million in 2016). The share of equity in total equity and liabilities maintained a similar level (58.5% in 2017 compared to 59.7% in 2016). Total liabilities and charges constituted 41.5% in total equity and liabilities compared to 40.3% in the previous year. Their value increased by PLN 40.1 million, i.e. 6.9%, compared to that in the previous year, mostly as a consequence of significant changes in the value of credits and loans (long-term credits and loans increased by PLN 39.3 million, i.e. 26.8%, short-term credits and loans increased by PLN 10.6 million, i.e. 37.4%) and trade and other liabilities (an increase of PLN 22.8 million, i.e. 14.8%). At the same time, the most significant decreases were in current income tax liabilities (from PLN 16.8 million to PLN 4.9 million, i.e. by 70.6%), long-term contracts liabilities (a decrease from PLN 40.0 million to PLN 30.8 million, i.e. by 23.2%), other financial liabilities (which decreased by PLN 6.4 million, i.e. 97.5%) and provisions for other liabilities and charges (a decrease of PLN 4.8 million, i.e. 3.5%).

Debt analysis	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Debt ratio	15.0%	12.1%	10.6%	11.7%	11.5%
Debt/equity ratio	26.0%	20.6%	17.9%	20.7%	21.0%

Debt ratios increased as a result of intensive investment in real estates, mortgage credit and loans. The Group is financed with internal means (58.5%) and with external means (41.5%).

	2017	%	2016	%	Change	Change %
Revenue	1,102,520	100.0	1,112,813	100.0	(10,293)	(0.9)
Cost of sales	(832,750)	(75.5)	(764,600)	(68.7)	(68,150)	8.9
Gross profit	269,770	24.5	348,213	31.3	(78,443)	(22.5)
Other operating income	17,673	1.6	39,063	3.5	(21,390)	(54.8)
Sales and marketing costs	(134,529)	(12.2)	(131,330)	(11.8)	(3,199)	2.4
Administrative expenses	(98,076)	(8.9)	(102,066)	(9.2)	3,990	(3.9)
Other operating expenses	(19,064)	(1.7)	(36,987)	(3.3)	17,923	(48.5)
Operating profit	35,774	3.2	116,893	10.5	(81,119)	(69.4)
Finance revenue -net	31,867	2.9	(3,809)	(0.3)	35,676	(936.6)
Share of profit / (loss) of associates	(3,082)	(0.3)	(8,307)	(0.7)	5,225	(62.9)
Profit before income tax	64,559	5.9	104,777	9.4	(40,218)	(38.4)
Income tax expense	(21,038)	(1.9)	(29,054)	(2.6)	8,016	(27.6)
Net profit for the period	43,521	3.9	75,723	6.8	(32,202)	(42.5)
Attributable to:						
Shareholders of the Parent Company	42,036	3.8	73,034	6.6	(30,998)	(42.4)
<i>Interests not entitled to control</i>	<i>1,485</i>	<i>0.1</i>	<i>2,689</i>	<i>0.2</i>	<i>(1,204)</i>	<i>(44.8)</i>

In 2017, the Comarch Group's sales revenue was lower by PLN 10.3 million, i.e. 0.9% year on year. The operating profit reached PLN 35.8 million and decreased by 69.4% compared to 2016. In 2017, the net profit attributable to the Parent Company's shareholders decreased by 42.4% and amounted to PLN 42.0 million.

Profitability analysis	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Margin on sales	24.5%	31.3%	30.1%	29.6%	22.4%
EBIT margin	3.2%	10.5%	10.0%	9.5%	3.7%
Gross margin	5.9%	9.4%	9.6%	8.9%	3.9%
Net margin	3.8%	6.6%	7.0%	6.5%	2.7%

In 2017, Comarch Group's activity was profitable. The margin on sales and the EBIT margin decreased to the levels of 24.5% and 3.2%, respectively. The gross margin and the net margin reached values of 5.9% and 3.8%, respectively. Despite of insignificant decreases, profitability ratios remained at the satisfactory levels.

The following factors had a major impact on the financial results:

- decrease in sales of proprietary software of PLN 25.5 million, i.e. 14.3%. This is the result of current projects situation and growth in demand for delivery of IT solutions in a services model,

- occurrence of realised negative exchange rate differences and the balance sheet valuation of receivables and liabilities, related to a significant strengthening of PLN against foreign currencies, that decreased the operating result in the described period by PLN 19.3 million (while in 2016, they increased it by PLN 6.8 million),
- positive result on financial activities in the amount of PLN 31.9 million, achieved mainly as a result of the balance sheet valuation of the financial instruments hedging the Group's exchange rate risk and credits and loans, as well as positive result on the closed transactions (in 2016, this result amounted to minus PLN 3.8 million),
- continued stagnation in the public procurement market, which resulted in the low level of revenue from sales to customers in the Public and Medicine sectors in 2017,
- decrease in revenue from sales to customers in the TMT sector and the Small and Medium-Sized Enterprises sector in DACH region,
- increase in operating costs, as a consequence of salary pressure in IT sector – during the 12 months of 2017, the fund of basic salaries increased approx. by 6.6% compared to the corresponding period in 2016,
- change in the value of deferred tax assets and provisions, which resulted in a reduction in net profit of PLN 5.6 million.

Costs associated with software development in the field of e-Health, telemedicine devices and new generation loyalty solutions (e.g. in cooperation with Thanks Again, LLC) will have in subsequent periods a significant impact on the increase in operating expenses and a decrease in the current financial result of the Comarch Group, while they will contribute in the future to increase of revenues generated in these business areas.

The financial results achieved on the Group's core activity, confirm the effectiveness of Group's strategy – a strategy that is based on:

- sales of IT solutions, most of which are developed in-house,
- sales development on international markets, especially in Western Europe, Asia and both Americas,
- stable improvement of operational performance through the ongoing improvement of procedures and cost rationalization,
- development of new technologies and business areas, especially in the Medicine sector and Internet of Things (IoT),
- growing share in sales of IT in services model,
- significant investment in human capital.

Liquidity analysis	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Current ratio	2.0	2.0	1.9	1.9	1.8
Quick ratio	1.6	1.7	1.7	1.6	1.5
Cash to current liabilities ratio	0.5	0.6	0.6	0.7	0.5

In 2017, the Comarch Group had very good financial liquidity. In the Management Board's opinion, Comarch Group has no problems with meeting contracted financial liabilities on time. Temporarily free funds are invested by the Group in safe financial instruments such as bank deposits and shares in financial investment funds.

Turnover analysis	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Current assets turnover ratio	1.4	1.5	1.6	1.6	1.5
Receivable turnover ratio (days)	129	133	125	115	140
Inventories turnover ratio (days)	688	412	140	131	109
Liabilities turnover ratio (days)	197	189	173	177	185

Liabilities turnover excluding liabilities due to investment credit ratio (days)	132	142	134	142	147
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Turnover ratios confirm the effective use of Comarch Group's funds. In 2017, the inventories turnover ratio significantly increased as a result of a high level of rough products and products in progress as at the end of December, 2017. Other ratios maintained level similar to those in the previous years.

Methods of Calculation of Financial Ratios

Debt Ratios

$$\text{Debt Ratio} = \frac{\text{Credits and Loans}}{\text{Total Assets}}$$

$$\text{Debt/Equity Ratio} = \frac{\text{Credits and Loans}}{\text{Equity attributable to Shareholders}}$$

Profitability Ratios

$$\text{Return on Sales} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

$$\text{EBIT Margin} = \frac{\text{Operating profit}}{\text{Revenue}}$$

$$\text{Gross Margin} = \frac{\text{Profit before Income Tax}}{\text{Revenue}}$$

$$\text{Return on Sales (profit attributable to shareholders)} = \frac{\text{Net Profit attributable to Shareholders}}{\text{Revenue}}$$

Liquidity Ratios

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Trade and Other Receivables} + \text{Cash and Cash Equivalents} + \text{Available-for-Sale Assets}}{\text{Current Liabilities}}$$

$$\text{Cash to Current Liabilities Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

Turnover Analysis

$$\text{Current Assets Turnover Ratio} = \frac{\text{Revenue}}{\text{Current Assets}}$$

$$\text{Receivables Turnover Ratio} = \frac{(\text{Trade and Other Receivables} + \text{Current Income Tax Receivables}) * 360}{\text{Revenue}}$$

$$\text{Inventories Turnover Ratio (days)} = \frac{\text{Inventories} * 360}{\text{Costs of Sold Goods and Materials}}$$

$$\text{Liabilities Turnover Ratio(days)} = \frac{(\text{Liabilities} - \text{Liabilities due to Long-term Contracts}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials}}$$

$$\begin{aligned} &\text{Liabilities Turnover Ratio} \\ &\text{excluding} \\ &\text{Liabilities due to} \\ &\text{Bonds and Investment Credit (days)} \end{aligned} = \frac{(\text{Liabilities} - \text{Credits and Loans}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials}}$$

10. Credits, Loans, Suretyships, Guarantees and Significant Off- Balance Sheet Items

10.1. Non-Revolving Credits

As at the 31st of December, 2017, the Group had liabilities due to credits and loans in the amount of PLN 211,658 thousand.

In 2017, all covenants under the loan agreements concluded by companies in the Comarch Group were met. The Parent Company's Management Board expects no problems in meeting them in the future.

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	BGŻ BNP Paribas Bank Polska S.A	office buildings SSE4 in Krakow	44,000	PLN	4,182 (4,802 as at the 31 st of December, 2016)	EUR	17,444 (21,244 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement

Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	office buildings SSE5 in Krakow - refinancing	4,126	EUR	1,977 (2,493 as at the 31 st of December, 2016)	EUR	8,246 (11,028 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 31 st of October, 2018	29 th of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA	Bank Zachodni WBK S.A.	nonrevolving operating credit	7,400	EUR	2,944 (3,899 as at the 31 st of December, 2016)	EUR	12,280 (17,249 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA	Bank Polska Kasa Opieki S.A.	office buildings SSE6 in Krakow	13,323	EUR	9,854 (11,519 as at the 31 st of December, 2016)	EUR	41,098 (50,960 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch SA	Bank Handlowy w Warszawie S.A.	office buildings SSE7 in Krakow	13,333	EUR	11,286 (0 as at the 31 st of December, 2016)	EUR	47,075 (0 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	15 th of May, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch SA	Bank Handlowy w Warszawie S.A.	Nonrevolving, long-term credit	2,508	EUR	2,508 (2,365 as at the 31 st of December, 2016)	EUR	10,461 (10,465 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	16 th of December, 2019	Power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch SA	DNB Bank Polska S.A.	Non-current assets - equipment of Internet of Things laboratory in Krakow	2,531	EUR	2,130 (0 as at the 31 st of December, 2016)	EUR	8,885 (0 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement

Comarch Healthcare SA	Bank Polska Kasa Opieki S.A.	Non-current assets - medical equipment for Medical Centre iMed24 in Krakow	15,889	PLN			2,459 (4,540 as at the 31 st of December, 2016)	PLN	WIBOR1M + bank margin	31 st of December, 2018	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, surety granted by Comarch S.A., power of attorney to manage Comarch Healthcare S.A. and Comarch S.A. bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch AG	BGŻ BNP Paribas Bank Polska S.A.	Office building in Dresden - refinancing	6,000	EUR	621 (1,862 as at the 31 st of December, 2016)	EUR	2,589 (8,238 as at the 31 st of December, 2016)	PLN	EURIBOR3M + bank margin	15 th of May, 2018	The mortgage and cession of rights in the office building in Dresden insurance policy, Surety granted by Comarch S.A., Comarch S.A. declaration of submission to enforcement
Bonus Development Sp. z o.o. SK-A	Bank Polska Kasa Opieki S.A.	Office building in Lodz	9,262	EUR	8,043 (8,172 as at the 31 st of December, 2016)	EUR	33,545 (36,155 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin	31 st of May, 2030	The mortgage on the office building in Lodz, power of attorney to manage Bonus Development Sp. z o.o. SK-A bank accounts in the Bank Polska Kasa Opieki S.A., Bonus Development Sp. z o.o. SK-A declaration of submission to enforcement, cession of rights in the building insurance policy cession of rights in the bank guarantee for contract good performance and for warranty obligations, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., surety granted by Comarch S.A. together with a declaration of submission to execution and power of attorney to accounts of Comarch S.A. conducted by PEKAO S.A.

Comarch S.A.S., Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A	Data centre in Lille in France	8,000	EUR	6,734 (1,001 as at the 31 st of December, 2016)	EUR	28,085 (4,429 as at the 31 st of December, 2016)	PLN	EURIBOR3M + bank margin	18 th of September, 2023	The conventional mortgage established on the second place on the property belonging to Comarch S.A. located at ul. prof. Michała Życzkowskiego 23, Cracow (the SSEIV building), a statement of Comarch S.A. of submission to enforcement, power of attorney to accounts of Comarch S.A. maintained in bank BGŻ BNP Paribas S.A., cession of rights in the insurance policy of SSEIV building
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10.2. Revolving credits

As at the 31st of December, 2017, the Group had liabilities due to current credit lines in the amount of PLN 55,422 thousand, (used at the balance sheet date in the amount of PLN 3,018 thousand).

In 2017, all covenants under the loan agreements concluded by companies in the Comarch Group were met. The Parent Company's Management Board expects no problems in meeting them in the future.

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	12 th of December, 2018	An authorization to manage Comarch S.A.'s accounts in bank Powszechna Kasa Oszczędności Bank Polski S.A. and a declaration of submission to enforcement
Comarch SA	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0 (0 as at the 31 st of December, 2016)	PLN	0 (0 as at the 31 st of December, 2016)	PLN	WIBOR1M + bank margin	30 th of June, 2018	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement
Comarch S.A.S., Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A	Financing operating activities	1,300	EUR	724 (160 as at the 31 st of December, 2016)	EUR	3,018 (708 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin	28 th of February, 2018	An authorisation to manage Comarch S.A.'s accounts in bank BGŻ BNP Paribas S.A. and a declaration of submission to enforcement

10.3. Loans

10.3.1. Loans Taken by Companies in the Comarch Group

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	IBM Global Financing Polska Sp. z o.o.	delivery of IBM hardware in relation to an IT project performed by the Comarch Group	12,980	PLN			9,983 (10,415 as at the 31 st of December, 2016)	PLN	fixed	01.03.2022	None

10.3.2. Loans Granted to Members of the Management Board and Members of the Supervisory Board

During the reporting period, Bonus Management sp. o.o. II Activia SK-A. granted to Chairman of the Supervisory Board of Comarch S.A. loans in the amount of PLN 2,000 thousand. Before the publication date loans have been fully repaid. As at the 31st of December, 2017, there are no unpaid loans as well as granted by companies of Comarch Group guarantees and sureties to members of the management and supervisory bodies and their related parties.

10.3.3. Loans Granted to Employees of Comarch Group

None present.

10.4. Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.

- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,682 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30th of August, 2018.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2018.
- Due to conclusion of a contract for SLA services, signed by branch of Comarch S.A. in Albany, Comarch S.A. granted a surety for the liabilities of the branch resulting from the project. The surety was granted up to the amount of the signed agreement, i.e. approximately EUR 10 thousand monthly and expired at the 31st of December, 2017.

- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2018.
- Due to conclusion of a framework agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG. The surety was granted up to the amount of the agreement, i.e. EUR 3,241 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management For Airlines, Comarch Smart Analytics and Comarch Customer Engagement Platform-Gamification, as well as the maintenance and management of the system by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The surety was granted up to the amount of the signed agreement, i.e. USD 5,000 thousand and for a period of 5 years.
- Due to conclusion of a contract for implementation of Comarch Customer Engagement Platform by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The contract was concluded for five years. The surety is valid until fulfilment by Comarch Middle East FZ-LLC of all obligations under the contract and has been granted up to a maximum liability of the contract, i.e. USD 10,000 thousand.
- Due to conclusion of a contract for investment credit by Bonus Development Sp. z o.o. SK-A, a subsidiary of Comarch S.A., with Bank Pekao S.A. under which the bank grants Bonus Development Sp. o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.
- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 30th of August, 2018.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.

- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch SAS, a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch SAS was granted to the amount of EUR 2,414 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- Due to granting the credit line for Geopolis Sp. z o.o., a surety for liabilities of Geopolis Sp. z o.o. was granted to the amount of PLN 160 thousand and expired on the 31st of December, 2017.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract.

The above list of suretyships includes items that the Company does not treat as contingent liabilities.

10.5. Bank Guarantees

On the 31st of December, 2017, the value of bank guarantees and letters of credit issued by banks on order from Comarch S.A. in reference to executed agreements and participation in tender proceedings was PLN 65,876 thousand, whereas it was PLN 37,671 thousand on 31st of December, 2016.

On the 31st of December, 2017, the value of bank guarantees issued by banks on order from Comarch Polska S.A. in reference to executed agreements and participation in tender proceedings was PLN 0 thousand, whereas it was PLN 19 thousand on the 31st of December, 2016.

On the 31st of December, 2017, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand (PLN 1,634 thousand), whereas it was EUR 392 thousand (PLN 1,734 thousand) on the 31st of December, 2016.

On the 31st of December, 2017, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (PLN 67 thousand), whereas it was EUR 16 thousand (PLN 71 thousand) on the 31st of December, 2016.

On the 31st of December, 2017, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 82 thousand.

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch Healthcare S.A. (valid till the 30th of June, 2019), Comarch Malaysia SDN. BHD. (valid till the 31st of December, 2018 and without time limit), Comarch Argentina S.A. without time limit and Comarch R&D S.à r.l. without time limit.

11. The Most Important Events in 2017 and after the Balance-Sheet Date

11.1. Contracts Significant for Issuers' Activities

The most important contracts signed in 2017 are:

11.1.1. Acquisition of Shares in Geopolis Sp. z o.o.

On the 17th of March, 2017, the Management Board of Comarch S.A. announced about signing the letters of intent with Geopolis sp. z o.o. and it's shareholders aimed at setting conditions to carry out the following transactions:

- Comarch S.A. acquired 100% of shares in Geopolis sp. z o.o.,
- Comarch S.A. acquired the whole copyrights to the ERGO software which belonged to the Geopolis sp. z o.o.,
- Comarch S.A. agreed to the recapitalize of Geopolis sp. z o.o.

The above-mentioned transactions will be carried out once the relevant conditions set out in the letters of intent have been fulfilled and the agreement on others terms has been reached until 31st of March, 2017. On the 31st of March, 2017, the Company informed that the parties agreed to postpone the deadline for fulfilment of the conditions to 3rd April, 2017. On the 3rd of April, 2017, the conditions set out in letters of intent have been fulfilled and mentioned transactions were realized.

The total value of the transactions amounts to PLN 8.05 million.

Geopolis sp. z o.o. supports informatization in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals. Acquiring of Geopolis sp. z o.o. will allow Comarch Group to expand the product portfolio dedicated to the public sector.

Comarch S.A. announced details in current reports no. [RB-2-2017](#) (ENG: [RB-2-2017](#)) dated the 17th of March, 2017, no. [RB-4-2017](#) (ENG: [RB-4-2017](#)) dated the 31st of March, 2017 and no. [RB-5-2017](#) (ENG: [RB-5-2017](#)) dated the 4th of April, 2017.

11.1.2. Amendment to the Contract with Budimex S.A. for the Realization of the Sixth Construction Stage of the Investment in the Special Economic Zone in Krakow (SSE7)

In relation to the current report no. [RB-3-2016](#), ENG: [RB-3-2016](#) dated the 18th of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, the Management Board of Comarch S.A. announced in the current report no. [RB-20-2017](#), ENG: [RB-20-2017](#), that on the 30th of October, 2017, they signed

amendment to the above-mentioned contract. As a consequence, the planned completion date of this investment has been extended to the 31st of December, 2017.

11.1.3. Limited Offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS"

Comarch S.A.'s Management Board informed, that on the 12th of September, 2017, offers presented in the limited offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS", organized by Zakład Ubezpieczeń Społecznych w Warszawie (The Polish Social Insurance Institution in Warsaw; ZUS), were opened. Thus, the Comarch S.A. presented the most advantageous offer by price. The total value of the offer presented by the Company amounted to PLN 242,033,004 gross. The Company announced details in current report no. [RB-17-2017](#), ENG: [RB-17-2017](#) dated the 12th of September, 2017.

Comarch S.A.'s Management Board informed in the current report [RB-21-2017](#), ENG: [RB-21-2017](#) dated the 14th of November, 2017, that on the 14th of November, 2017, the results of limited offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS", organized by the Social Insurance Institution in Warsaw. The Issuer's offer of the total gross value of PLN 242,033,004 was scored the most points and was selected as the most advantageous one.

11.1.4. Signing the Agreement on "Delivery and Implementation of the System for Digital Registration of Court Proceedings in Common Courts"

The Management Board of Comarch S.A. informed in current report no. [RB-18-2017](#), ENG: [RB-18-2017](#) dated the 20th of October, 2017, that as a result of resolution of public procurement procedure on the 20th of October, 2017, the Consortium of Comarch Polska S.A. (a subsidiary of Comarch S.A.) as a Leader of the Consortium and MAXTO Sp. z o.o. S.K.A. as a Member of the Consortium (the "Consortium") signed the agreement with the Treasury represented by the Minister of Justice on delivery and implementation of the system for digital registration of court proceedings in common courts (the "Agreement"). The delivery, installation, configuration, implementation and launch of the system will be completed not later than by 31st of August, 2018, while services and technical support will be carried out for 48 months from the first day of the full month after signing by the Ministry of Justice the final protocol without reservation. The maximum remuneration payable the Consortium for the performance of the Agreement shall not exceed PLN 137,805,711.72 gross.

AFTER THE BALANCE SHEET DATE

11.1.5. Amendment to the Contract with Budimex S.A. for the Realization of the Sixth Construction Stage of the Investment in the Special Economic Zone in Krakow (SSE7)

In relation to the current report no. [RB-3-2016](#), ENG: [RB-3-2016](#) dated the 18th of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, and the current report no. [RB-20-2017](#), ENG: [RB-20-2017](#) dated the 30th of October, 2017, on signing the amendment to the above-mentioned contract, the Management Board of Comarch S.A. informed in the current report no. [RB-3-2018](#), ENG: [RB-3-2018](#), that works covered by the initial scope of the agreement were performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed, which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721,000 up to PLN 69,999 thousand and planned completion date of the works comprised by the amendment has been extended to the 30th of June, 2018.

11.1.6. Signing the Agreement for Support, Operation and Maintenance Services for Comprehensive IT System for ZUS

Comarch S.A.'s Management Board informed in current report no. [RB-4-2018](#), ENG: [RB-4-2018](#), dated 2nd of March, 2018 about signing on 2nd of March, 2018 by a consortium of Comarch Polska S.A. with its headquarters in Krakow and Comarch S.A. with its registered office in Krakow (hereinafter: "Consortium") with Zakład Ubezpieczeń Społecznych (The Polish Social Insurance Institution) with its registered office in Warsaw (hereinafter "ZUS") contracts for the providing support, operation and maintenance services for comprehensive IT system for ZUS (hereinafter: "the Agreement"). The subject matter of the Agreement is the provision by the Consortium to ZUS of maintenance, servicing and additional services for the KSI ZUS system and acting as an integrator of the ZSI Social Insurance Institution to the extent and under the terms of the Agreement. The total remuneration due to the Consortium for the implementation of the subject of the Agreement will not exceed gross amount of PLN 242,033,004.00 (in words: PLN two hundred forty two million thirty three thousand four 00/100), including: net amount of 196,774,800, PLN (in words: PLN one hundred ninety six million seven hundred seventy four thousand eight hundred and 00/100) and value added tax (VAT) at a rate of 23% of PLN 45,258,204.00 (in words: forty five million two hundred fifty eight thousand two hundred four 00/100). The term of execution of the subject of the Agreement is 48 months, however, it starts from the day of commencement of service provision, i.e. not later than within 12 months from the date of conclusion of the Agreement, after prior notification by the Consortium in writing of readiness to take over maintenance services and signing by both parties to the maintenance service transfer protocol, unless the parties agree otherwise in writing. The contract expires also when the limit of gross remuneration due to the Consortium has been exhausted.

11.2. Other

11.2.1. Request of Bank Pekao S.A. for PLN 100 million from CA Consulting S.A. Due to Improper Performance of an Agreement

The Management Board of Comarch S.A. announced on 23rd of March, 2017 that, CA Consulting S.A., a subsidiary of Comarch S.A., received the request for payment from Bank Pekao S.A. In the issued letter, the Bank called on CA Consulting S.A. to pay the amount of PLN 100 million resulting from improper performance of the Comprehensive Comarch Internet Banking Agreement (CIB) of 23rd of December, 2005. According to the Bank's letter the improper performance of the Agreement consists in the failure to meet by CA Consulting S.A. the parameters defined in SLA.

In the opinion of the Issuer the request directed to CA Consulting S.A. has neither justification nor grounds in the provisions of the Agreement of 2005. According to the Issuer, exceeding the parameters of the SLA results from the reasons attributable to the Bank which are beyond the control of CA Consulting S.A., including in particular the fact that the volume of transactions processed by the System repeatedly exceeded the project assumptions set out in the Agreement, as well as the lack of sufficient Bank investment in the modernization of the infrastructure, necessary for the functioning of the CIB System over the last nine years. The large part of currently existing infrastructure comes from 2008 and it has the same computing power as at that time, which is currently not enough for proper operation of the System. CA Consulting S.A. has repeatedly informed the Bank about this fact, including in writing, informing about necessity of revitalization and modernization work aimed at increasing initial performance benchmarks, as well as performing works adjusting the System to the number of processed transactions, among others in the letter of January 2017 from the Management Board of Comarch S.A. to the Management Board of Pekao S.A., as well as from the Management Board of CA Consulting S.A. to the managers of Pekao S.A.

In accordance with the provisions of the Agreement, total liability limit of CA Consulting S.A. in any given calendar year will not exceed 100% of the remuneration due to services specified in the Agreement and received by CA Consulting S.A. in the given calendar year. The amount of request exceeds several dozen times the above mention limit and is not justified in any way in the letter.

Comarch S.A. announces that CA Consulting S.A rejected the bank claim in its entirety as unfounded. The Company also informs that the Comarch Group still provides services under the Agreement concluded with the Bank.

According to the Management Board of Comarch S.A. this situation will not have significant impact on the operations and financial standing of the Comarch Group.

The Company announced details in the current report no. [RB-3-2017](#), ENG: [RB-3-2017](#) dated the 23rd of March, 2017.

11.2.2. Debit Note from Tauron Dystrybucja S.A.

The Management Board of Comarch S.A. announced in the current report no. [RB-19-2017](#), ENG: [RB-19-2017](#), that on the 24th of October, 2017, Comarch S.A. as the Leader of the Consortium including: Comarch S.A., Apator Rector sp. z o.o., Tukaj Mapping Central Europe sp. z o.o. and Eurosystem S.A. (the „Consortium“) received debit note issued by Tauron Dystrybucja S.A. (the "Tauron") requesting payment of PLN 30,246,071.61 by the Consortium's members. In accordance with its content, the subjective debit note was issued by Tauron in reference to contractual penalties for delay in performance of the agreement dated the 15th of June, 2012, on delivery and implementation of the IT system enabling the management of network assets in Tauron, concluded between Tauron and Consortium (the "Agreement").

Comarch S.A. announced that, according to the regulations binding within the Consortium, each member of the Consortium is responsible for the proper performance of their tasks and responsibilities, bearing the relevant liability for the contractual penalties.

The amount of contractual penalty indicated in the debit note consists of:

- a) contractual penalty in the amount of PLN 22,149,507.94 for the delay in delivery of the passporting system, where the individual members of the Consortium were responsible for the performance in respect of their obligations under the Agreement,
- b) contractual penalty in the amount of PLN 2,469,063.87 for the delay in delivery of Stage 2 of the Agreement, where Apator Rector sp. z o.o. is responsible for the performance,
- c) contractual penalty in the amount of PLN 5,627,499.80 for the delay in delivery of Stage 3 of the Agreement, where Apator Rector sp. z o.o. is responsible for the performance,

In the opinion of Comarch S.A., contractual penalty in amount of PLN 22,149,507.94, which was charged for the delay in delivery of the passporting system, is completely groundless both the basics and the amount, in particular due to the lack of a contractual basis for the charge. The other above-mentioned penalties should also be considered as unreasonable, in particular due to the Tauron's failure to take account of circumstances which affect timeliness of the implementation of the Agreement and are attributable to Tauron.

Comarch S.A. announced that will take the necessary legal steps to confirm that there is no obligation to pay the penalties resulting from the debit note issued by Tauron. At the same time, given the circumstances described, in the opinion of the Management Board, there is currently no need to create the provision for potential claims arising from the contractual penalties specified in the debit note.

AFTER THE BALANCE SHEET DATE

11.2.3. Amendment to the agreement with Bank Pekao S.A for providing Comprehensive Comarch Internet Banking (CIB)

Comarch S.A's Management Board informed in the current report no. [RB-2-2018](#), ENG: [RB-2-2018](#), dated 5th of January, 2018, in reference to the current report no. [RB-3-2017](#), ENG: [RB-3-2017](#), dated 24th of March, 2017 on receiving a signed amendment to the agreement for Comprehensive Comarch Internet Banking (CIB) (banking corporate) concluded with Bank Pekao S.A. and CA Consulting S.A., a subsidiary of Comarch S.A., on 23rd of December, 2005 (hereinafter: "Agreement"). As part of the amendment, a new scope and date of the service provision was established. The parties also stated

that they have no claims against each other arising from non-performance or improper performance of the above-mentioned Agreements, which means no claim by Bank Pekao S.A. to CA Consulting S.A., about which Comarch S.A.'s Management Board informed in the current report no. [RB-3-2017](#), ENG: [RB-3-2017](#).

11.2.4. Conclusion of a settlement with the Agency for Restructuring and Modernization of Agriculture (ARMA)

With reference to current report no. [RB-14-2014](#), ENG: [RB-14-2014](#), dated 19th of May, 2014 (regarding receiving an accounting note from the Agency for Restructuring and Modernization of Agriculture (hereinafter: "ARMA") covering a contractual penalty in the amount of PLN 32,455,497.28 (in words: thirty two million four hundred fifty-five thousand four hundred ninety-seven 28/100) in connection with the implementation by Comarch S.A. of the agreement of 29th of April, 2013 ("OFSA Agreement") and current report no. [RB-4-2015](#), ENG: [RB-4-2015](#), dated 15th of January, 2015, informing about the delivery of a claim to Comarch S.A. on 14th of January, 2015 for the payment of PLN 34,493,717.28 (in words: thirty-four million four hundred ninety-three thousand seven hundred seventeen 28/100) - brought against Comarch S.A. by ARMA to the District Court in Warsaw, 3rd Civil Department - for contractual penalties charged by ARMA. Comarch S.A.'s Management Board informed in the current report no. [RB-6-2018](#), ENG: [RB-6-2018](#), about the settlement between Comarch S.A. and ARMA in front of the court mediator. As part of this settlement - making mutual concessions - the Parties agreed that the contractual penalties due to ARMA due to improper performance by Comarch S.A. OFSA agreements amount to PLN 3,478,473.60 (in words: three million four hundred seventy eight thousand four hundred seventy three 60/100) and that they will be settled with due Comarch S.A. from ARMA compensation, the amount of which, as part of mutual concessions, was set at PLN 1,478,098.24 (in words: one million four hundred seventy eight thousand ninety eight 24/100) - due to lost profits resulting from ARMA's failure to consortium from Comarch S.A. and Comarch Polska S.A. contracts for "Maintenance and development of the IT Information System of the Agency - SIA (ZSZiK, IACSplus, GIS, SIZ, PZSIPlus, PA)" ("the SIA Agreement") - as a result of concluding this agreement with another contractor. As a result of the settlement, the total value of the contractual penalty to be paid by Comarch S.A. will amount to PLN 2,000,375.36 (in words: two million three hundred and seventy five 36/100), which is in the reserve established by Comarch S.A. in 2014 in the amount of PLN 2,276,882.40 (in words: two million two hundred seventy six thousand eight hundred and eighty two 40/100). At the same time, as part of the settlement, ARMA waived further claims arising from contractual penalties related to the performance of the OFSA Agreement, and Comarch S.A. waived all further claims related to the failure to sign the SIA Agreement. Comarch S.A.'s Management Board informs that he has taken action to approve the above-mentioned settlement by the competent court.

12. Major Domestic and Foreign Investment (Securities, Financial Instruments, Intangible Assets and Real Estate), including Capital Investment Made outside the Group of Related Parties, as well as a Description of their Financing, as well as an Appraisal of Ability for Executing Investment Plans, Including Capital Investment Compared to the Amount of Resources Owned

The Group does not restrict its interest to the territory of Poland alone. With products featuring international competitive edge, Comarch will consistently aim at increase in international sales, especially in Western Europe. The sales will be executed directly to the final client (through Comarch S.A. or another Company from the Comarch Group) or through partner companies.

Within the following years, the Comarch Group will continue investment projects which will enable further expansion of the Company to new commercial areas and new markets. They will be financed with the means accorded by the companies at the Comarch Group, but also with bank credits.

12.1. Capital Investments

All capital investments was described in point [20.2.](#)

12.2. Real Estates

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18th of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract was construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m². On the 30th of October, 2017, amendments to the aforementioned agreement were signed (current report no. [RB-20-2017](#), ENG: [RB-20-2017](#)), where completion date was extended to 31st of December, 2017. Works covered by the initial scope of the agreement were performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed (current report no. [RB-3-2018](#), ENG: [RB-3-2018](#)), which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721,000 up to PLN 69,999 thousand and planned completion date of the works comprised by the amendment has been extended to the 30th of June, 2018. Investment expenditures incurred in connection with the above-mentioned agreement until the 31st of December, 2017, amounted to PLN 65,673 thousand.

On the 16th of June, 2015, an agreement on the building investment in Łódź was made between Bonus Development spółka z ograniczoną odpowiedzialnością S.K.A., a subsidiary of Comarch S.A. and Skanska S.A. The subject of the agreement is the construction of office building together with the rebuilding and change of usage of the adjacent former factory building, located in Łódź, 76/78 Jaracza Street including traffic and technical infrastructure and the supply of building materials and machinery. The total space of the building will be 9,906.20 m². The net value of the agreement amounts to PLN 37,883 thousand. The investment was completed in the first quarter of 2017.

The office building that was purchased by Comarch S.A.S. in Lille is the new office of the company. On the 15th of March, 2016, Comarch S.A.S., a subsidiary of Comarch S.A. signed an agreement with SNC-LAVALIN S.A.S., for the realization of the construction investment in Lille, France. The subject of the contract is the alteration of the warehouse building at 17 Rue Paul Langevin in Lezennes in the data centre. The value of this agreement amounts to EUR 7,553 thousand net, i.e. PLN 31,503 thousand (exchange rate at the 31st of December, 2017). Investment expenditures incurred in connection with the above-mentioned agreement until the 31st of December, 2017, amounted to EUR 7,223 thousand, i.e. PLN 30,126 thousand at the exchange rate at the 31st of December, 2017. The investment is financed by a long-term bank credit.

In 2017, there were no purchases of land properties.

13. Activities in Special Economic Zone

On the 22nd of March, 1999, Comarch S.A. obtained a permit for conducting activity in the Special Economic Zone in Krakow ("SEZ"). According to the regulation of the Council of Ministers of the 14th of October, 1997 on establishment of a Special Economic Zone in Krakow (Journal of Laws No. 135, item 912 and changes to this act), the entities, which invested in the Krakow special economic zone at least EUR 2 million, were granted the tax allowances applicable for the income tax from legal entities from the income obtained from the activity specified in the permit. As a result of Poland joining the European Union, an Act was passed on the 2nd of October, 2003, that changed the act on special economic zones and certain other acts (Journal of Laws No. 188 Item 1840) that changed the conditions for tax exemptions for entities operating in special economic zones. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of Comarch S.A., the maximum value of public aid cannot exceed 75% of the value of investment expenditures, which the company has incurred since obtaining the permit, i.e. from the 22nd of March, 1999, to the 31st of December, 2006. Comarch S.A. approached

the Minister of the Economy in order to change the terms and conditions of its permit. On the 1st of July, 2004, it received a decision from the Minister of the Economy dated the 24th of June, 2004, on the topic of changes to the terms and conditions of the permit (those mentioned above and those compliant with the act). At the same time, the period of time for which the permit for Comarch S.A. was issued was extended to the 31st of December, 2017, in the changed permit.

Comarch S.A. holds total five permits for operating in the Krakow Special Economic Zone:

- obtained in 1999, with a period of validity until the 31st of December, 2017;
- obtained in 2007, originally with the validity period until 31st of December, 2017, currently its validity term has not been specified in accordance with the decision of the Ministry of Development and Finance of 18th of October, 2017;
- obtained in 2013, its validity term has not been specified;
- obtained in February 2016, its validity term has not been specified;
- obtained in March 2016, its validity term has not been specified.

The company also notes that on the 23rd of July, 2013, the Council of Ministers adopted a regulation extending the term of functioning special economic zones in Poland until 2026.

The investment relief in respect of the permit obtained in 1999 was fully used. Limit of the unused investment relief in respect of the authorization obtained in 2007 as at the 31st of December, 2017, (discounted as at the permit date), is PLN 17,037 thousand. Limit of the unused investment relief in respect of the authorization obtained in 2013 as at the 31st of December, 2017, (discounted as at the permit date), is about PLN 28,929 thousand. Limit of the unused investment relief in respect of the authorization obtained in March, 2016, related to investment in office building SSE7 in Krakow, as at the 31st of December, 2017, (discounted as at the permit date), is about PLN 20,320 thousand. Value of tax relief will change because of the fact, that investment has not been completed.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences and due to income tax relief in connection with activities in Special Economic Zone, which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over five years (including the year for which the financial statement is prepared).

14. Resolutions of the AGM and the Board of Supervisors

14.1. Corporate Governance Principles

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board announced in EBI current report no. [EBI-2-2017](#), ENG: [EBI-2-2017](#), that on the 29th of May, 2017, Supervisory Board of Comarch S.A. passed the resolution no. 10/5/2017 in which projects of the resolutions at the AGM, to be held on the 27th of June, 2017, are given positive opinions.

Pursuant to the detailed principle number II.Z.10 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board conveyed in EBI current report no. [EBI-1-2017](#), ENG: [EBI-1-2017](#), the report on the activities of the Supervisory Board of Comarch S.A., an assessment of the Company's situation in 2016 including assessment of the Company's internal system control and risk management in the Company, an assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles, as well as the report on the sponsorship or charity activities carry out of the Company.

14.2. Annual General Meeting – 27th of June, 2017

a) Convention of the AGM, Agenda of the Meeting and Information on Participation in the Company's General Meeting

On the 27th of May, 2017, pursuant to article 395, 399 § 1, article 402 with index 1 and 402 with index 2 of the Code of Commercial Companies and Partnerships, and pursuant to article 14 of the Company's Statute, the Management Board of Comarch S.A. convened the Annual General Shareholders' Meeting of Comarch S.A., to be held at 11:00 o'clock on the 27th of June, 2017, at ul. Prof. Michała Życzkowskiego 23 in Krakow, Poland. Agenda of the meeting and projects of resolutions to be presented on AGM, and their grounds, were also published on that day. Pursuant to art. 402 with index 2 of the Code of Commercial Companies and Partnerships, the Company's Management Board has presented information on participation in the Company's General Meeting, including:

- Shareholder's right to demand the inclusion of specific issues in the agenda of the nearest General Meeting,
- A shareholder's right to introduce projects of resolutions,
- Method of exercising the right to vote by proxy,
- The possibility and the method of participating in the General Meeting using means of electronic communication,
- The method of giving one's opinion during the General Meeting using means of electronic communication,
- The method of exercising a voting right in by correspondence or by using means of electronic communication,
- Date of registration for participation in the General Meeting: 30th of May, 2016,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address.

The Company announced details in current report no. [RB-10-2017](#), ENG: [RB-10-2017](#), dated the 29th of May, 2017.

b) Content of the Resolutions Passed at the AGM

The AGM passed the resolutions related to:

- election of Chairman of the General Meeting;
- removing from the agenda of the meeting the point regarding the election of the Returns Committee;
- passing the agenda of the meeting;
- approving the Company's financial statement for the fiscal year 1.01.2016 - 31.12.2016;
- approving the report of the Management Board regarding the activities of the Company in 2016;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2016 - 31.12.2016;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2016;
- approving the activity report of the Company's Board of Supervisors for the fiscal year 2016, including assessment of the Company's situation;
- distribution of the Company's net profit for the fiscal year 1.01.2016 - 31.12.2016;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2016 - 31.12.2016;
- changes in the Rules for the Supervisory Board of Comarch S.A.;
- changes in the Company's Statute. On the 27th of June, 2017 General Meeting of Comarch S.A. changes the Company's Articles of Association by adding a new letter d) in art. 8 sec. 4: „d) disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law ("Structure") controlled, within the meaning of art. 8 sec 5 of the company's

articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure ("Contributing Shareholder") or (jointly) controlled only by the Contributing Shareholder's relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned above ("Related Person or Related Persons") and the Contributing Shareholder jointly ("Controlled Structure") and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure." (current report no. [RB-13-2017](#), ENG: [RB-13-2017](#) dated the 27th of June, 2017). On the 23th of August, 2017, changes in the company's articles of association were registered in the National Court (current report no. [RB-16-2017](#), ENG: [RB-16-2017](#) dated at 31st of August, 2017).

The full content of the resolutions was published on in the current report no. [RB-13-2017](#), ENG: [RB-13-2017](#) dated the 27th of June, 2017.

c) Resolution of the AGM Regarding Dividend for 2016

The General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2016 - 31 December 2016. The General Shareholder's Meeting decided that net profit in the amount of PLN 45,588,464.11 will be divided as follows:

1. PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders at the 31st of July, 2017, will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares.
2. The remaining part of the net profit in the amount of PLN 33,388,440.61 (thirty-three million three hundred eighty-eight thousand four hundred forty zlotys and 61/100) will be passed to supplementary capital.

Dividend was paid at the 11th of August, 2017.

The Company announced details in current report [RB-14-2017](#) (ENG: [RB-14-2017](#)) dated the 27th of June, 2017.

On the 8th of May, 2017, in current report no. [RB-6-2017](#) (ENG: [RB-6-2017](#)) The Management Board of Comarch S.A. announced, that they shall recommend to the company's General Shareholders' Meeting the following distribution of the net profit of PLN 45,588,464.11 achieved by Comarch S.A. as was presented above. On the 15th of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#), ENG: [RB-8-2017](#) of the 15th of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016.

d) The List of Shareholders Participating the Annual General Shareholders Meeting

Accordingly, to the list of shareholders participating the Annual General Meeting of Comarch S.A. on the 27th of June, 2017, Elżbieta Filipiak and Janusz Filipiak held at least 5% of the total number of votes represented at this Meeting:

- Janusz Filipiak – 893,000 shares which gave 4,465,000 votes at the AGM, which constituted 47.98% of the all votes at this AGM and which constituted 29.52% of the total number of votes;
- Elżbieta Filipiak – 846,000 shares which gave 4,230,000 votes at the AGM, which constituted 45.45% of the all votes at this AGM and which constituted 27.96% of the total number of votes.

The total number of votes from all issued Comarch S.A. shares is 15,126,949. Shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 27th of June, 2017, held shares giving 9,306,334 votes, which constituted 61.52% of the total number of votes. The Company announced details in current report no. [RB-15-2017](#), ENG: [RB-15-2017](#) dated the 27th of June, 2017.

15. Operations on Comarch S.A. Shares

15.1. Purchase/Disposal Transactions on Comarch S.A. Shares

None present.

AFTER THE BALANCE SHEET DATE

On the 12th of February, 2018, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 8th of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50.

The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#), ENG: [RB-5-2018](#) and [RB-5-2018/K](#), dated the 12th of March, 2018.

15.2. Managerial Option Program for Members of the Management Board

None present.

16. Transactions on Shares of Subsidiaries and Associates of Comarch S.A.

None present except for those mentioned in point [20.3](#) of the statement.

AFTER THE BALANCE SHEET DATE

None present except for those mentioned in point [20.4](#) of the statement.

17. Other Events in 2017 and after the Balance Sheet Date

17.1. Dates of Periodical Financial Reports in 2017

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19th of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, with current report no. [RB-1-2017](#), ENG: [RB-1-2017](#) dated the 5th of January, 2017, Comarch S.A.'s Management Board presented terms of periodical financial reports in 2017.

17.2. Correction of Basic Financial Data in the Report of the Auditor from the Audit of the Financial Statement of Comarch S.A. for 2016

On the 8th of May, 2017, in current report no. [RB-7-2017](#) (ENG: [RB-7-2017](#)) The Management Board of Comarch S.A. published corrected annual report of Comarch S.A. for 2016.

Editorial errors are corrected regarding to basic financial data in the report of the auditor from the audit of the financial statement of Comarch SA for 2016:

1. Table entitled 'Basic data from the balance sheet date' (part 2, page 8 of the report from the audit).

Inventories- it was: 43,274, it should be: 43,273;

Total assets- it was: 1,162,522, it should be: 1,162,245;

Current liabilities (including: current provisions for liabilities and accruals)-it was: 246,222, it should be: 245,310;

Current liabilities due to deliveries and services-it was: 16,595; it should be: 53,915;

Liabilities and provisions for liabilities- it was: 391,415, it should be: 390,503.

2. 'Information on Audited Financial Statement' (part 3, page 9 of the Report from the audit).

It was:

The audited financial statement was prepared as at 31st of December, 2016 and includes:

- introduction to the financial statement,
- balance sheet as at 31st of December, 2016, with total assets and total equity and liabilities amounting to PLN 1,162,522,003.55,
- income statement for the period from 1st of January, 2016 to 31st of December, 2016, with net profit for the year amounting to PLN 44,953,007.89,
- changes in equity for the period from 1st of January, 2016 to 31st of December, 2016, presenting an increase in equity in the amount of PLN 39,201,703.72,
- cash flow statement for the period from 1st of January, 2016 to 31st of December, 2016, presenting a decrease in cash in the amount of PLN 16,602,272.10,
- additional information and commentary.

It should be:

The audited financial statement was prepared as at 31st of December, 2016 and includes:

- introduction to the financial statement,
- balance sheet as at 31st of December, 2016, with total assets and total equity and liabilities amounting to PLN 1,162,245 thousand,
- income statement for the period from 1st of January, 2016 to 31st of December, 2016, with net profit for the year amounting to PLN 45,588 thousand,
- changes in equity for the period from 1st of January, 2016 to 31st of December, 2016, presenting an increase in equity in the amount of PLN 39,837 thousand,
- cash flow statement for the period from 1st of January, 2016 to 31st of December, 2016, presenting a decrease in cash in the amount of PLN 16,640 thousand,
- additional information and commentary.

17.3. The impact of Changes in Exchange Rates on Results of the Comarch Group in the first quarter of 2017

On the 16th of May, 2017, in current report [RB-9-2017](#) (ENG: [RB-9-2017](#)) The Management Board of Comarch S.A. announced, that events of unusual nature, i.e. exchange rate differences and valuation of financial instruments based on the exchange rate will have a significant impact on the results of the Comarch Group in the first quarter of 2017. Exchange rate differences was a result of a strengthening of the Polish zloty against the main currencies (especially EUR and USD) between the 31st of December, 2016 and the 31st of March, 2017.

17.4. Correction of Data in the Financial Statement of Comarch S.A. for 2016

On the 16th of June, 2017, in current report no. [RB-12-2017](#) (ENG: [RB-12-2017](#)) The Management Board of Comarch S.A. published corrected annual report of Comarch S.A. for 2016. Editorial errors are corrected in notes: Note 3d INTEREST OR SHARES IN RELATED UNITS and note 3e INTEREST OR SHARES IN RELATED PARTIES. The Company announced details in erratum attached to the report.

AFTER THE BALANCE SHEET DATE

17.5. Dates of Periodical Financial Reports in 2018

In the current report no. [RB-1-2018](#) (ENG: [RB-1-2018](#)) dated the 2nd of January, 2018, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2018:

- Q4 2017 - on 1st of March, 2018
- Q1 2018 - on 18th of May, 2018
- Q3 2018 - on 16th of November, 2018

- Consolidated half-year report which include condensed consolidated financial statement and condensed financial statement for the first half of 2018 - on 31st of August, 2018
- Annual report for 2017 - on 27th of April, 2018
- Consolidated annual report for 2017 - on 27th of April, 2018

17.6. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2018 and the 27th of April, 2018, the Comarch Group concluded forward contracts for the sales of EUR 4,000 thousand and USD 2,000 thousand. The total net value of open forward contracts as of the 27th of April, 2018, amounted to EUR 20,477 thousand and USD 5,516 thousand. The open forward contracts as of the 27th of April, 2018, were valued at plus PLN 7,837 thousand. The contracts will be settled within 25 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies of Comarch Group, in which the remuneration is set in a foreign currency.

18. Characteristic of Policy of the Development Direction in the Comarch Group

The strategic development directions in the Comarch Group are:

- development of international sales, especially focusing on mature markets in Western Europe (in particular in the DACH region) and both Americas,
- constant development of its own technologically advanced products, high expenses for R&D,
- development of products and IT services for medicine,
- development of sales of IT products and services as cloud computing,
- diversification of an offer through sales of products and services to customers in many economic sectors,
- continuation of development works within IT solutions for e-Health sector which should become one of the main sources of customers for the Comarch Group in the future,
- strict cooperation with global customers in international markets,
- constant investment in human resources,
- development of a modern production base in Poland and abroad.

19. Achievements within Research and Development

Globalisation of world economy, as well as liberalisation of trade, result in disappearance of barriers for companies and their products. The IT market becomes an open and global market where prices and quality of available products are continuously compared against each other. Along with increase in the presence of foreign capital in Poland, even IT companies conducting operations solely in the Polish market must offer competitive products from the point of view of the global market. Comarch, since the very beginning of its operations, has had reputation of a technological Company developing and successfully selling products competitive internationally. Therefore, the main strategic objectives of the Company are still development of new competitive products to enable further development of Comarch and, as a result, increasing its value. Maintaining dynamics of sales requires expenditures for development of products as well as their proper promotion and marketing. This applies to both modifications of already existing products and technologies as well as developing new products.

The present policy of Comarch assumes running research and development work related to implementation of new products and standardisation of products from the very beginning of their preparation for the client. Thus, even in cases when a product was developed for the needs of a particular client, a part or whole of software / code may be then used for preparation of a standard product. This results in higher profitability of particular contracts and expansion of the client base.

Expenses for research and development works amounted to PLN 179.3 million, thus reached 16.3% of revenue in 2017. Comarch allocated their internal funds as well as acquired actively European funds.

Comarch S.A.

In 2017, as part of Measure 1.1 of the **Intelligent Development Operational Program 2014-2020** co-financed by the European Regional Development Fund, a contract was signed for co-financing the project "Production of technology" IoT Mesh "and supporting tools".

Under the **Operational Programme Intelligent Development** Measure 1.1 "R&D projects of enterprises", Sub-Measure 1.1.2 "R&D works for the production of pilot/demonstration plant", the "City of health" project was implemented.

Whereas under the Measure 2.1 Support for investment of R&D infrastructure of enterprises, it was implemented the project: "Research and development facility for Internet of Things".



Fundusze Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



Comarch Healthcare S.A.

In 2017, within the Strategic program of scientific research and development "Prevention and treatment of civilization diseases" - STRATEGMED II, an agreement was signed for subsidizing the project "Non-invasive monitoring for early detection of atrial fibrillation (AF)" - NOMED-AF.



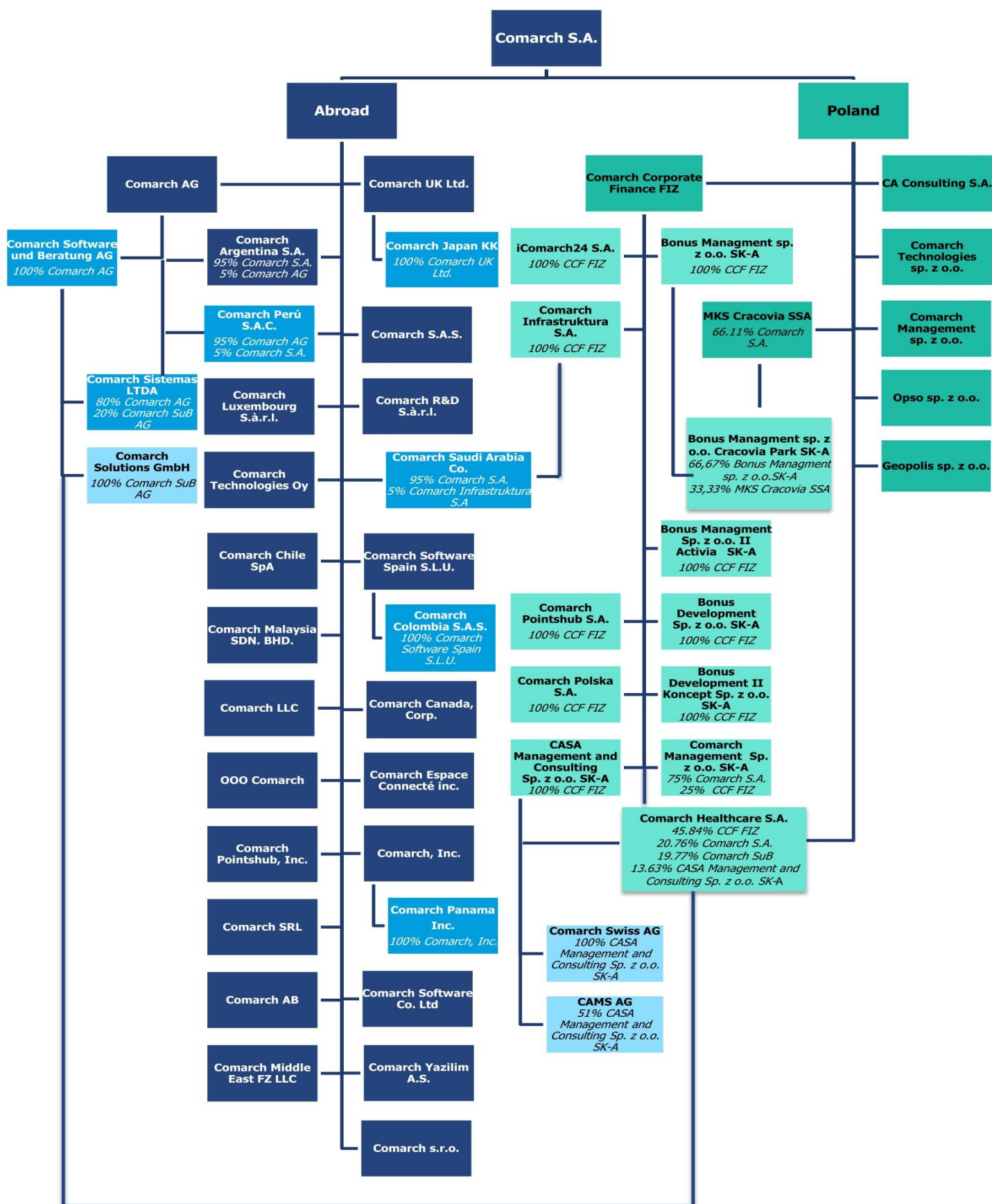
Narodowe Centrum
Badań i Rozwoju

Within the Program of Applied Research the implementation of the project "Research on spatial navigation methods in endoscopic diagnosis of peripheral lung nodule" was continued, in which Comarch Healthcare S.A. is a partner.



20. Capital Affiliations of the Issuer

20.1. Capital Structure of the Comarch Group



■ 100% Comarch S.A., unless otherwise indicated.

20.2. Characteristics of Companies in the Comarch Group

The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is a parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the Parent Company is not limited.

The structure of activities of the Comarch Group is as follows:

- The Parent Company Comarch S.A. acquires the majority of contracts and in large part executes them;
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch, Inc., Comarch Panama, Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co. and Comarch Software (Shanghai) Co. Ltd. acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- Comarch Polska S.A. acquires IT contracts in domestic market, mostly in public sector and executes them in their entirety or in part;
- Comarch Technologies sp. z o.o. is responsible for developing technologies related to design and production of electronic devices and related software;
- CA Consulting S.A. specialises in data communications relating to the provision of connections for the own needs of the Comarch Group, as well as the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor;
- Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty conducts investment activity (through its subsidiaries) in the scope of new technologies and services, as well as investment activities on capital market;
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A., Bonus Management sp. z o.o. II Activia SK-A and Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT;
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates;
- Comarch Healthcare S.A. manufactures and sells software related to medicine, medical devices, and provides medical and diagnostics services, as well as manufactures and delivers comprehensive IT solutions for medical sector;
- The subject matter of activities of Comarch Pointshub S.A. are activities related to Smart City;
- Comarch Infrastruktura S.A. (formerly Infrasturktura24 S.A.) offers services related to Data Centre and IT services outsourcing;
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group;
- Geopolis sp. z o.o. implements integrated GIS systems in public administration units;
- MKS Cracovia SSA conducts sports activities and promotes physical education;
- "Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością" Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation;

- Opso sp. z o.o. provides catering services;
- Comarch s.r.o. is currently not operating.

PARENT COMPANY

Company: **Comarch Spółka Akcyjna COMARCH**
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 350527377
NIP (Polish Identification Tax Number): 677-00-65-406

The Parent Company - shares of the company are admitted to trading in the Warsaw Stock Exchange and are held, according to the knowledge of the company as at the date of preparation of this report, by Janusz Filipiak (32.88% of shares), Elżbieta Filipiak (10.40% of shares), members of the Management Board (1.13%).

The company has branches in Krakow, Warsaw, Poznań, Gdańsk, Wrocław, Katowice, Gliwice, Rzeszów, Bielsko-Biała, Białystok, Łódź, Lublin, Tarnów, Kielce and Tirana (Albania).

SUBSIDIARIES

Company: **Comarch AG COMARCH**
Address: Chemnitzer Str. 59b, 01187 Dresden, Germany
VAT ID: DE 206 522075

The company's share capital is EUR 15,000,000.00. It consists of 15,000,000 ordinary bearers' shares of nominal value of EUR 1 each, held by Comarch S.A. Total number of votes resulting from Comarch AG shares amounts to 15,000,000. Comarch S.A. holds 100% shares and votes at the company's general annual meeting. The company's business is the sale and implementation of IT solutions Comarch on the DACH market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch AG is Comarch S.A.'s subsidiary.

Company: **Comarch Software und Beratung AG (Comarch SuB) COMARCH**
Address: Riesstr. 16, 80992 Munich, Germany
VAT ID: DE129457436

Comarch AG holds 6,213,072 shares of Comarch SuB, which constitute 100% of the company's share capital. This gives 6,213,072, i.e. 100% share of the total votes at the company's annual general meeting. The company is active on the IT market, mostly in Germany and Austria, offering its products and services to three business segments: ERP, finance and integration of systems for medium sized enterprises. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch SuB is Comarch S.A.'s subsidiary (through Comarch AG).

Company: **Comarch Solutions GmbH COMARCH**
Address: Innsbruck - Müllerstr. 1, 6020 Innsbruck, Austria
VAT ID: ATU46234800

The company's share capital is EUR 50,000.00. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Solutions GmbH is Comarch S.A.'s subsidiary (through Comarch Software und Beratung AG).

Company: **Comarch SAS COMARCH**
Address: 17 rue Paul Langevin, 59260 Lezennes, France
VAT ID: FR 20500252606

Comarch S.A. holds 100% of Comarch SAS shares, that constitute 100% of the share capital and 100% of votes at the meeting of shareholders. The share capital of Comarch SAS amounts to EUR 3,308,429. On 10th of December, 2015, the share capital was lowered to cover losses from previous years and at

the same time share capital was increased to the amount of EUR 3,308,429. On the 10th of December, 2015, the company sold its shares of Comarch R&D SARL to Comarch S.A. The company's business is the sale and implementation of Comarch IT solutions in the French-speaking market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch SAS is a subsidiary of Comarch S.A.

Company: **Comarch R&D S.à r.l. COMARCH**
Address: 100A, allée Saint Exupéry, 38330 Montbonnot-Saint Martin, France
VAT ID: FR 69507984557

From the 10th of December, 2015, Comarch S.A. holds 100% of shares in Comarch R&D SARL, representing 100% of the share capital and 100% votes at the shareholders meeting. The share capital of Comarch R&D S.à r.l. amounts to EUR 7,500 and consists of 750 shares of nominal value of EUR 10 each. The business of Comarch R&D S.à r.l. is sales and implementation of Comarch IT solutions in the French-speaking market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch R&D S.à r.l. is a subsidiary of Comarch S.A.

Company: **Comarch Luxembourg S.à r.l. COMARCH**
Address: Route d'Arlon 23,
L-8008 Strassen, Grand Duchy of Luxembourg
VAT ID: LU24700126

Comarch S.A. holds 100% shares of Comarch Luxembourg S.à r.l., that constitute 100% of the share capital and 100% of votes at the meeting of shareholders. The share capital of Comarch Luxembourg S.à r.l. amounts to EUR 500,000 and consists of 500,000 shares of nominal value of EUR 1 each. Total number of votes at the company's general meeting amounts to 500,000. The subject matter of activities of Comarch Luxembourg S.à r.l. is sales and implementation of IT systems in Benelux countries. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Luxembourg S.à r.l. is Comarch S.A.'s subsidiary.

Company: **Comarch, Inc. COMARCH**
Address: 10 W. 35th St. 9450 W. Bryn Mawr Ave
Suite 325 Rosemont, IL 60018
VAT ID: 52-2207301

The company sells Comarch software and services in the markets of both Americas. The company's share capital is USD 40,000. Comarch S.A. holds 100% of interest in the company's share capital and 100% shares in votes at the AGM of the company. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch, Inc. is Comarch S.A.'s subsidiary.

Company: **Comarch Pointshub, Inc. COMARCH**
Address: 10 W. 35th St. 9450 W. Bryn Mawr Ave
Suite 325, Rosemont, IL 60018
VAT ID: 47-4563861

The subject matter of activities of Comarch Pointshub, Inc. are investment activities on capital and IT market. The company's share capital is USD 8,500,000. Comarch S.A. holds 100% of interest in the company's share capital and 100% shares in votes at the AGM of the company. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch, Pointshub, Inc. is Comarch S.A.'s subsidiary.

Company: **Comarch Panama, Inc. COMARCH**
Address: Calle 52 Este, Obarrio
Edificio P.H. Plaza Ejecutiva
Piso 3, Oficina 307
Panama City, Panamá
Telephone/fax: +507 263 25 69

VAT ID: RUC 698712-1-468218 DV95

The company's share capital is USD 360,000 and is divided into 360,000 shares of nominal value of USD 1 each. The company sells and implements Comarch IT systems in the Central and Southern America market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Panama, Inc. is Comarch S.A.'s subsidiary (through Comarch, Inc.).

Company: **Comarch Sistemas LTDA COMARCH**
Address: Avenida Roque Petroni Junior n° 1.089
Vila Gertrudes, Sao Paulo, Brasil
VAT ID: 20.035.102/0001-50

The company's share capital is BRL 1,000,000 and is divided into 1,000,000 shares of nominal value of BRL 1 each. Comarch AG holds 80% of Comarch Sistemas LTDA shares that constitute 80% of the share capital and 80% of votes at the meeting of shareholders and Comarch Software und Beratung AG holds remaining 20% of Comarch Sistemas LTDA shares. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Sistemas LTDA is Comarch S.A.'s subsidiary (through Comarch Software und Beratung AG).

Company: **Comarch Canada, Corp. COMARCH**
Address: 1155 blvd Rene-Levesque Ouest
Suite 2500, Montreal, QC H3B 2K4 Canada
VAT ID: GST/HST 81055 8403 RT0001

The company's share capital is CAD 50,000 and is divided into 50,000 shares of nominal value of CAD 1 each. Comarch S.A. holds 100% of shares and votes of the company. The company sells and implements Comarch IT systems in Canada. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Canada, Corp. is Comarch S.A.'s subsidiary.

Company: **Comarch Espace Connecté, Inc.**
Address: 1155 Boul. Rene-Levesque O. Suite 2500,
Montreal QC H3B 2K4
VAT ID: 1222643674 IC 0001

The company's share capital is CAD 400,000 and is divided into 400,000 registered shares of nominal value of CAD 1 each. The sole shareholder of Comarch Espace Connecté Inc. is Comarch S.A. Currently, the company does not operate.

Company: **Comarch Middle East FZ-LLC COMARCH**
Address: PO. Box 500824 Dubai, United Arab Emirates
Register no.: 19879

The company's share capital is AED 200,000 and is divided into 200 shares of AED 1,000 each (as at the 31st of December, 2017, AED 1 is worth PLN 0,9591). Comarch S.A. acquired all the shares for cash at nominal value. The company sells and implements Comarch products in the Middle East and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Middle-East FZ-LLC is Comarch S.A.'s subsidiary.

Company: **Comarch Malaysia SDN. BHD. COMARCH**
Address: B-3A-06 Block B West, PJ8 Service Suites
No 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya
Register no.: 1138689-D
VAT ID: 000638922752

The company's share capital is MYR 500,000. Comarch S.A. owns 100% share in the share capital, which entitle to 100% votes at the AGM. The company's business is the sale and implementation of Comarch IT solutions in the Asian market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Malaysia SDN.BHD. is Comarch S.A.'s subsidiary.

Company: **Comarch Software Spain S.L.U. COMARCH**
Address: Calle Caléndula, 93, Miniparc III Edificio E, Alcobendas 28109, Madrid,
VAT ID: B87128849

The company's share capital is EUR 1,100,000 and is divided into 110,000 shares of nominal value of EUR 10 each. Comarch S.A. holds 100% of shares in the company's share capital and 100% votes at the AGM of the company. The company's business is the sale and implementation of Comarch IT solutions in the Spanish-speaking markets. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Software Spain S.L.U. is Comarch S.A.'s subsidiary.

Company: **Comarch Yazilim A.S. COMARCH**
Address: Matbuat Sok. Durukan Apt. No:17/6 Esentepe, Şişli/ Stambul, Turkey
VAT ID: 2110683747

The company's share capital is TRY 600,000 (1 TRY amounts to PLN 0.9235 as of the 29th of December, 2017) and is divided into 600,000 shares of nominal value of TRY 1 each. The sole shareholder of the company is Comarch S.A. The company's business is the sale and implementation of Comarch IT solutions in the Turkish market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Yazilim A.S. is Comarch S.A.'s subsidiary.

Company: **Comarch S.R.L. COMARCH**
Address: Piazza Quattro Novembre 7, 20124 - Milan (MI), Italy
VAT ID: 08967390967

The company's share capital is EUR 1,753,386,50. Comarch S.A. holds 100% of the company's shares. The company's business is the sale and implementation of Comarch IT solutions in the Italian market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch S.R.L. is Comarch S.A.'s subsidiary.

Company: **Comarch LLC COMARCH**
Address: 18/7 Kutuzova Str., 01133 Kiev, Ukraine
VAT ID: 329182826556

The company's share capital is UAH 20,500 (as at the 31st of December, 2017, UAH 1 amounts to PLN 0.1236). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The registered company is a one-person limited liability company. It sells and implements Comarch products in Ukraine and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch LLC is Comarch S.A.'s subsidiary.

Company: **OOO Comarch COMARCH**
Address: Bakhrushina 32/1 115054 Moscow, Russia
VAT ID: INN/KPP 7704545099/770401001

The company's share capital is worth RUB 1,200,000 and it corresponds to 1 share at nominal value of RUB 1,200,000 (as at the 31st of December, 2017, RUB 1 amounts to PLN 0.0604). The company's share capital was paid in total in cash. The company sells and implements Comarch products in Russia and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, OOO Comarch is Comarch S.A.'s subsidiary.

Company: **Comarch Software (Shanghai) Co. Ltd. COMARCH**
Address: Room 3610-2, Block 11, No.3855 Shangnan Road Pudong New Area, Shanghai, China
VAT ID: 310115690128967

The company's share capital is worth USD 200,000 and Comarch S.A. holds it in total. The company resumed operating activities in 2017. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Software (Shanghai) Co. Ltd. is Comarch S.A.'s subsidiary.

Company: **Comarch Technologies Oy COMARCH**
Address: Tekniikantie 14
02150 Espoo, Finland
VAT ID: FI23730145

The company's share capital is worth EUR 50,000 and is divided into 50,000 shares of nominal value of EUR 1. Total number of votes resulting from all company's shares amounts to 50,000. Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the Finnish market. Pursuant to the Act on Accounting dated 29th of September, 1994, Comarch Technologies Oy is Comarch S.A.'s subsidiary.

Company: **Comarch UK Ltd. COMARCH**
Address: 201 Great Portland Street, London, W1W 5AB, Great Britain
VAT ID: GB 133 0821 52

The company's share capital is GBP 50,000. Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the British market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch UK is Comarch S.A.'s subsidiary.

Company: **Comarch Chile SpA COMARCH**
Address: Apoquindo N° 3650, piso 12 Santiago, Chile
VAT ID:

The company's share capital is CLP 161 million (as at the 31st of December, 2017, CLP 1 amounts to PLN 0.5663). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the South American market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Chile SpA is Comarch S.A.'s subsidiary.

Company: **Comarch AB COMARCH**
Address: C/o Bobowski, Flygfältsgatan 1, 128 30 Skarpnäck, Sweden
VAT ID: SE559018956801

The company's share capital is SEK 50,000 (as at the 29th of December, 2017, SEK 1 amounts to PLN 0.4243). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the Swedish market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch AB is Comarch S.A.'s subsidiary.

Company: **Comarch Argentina S.A. COMARCH**
Address: Suipacha 1380, 2° Floor, Buenos Aires, Argentina
CUIT: 30-71425465-7

The company's share capital is ARS 3,298,195 (as at the 31st of December, 2017, ARS 1 amounts to PLN 0.1926). Comarch S.A. holds 95% of the company's shares that entitle to 95% votes and Comarch

AG holds remaining 5% of Comarch Argentina S.A. shares. The company's business is the sale and implementation of Comarch IT solutions in the Argentinean market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Argentina S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch s.r.o. COMARCH**
Address: Sumbalova 1a 841 04 Bratislava, Slovakia

The company's share capital is EUR 149,372.63. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch s.r.o. is Comarch S.A.'s subsidiary. Currently, the company does not operate.

Company: **Comarch Swiss AG COMARCH**
Address: Luzern Mühlemattstraße 8, 6004 Luzern, Switzerland
VAT ID: 472274

The company's share capital is CHF 300,000 and is divided into 300 registered shares of nominal value of CHF 1,000 each. They entitle to 300 votes at the general meeting. 100% of the company's shares were held by Casa Management and Consulting sp. z o.o. SKA. The company sells the Comarch Group's products in Switzerland. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Swiss AG is Comarch S.A.'s subsidiary (through CCF FIZ and CASA Management and Consulting sp. z o.o. SKA).

Company: **CAMS AG COMARCH**
Address: Luzern Mühlemattstraße 8, 6004 Luzern, Switzerland
VAT ID: CHE-273.360.056

The company's share capital is CHF 100,000 and is divided into 1,000 registered shares of nominal value of CHF 100 each. They entitle to 1,000 votes at the general meeting. 51% of the company's shares were held by Casa Management and Consulting sp. z o.o. SKA. Pursuant to the Act on Accounting dated the 29th of September, 1994, CAMS AG is Comarch S.A.'s subsidiary (through CCF FIZ and CASA Management and Consulting sp. z o.o. SKA).

Company: **Comarch Colombia SAS COMARCH**
Address: Calle 72 NO 10-07 Of 603 Bogota D.C.
Bogota, Colombia
VAT ID: NIT 900967807-1

The company's share capital is COP 182,000,000. The company sells and implements Comarch IT systems in the Central and Southern America market. Comarch Software Spain S.L.U. holds 100% of the company's shares that entitle to 100% votes. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Argentina S.A. is Comarch Colombia SAS subsidiary (through Comarch Software Spain S.L.U.).

Company: **Comarch Peru SAC. COMARCH**
Address: Av. Republica de Panama,
3420 Urb. Limatambo Dpto.,
1701 Lima-Lima- San Isidro
VAT ID: 20601740924

The company's share capital is PEN 165,000 of which PEN 8 250 was paid by Comarch S.A. and the other PEN 156 750 by Comarch AG. The company sells and implements Comarch IT systems in the Central and Southern America market. Comarch Software Spain S.L.U. holds 100% of the company's shares that entitle to 100% votes. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Argentina S.A. is Comarch Colombia SAS subsidiary (through Comarch Software Spain S.L.U.).

Company: **Comarch Saudi Arabia Co. COMARCH**
Address: 1st Floor, The Plaza Complex, Olaya Street, Olaya, P.O. Box 84421,
Riyadh 11671, Kingdom of Saudi Arabia
License No.: 210380472112

The company's share capital is SAR 1,000,000. Comarch S.A. holds 95% of Comarch Saudi Arabia Co. shares and Comarch Infrastruktura S.A. holds remaining 5% of Comarch Saudi Arabia Co. shares. The company sells and implements Comarch IT systems in Kingdom of Saudi Arabia. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Saudi Arabia Co. is Comarch S.A.'s subsidiary.

Company: **Comarch Japan KK COMARCH**
Address: Ark Mori Bldg. 12-32, Akasaka 1-Chome, Minato-Ku, Tokyo

The company's share capital is JPY 5,000,000. Comarch UK Ltd holds 100% of Comarch Japan KK shares. The company sells and implements Comarch IT systems in Japan. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Japan KK is Comarch S.A.'s subsidiary (through Comarch UK Ltd).

Company: **Comarch Technologies sp. z o.o. COMARCH**
Address: **(Polish law limited liability Technologies company)**
31-864 Krakow,
Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 300075359
NIP (Polish Identification Tax Number): 2090000305

The company's share capital is PLN 50,000 and is divided into 500 shares of PLN 100 each. They entitle to 500 votes at the company's annual general meeting. Comarch S.A. holds 100% shares which entitle to 100% votes at the company's annual general meeting. Comarch Technologies sp. o.o. is engaged in the development of secure solutions for end-to-end hardware and software for B2B customers. The basis for development is the experience gained in the field of prototyping, production and quality control of solutions in the area of consumer electronics and industries like automotive, medical and finance & banking. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Technologies sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **CA Consulting S.A. CA CONSULTING**
(joint stock company)
Address: Al. Jerozolimskie 81, 02-001 Warsaw
Regon (Polish National Official Register of Business Entities): 356846563
NIP (Polish Identification Tax Number): 678-29-24-039

The company's share capital is PLN 1,050,000 and is divided into 5,250 shares at nominal value of PLN 200 each that give 5,250 votes. Comarch S.A. holds 100% of CA Consulting S.A. shares entitling to 100% votes at the AGM of the company. CA Consulting S.A. specialises in data communications relating to the provision of connections for the own needs of the Comarch Group, as well as the provision of IT and consulting services for Comarch's contractor. Pursuant to the Act on Accounting dated 29th of September, 1994, CA Consulting S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch Management spółka z o. o. COMARCH**
(Polish law limited liability company)
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120560832
NIP (Polish Identification Tax Number): 675-13-76-192

The share capital of Comarch Management sp. z o.o. amounts to PLN 300,000 and consists of 3,000 shares of nominal value of PLN 100 each. They entitle to 3,000 votes. Comarch S.A. holds 100% of

Comarch Management sp. z o.o. shares entitling to 100% of votes at the shareholders' meeting of the company. The subject matter of activities of Comarch Management sp. z o.o. are investment activities on capital and IT market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Management sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty (CCF FIZ) (closed investment fund)**
Address: 31-038 Krakow, ul. Księcia Józefa 186
Regon (Polish National Official Register of Business Entities): 120576141
NIP (Polish Identification Tax Number): 106-00-01-334

Comarch S.A. holds four investment certificates of the fund, acquired within the frame of issuance of series A certificates for the issue price of PLN 250,000 each. The total purchase price of the acquired 4,000 investment certificates amounted to PLN 1,000,000. They constitute 100% of investment certificates issued by the fund and entitle to 100% of votes at meeting of the fund's investors. Comarch S.A. purchased the above-mentioned investment certificates from its own resources. CCF FIZ conducts an investment activity in the scope of new technologies and Internet services that are not Comarch S.A.'s basic activities.

Company: **Comarch Management spółka z o. o. Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120578542
NIP (Polish Identification Tax Number): 675-13-76-542

The share capital of Comarch Management sp. z o. o. SKA amounts to PLN 170,110. CCF FIZ holds 8.82% of shares entitling to 25% of votes, Comarch S.A. holds 26.45% of shares entitling to 75% of votes and 64.73% of shares were purchased by Comarch Management sp. z o.o. SKA for redemption. Shares purchased by Comarch Management spółka z o.o. SKA for redemption doesn't give any votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Management sp. z o.o. SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management sp. z o.o. Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Kraków, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 120641766
NIP (Polish Identification Tax Number): 676-23-69-528

The company's share capital is PLN 2,879,400 and is divided into 2,876,400 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares which give 100% of votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management sp. z o.o. II Activia Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 121358009
NIP (Polish Identification Tax Number): 6762430883

The company's share capital is PLN 1,555,200 and is divided into 1,555,200 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares which give 100% of votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. II Activia SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management sp. z o.o. Cracovia Park Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 123092610
NIP (Polish Identification Tax Number): 676-24-75-383

With the notarial deed of the 25th of March, 2014, Bonus Management sp. z o.o. Cracovia Park spółka komandytowo-akcyjna was established. Its share capital amounts to PLN 800,000 and is divided into 800,000 shares with nominal value of PLN 1 each. Bonus Management spółka z ograniczoną odpowiedzialnością SKA holds 50% of the share capital (66.67% of votes at the company's AGM) and MKS Cracovia SSA holds 50% of the share capital (33.33% of votes at the company's AGM). Bonus Management sp. z o. o. Cracovia Park SKA conducts investment activities in real estates and related to sports and recreation. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. Cracovia Park SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Development sp. z o.o. Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 120637434
NIP (Polish Identification Tax Number): 676-23-68-121

The company's share capital is PLN 5,640,000 and is divided into 5,640,000 shares of nominal value of PLN 1. 50,000 preference series A shares entitle to 100,000 votes and 5,590,000 ordinary shares give 5,590,000 votes. CCF FIZ holds 100% of the company's shares entitling to 100% votes. Bonus Development sp. z o. o. SKA conducts real estate development activities and real estate management in Comarch Group. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Development sp. z o. o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).


Company: **Bonus Development sp. z o.o. II Koncept Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 121376250
NIP (Polish Identification Tax Number): 6762432161

The company's share capital is PLN 101,263 and is divided into 101,263 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares entitling to 100% votes. Bonus Development sp. z o. o. II Koncept SK-A acts real estate development activities and real estate management in Comarch Group. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Development sp. z o. o. SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).


COMARCH Healthcare
Company: **Comarch Healthcare S.A. (joint stock company)**
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120652221
NIP (Polish Identification Tax Number): 675-13-82-502

Comarch Healthcare S.A. was created from the merger of iMed24 S.A. and ESAProjekt sp. o.o. (registration in the National Court on the 1st of July, 2015). The company's share capital is PLN 10,114,806 and is divided into 10,114,806 shares of nominal value of PLN 1. These shares entitles to a total of 10,114,806 votes at the general meeting of shareholders. CCF FIZ holds 45.83% of the company's shares (45.83% of votes), Comarch S.A. holds 20.76% of the company's shares (20.76% of votes), Comarch Software und Beratung AG holds 19.77% of the company's shares (19.77% of votes) and CASA Management and Consulting sp. z o.o. SKA holds 13.63% of shares (13.63% of votes). The

company is one of the leading Polish manufacturers and suppliers of comprehensive solutions for the health sector, conducts IT projects related to telemedicine, as well as owns the Medical Centre iMed24. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Healthcare S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Polska S.A.** 
(joint stock company)
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120705696
NIP (Polish Identification Tax Number): 675-13-87-586

The company's share capital is PLN 500,000 and is divided into 5,000 shares of nominal value of PLN 100, entitling to 5,000 votes at the AGM. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Polska S.A. sells IT systems for public sector customers. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Polska S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Pointshub S.A.** 
(joint stock company)
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120792583
NIP (Polish Identification Tax Number): 675-14-02-274

The company's share capital is PLN 750,000 and is divided into 7,500 shares of nominal value of PLN 100, entitling to 7,500 votes at the AGM. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Pointshub S.A. produces and implements new generation loyalty. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Pointshub S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Infrastruktura S.A. (joint stock company)** 
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120807830
NIP (Polish Identification Tax Number): 675-14-03-084

The company's share capital is PLN 575,000 and is divided into 5,750 shares of nominal value of PLN 100, entitling to 5,750 votes. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Infrastruktura S.A. offers outsourcing of IT services. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Infrastruktura S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **iComarch24 S.A. (joint stock company)** 
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120871348
NIP (Polish Identification Tax Number): 6751410687


The company's share capital is PLN 500,000 and is divided into 5,000 shares of nominal value of PLN 100, entitling to 5,000 votes. CCF FIZ holds 100% of the company's shares (100% of votes). The company provides accounting services for domestic subsidiaries of Comarch Group as well as manufactures and sells financial and accounting software in the Cloud model for small and medium-sized enterprises. Pursuant to the Act on Accounting dated the 29th of September, 1994, iComarch24 S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **CASA Management and Consulting sp. z o.o. Spółka Komandytowo-Akcyjna (limited joint-stock partnership)** 
Address: ul. Szarskiego 18, 30-698 Krakow

Regon (Polish National Official Register of Business Entities): 121040023

NIP (Polish Identification Tax Number): 6793020643

The company's share capital is PLN 3,114,000 and is divided into 31,140 shares of nominal value of PLN 100, entitling to 31,140 votes. CCF FIZ holds 100% of the company's shares (100% of votes). CASA Management and Consulting sp. z o.o. SK-A conducts investment activity on capital market. Pursuant to the Act on Accounting dated the 29th of September, 1994, CASA Management and Consulting sp. z o.o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Geopolis Sp. z o.o.** 
(Polish law limited liability company)
Address: ul. Włocławska 167, 87-100 Toruń
Regon (Polish National Official Register of Business Entities): 146720793
NIP (Polish Identification Tax Number): 524-276-02-89

The company's share capital is PLN 50,000. Comarch S.A. holds 100% of Geopolis sp. z o.o. Geopolis sp. z o.o. supports informatization in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Saudi Arabia Co. is Comarch S.A.'s subsidiary.

Company: **Opso sp. z o.o.**
(Polish law limited liability company)
Address: 31-864 Krakow, ul. prof. Michała Życzkowskiego 23
Regon (Polish National Official Register of Business Entities): 122485307
NIP (Polish Identification Tax Number): 675-147-11-92

The share capital of Opso sp. z o.o. amounts to PLN 205,000 and consists of 100 at nominal value of PLN 2,050 each, entitling to 100 votes. Comarch S.A. holds 100% sp. z o.o. shares entitling to 100% votes at the AGM of the company. Opso sp. z o.o. provides catering services. Pursuant to the Act on Accounting dated 29th of September, 1994, Opso sp. z o.o. is Comarch S.A.'s subsidiary.



shares
Opso

Company: **Miejski Klub Sportowy Cracovia Sportowa Spółka Akcyjna**
(Polish city sports club)
Address: 30-111 Krakow, ul. Kałuży 1
Regon (Polish National Official Register of Business Entities): 351553230
NIP (Polish Identification Tax Number): 677-20-79-476



The share capital of MKS Cracovia SSA is 21,840,100 PLN and is divided into 218,401 shares. Comarch S.A. holds 144,381 shares and 144,381 votes at the AGM of MKS Cracovia SSA that constitute 66.11% of the company's share capital. The company conducts sports activities. Pursuant to the Act on Accounting dated the 29th of September, 1994, MKS Cracovia SSA is Comarch S.A.'s subsidiary.


ASSOCIATES

Company: **SoInteractive S.A.**  sointeractive
(joint stock company)
Address: 31-864 Krakow, ul. Prof. Michała Życzkowskiego 29 a
Regon (Polish National Official Register of Business Entities): 120629191
NIP (Polish Identification Tax Number): 676-23-66-843

The company's share capital is PLN 791,000 and is divided into 7,910 shares of nominal value of PLN 100, entitling to 12,420 votes. CCF FIZ holds 25.28% of the company's shares, which give 16.1% of votes. Bonus Management sp. z o.o. II Activia SKA holds 17.7% of the company's shares, which give 11.27% of votes. The Company's business is to create gamification solutions B2C, B2B and B2E and mechanisms of games and the Internet of Things. Pursuant to the Act on Accounting dated the 29th of September, 1994, SoInteractive S.A. is Comarch S.A.'s associate.

Company: **Metrum Capital S.A. (Volatech Capital Advisors S.A.)**
(joint stock company)
 Address: ul. Kałuży 1, 30-111 Krakow
 Regon (Polish National Official Register of Business Entities): 0000502255
 NIP (Polish Identification Tax Number): 6772380164

The company's share capital is PLN 700,000. Comarch S.A. holds 21.43% of the share capital (15.79% of votes at the company's AGM) and CAMS AG holds 42.86% of the share capital (31.58% of votes at the company's AGM). The Company's business is the production IT software that supports investments in the capital market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Metrum Capital S.A. is Comarch S.A.'s associate (directly and through CCF FIZ).

Company: **Thanks Again LLC** 
 Address: 1015 Tyrone Road, Suite 820, Tyrone, GA 30290
 Regon (Polish National Official Register of Business Entities): 120629191
 NIP (Polish Identification Tax Number): 676-23-66-843

Comarch S.A. holds 42.5% of Thanks Again LLC shares (42.5% of votes). Thanks Again LLC is an operator of loyalty systems for airports in North America. Pursuant to the Act on Accounting dated the 29th of September, 1994, Thanks Again LLC is Comarch S.A.'s associate (through Comarch Pointshub Inc.).

20.3. Changes in Ownership and Organisational Structure in 2017

On the 19th March, 2017, a company Comarch Saudi Arabia Co. headquartered in Riyadh, was registered. The share capital of the company amounts to SAR 1 million and consists of 1,000 shares with a nominal value of SAR 1,000 each. Comarch S.A. owns a 95% of shares, while Comarch Infrastruktura S.A. owns 5% of shares of Comarch Saudi Arabia Co.

On the 27th of March, 2017, the Extraordinary General Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 8,114.806 thousand to PLN 10,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share. On the 24th of July, 2017, a mentioned share capital increase was registered in the National Court.

On 3rd of April, 2017 Comarch S.A. acquired 100% of shares of Geopolis sp. z o.o., acquired the whole copyrights to the ERGO software which belongs to the Geopolis sp. z o.o. and committed itself to recapitalization of Geopolis sp. z o.o. by PLN 4 million, what took place in April. The total value of the transactions amounted to PLN 8.05 million. Geopolis sp. z o.o. supports informatization in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals. Acquiring of Geopolis sp. z o.o. will allow Comarch Group to expand the product portfolio dedicated to the public sector. Comarch S.A. announced details in current reports no. [RB-2-2017](#) (ENG: [RB-2-2017](#)) dated the 17th of March, 2017, no. [RB-4-2017](#) (ENG: [RB-4-2017](#)) dated the 31st of March, 2017 and no. [RB-5-2017](#) (ENG: [RB-5-2017](#)) dated the 4th of April, 2017. On the 10th of April, 2017, the Extraordinary

General Shareholders Meeting of Geopolis Sp. z o.o. adopted a resolution on the increase of share capital from PLN 50,000 to PLN 450,000 through the issue of 800 new interests with a nominal value of PLN 500 each. New interests were acquired in full by Comarch S.A., the only shareholder of Geopolis Sp. z o.o.. On the 31st of August, 2017, the capital increase was registered. The share capital consists of 900 shares and is worth PLN 450,000.

On the 5th of July, 2017, Comarch S.A. paid EUR 600,000 by way of an increase in the share capital in Comarch Software Spain S.L.U.

On the 7th of July, 2017, a company Comarch Japan KK headquartered in Tokyo was registered. The share capital of the company amounts to JPY 5 million and consists of 100 shares with a nominal value of JPY 50,000 each. Comarch UK owns a 100% of shares and votes.

On the 10th of October, 2017, a share capital increase of Comarch Argentina S.A. from the amount to ARS 100,000 to ARS 3,298,195 was registered.

On the 18th of October, 2017, the Extraordinary General Shareholders Meeting of Comarch Management Sp. z o.o. adopted a resolution on the increase of share capital from PLN 300,000 to PLN 400,000 through the issue of 1,000 new interests with a nominal value of PLN 100 each. New interests were acquired and paid in full by Comarch S.A. Until the date of publication of this report the capital increase has not been registered.

On the 27th of October, 2017, Comarch SRL has adopted a resolution about the increase of the share capital to the amount of EUR 900,000. The increase of share capital in amount of EUR 200,000 was paid by Comarch S.A., the only shareholder of the company. The surplus of shares sold above their nominal value in the amount of EUR 853,386.50 was allocated to covering the losses of Comarch SRL for the previous years.

20.4. Changes in Ownership and Organisational Structure in Comarch Group after the Balance Sheet Date

On the 22nd of March, 2018, the Extraordinary General Shareholders Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 10,114,806 to PLN 12,114,806. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share. Until the date of publication of this report the capital increase has not been registered.

21. Non-Financial Data Report

On 27th of April, 2018, the Company has published on the website www.comarch.pl Consolidated Non-Financial Data Report for 2017.

22. Transactions Concluded by the Issuer or its Subsidiary with Related Parties on Terms Different from Market Conditions

None present.

23. Commentary on Differences between Financial Results Presented in Annual Report and Results Forecast for the Given Year Published Before

The Group has not published the results forecast for 2017.

24. Factors and Events of Unusual Nature that Affect the Issuer Activities and the Achieved Results, as well as Their Appraisal

24.1. Deferred Income Tax Asset

During 2017, an asset due to activities in SEZ created as at the 31st of December, 2016, has been resolved in the amount of PLN 9,936 thousand (caused a decrease in the financial result). At the same time, an asset in the amount of PLN 8,863 thousand was created, which will be realized successively (as write-offs diminishing net profit of the Group) in proportion to the generation of tax income by Comarch S.A. achieved on exempt activities over 2018.

Over 2017, the Group made in part a settlement of deferred tax asset related to temporary differences created on the 31st of December, 2016, in the amount of PLN 6,059 thousand and a deferred tax asset related to temporary differences was created in the amount of PLN 4,556 thousand and also recognition and dissolution of an asset due to tax loss in the amount of minus PLN 1,194 thousand. The total effect of the above-mentioned operations on the net result of 2017 amounted to minus PLN 3,770 thousand.

Due to valuation of net assets of CCF FIZ, in 2017, the Group dissolved in part a deferred tax provision, which was recognised in the previous years and was worth PLN 445 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 4,921 thousand and dissolved in the amount of PLN 2,658 thousand. The total effect of the all above-mentioned operations on the net result of 2017 was minus PLN 1,818 thousand.

In total, changes in deferred tax resulted in a decrease in result of PLN 5,588 thousand.

24.2. Valuation of Currency Translation Differences

Realised exchange differences and balance sheet valuation of exchange differences on receivables and liabilities as of the 31st of December, 2017, decreased revenue and operating result of the Comarch Group by PLN 19,305 thousand (while for 2016 increased by PLN 6,795 thousand). Other exchange differences increased by PLN 6,849 thousand Comarch's result (while for 2016 decreased by PLN 3,796 thousand). Total currency translation differences resulted in a decrease of PLN 12,456 thousand in the Comarch Group's net result for 2017 (while for 2016 increased by PLN 2,999 thousand).

The valuation of financial instruments and realized transactions (mostly forward contracts), as well as provision for deferred income tax in reference to the valuation of the financial instruments increased the Group's net result by PLN 24,493 thousand (while in 2016 increased by PLN 790 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of the Comarch Group in 12 months of 2017 amounted to plus PLN 12,037 thousand (plus PLN 3,789 thousand in 2016).

24.3. Write-off Revaluing Receivables

As at the 31st of December, 2017, the Group recognized an impairment loss of trade receivables in the amount of PLN 6,394 thousand and reversed previously created write-offs in the amount of PLN 4,222 thousand due to the settlement of debts. These operations were included respectively in other operating income and expenses in the profit and loss account.

25. Changes in Methods of Company Management and Its Capital Group Management

None present.

26. Description of the Main Capital Deposits or the Main Capital Investments Made within the Comarch Group in the Given Year

They were described in point [12](#).

27. Data Referring to the Agreement Signed with the Entity Entitled to Audit Financial Statements

On the 29th of May, 2017, the Management Board of Comarch S.A. informed that, pursuant to art. 19 sec. 2 point 5) of the company's articles of association, the Supervisory Board selected BDO Sp. z o.o. with its registered office in Warsaw at ul. Postępu 12 (KRS 0000293339) to audit the financial statements and approved the conclusion of the Agreement between Comarch S.A. and BDO Sp. z o.o., in dealing with:

- review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30th of June, 2017,
- audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31st of December, 2017,
- review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30th of June, 2018,
- audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31st of December, 2018.

The Company announced details in current report no. [RB-11-2017](#), ENG: [RB-11-2017](#), dated the 29th of May, 2017.

The total net remuneration due on account of reviewing the above-mentioned financial statements was as follows:

No	Types of services	Remuneration (net value)- paid	Remuneration (net value)- due
2017			
BDO Spółka z ograniczoną odpowiedzialnością			
1.	Obligatory audit of annual financial statements for 2017	40,000.00	60,000.00
2.	Review of half-year financial statement for H1 2017 and agreed additional costs related to consolidation process	50,000.00	-
3.	Other services for Comarch S.A.	-	-
4.	Audit of annual financial statements of CA Consulting S.A., Comarch Polska S.A., Comarch Healthcare S.A., Comarch Technologies Sp. z o.o., Comarch Management Sp. z o.o S.K.A., Comarch Infrastruktura S.A., iComarch24 S.A., MKS Cracovia SSA, Comarch Pointshub S.A. for 2017	14,800.00	40,200
BDO Accountants Burg. CVBA			
1.	Other services for Comarch AG Belgian Branch	9,550.00	-
2016			
BDO Spółka z ograniczoną odpowiedzialnością			
1.	Other services for Comarch S.A.	2,150.00	-
2.	Audit of annual financial statements of CA Consulting S.A., Comarch Management Sp. z	54,000.00	-

o.o S.K.A., Comarch Infrastruktura S.A.,
iComarch24 S.A., MKS Cracovia SSA for 2016

BDO Accountants Burg. CVBA

1. Other services for Comarch AG Belgian Branch	1,125.00	-
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Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.

1. Obligatory audit of annual financial statements for 2016	135,000.00	-
Review of half-year financial statement for H1		
2. 2016 and agreed additional costs related to consolidation process	80,000.00	-
3. Other services for Comarch S.A.	8,000.00	-
4. Other services for other entities in Comarch Group	15,000.00	-

28. Systems that Control Employees Shares Programmes

None present.

29. Description of Company's policy in the field of business sponsorship and charity

Socially responsible business is, in an appreciable extent, based on activities for the benefit of the local community. Comarch Capital Group from the beginning of its activity has been widely involved in social activities, propagating the idea of creating a broad social platform, on the grounds of which sport and the latest IT technologies are promoted. Activities that promote a healthy lifestyle and environmental protection, help animals, as well as involvement in culture and supporting initiatives of local communities are also important.

COMARCH FOR CULTURE

Cooperation of Comarch S.A. and the St. Mary's church in Kraków under the project of revitalizing the musical space in the church.

Comarch S.A. has also made a significant donation for the renovation of organs in the St. Mary's church in Kraków and will be a co-founder of the new instrument and the entire project of revitalizing the musical space in the church.

- Comarch is increasingly implementing the policy of corporate social responsibility and is involved in activities for the protection and reconstruction of national heritage. We are a company from Krakow and we want this city to develop as a meeting place for lovers of broadly understood culture from around the world. That is why for several years we have been supporting organ music concerts in the St. Mary's Church, which gather crowds of music lovers. The basilica is the heart and symbol of Krakow, and the bugle call played from the St. Mary's tower is heard every day by residents from all over Poland and beyond. It's time that the sound of the organs would sound with perfection due to this place - says
prof. Janusz Filipiak, founder and president of Comarch S.A.

Another year in a row Comarch S.A. sponsored an event which became a part of Krakow's cultural calendar - the concert of Last Night of the Proms, and also another edition of the St. Mary's Organ Festival. The Krakow company has sponsored this musical event from the very beginning of its existence.

COMARCH CARES GRANT COMPETITION

Two editions of the #ComarchCares grant competition were held in 2017. Teams of employees of Comarch S.A. together with the selected institution could submit competition projects supporting local communities and contributing to solving problems in such areas as: new technologies, ecology and animal protection, culture, education, sport, addiction prevention, activities for the disabled, children and youth socially excluded, seniors. Last year, four projects received grants in the amount of PLN 2,500.

CHRISTMAS COLLECTIONS FOR LOCAL COMMUNITIES

In 2017, as in 2016, employees from Polish Comarch companies in branches throughout Poland joined the organization of holiday collections for people in need.

HELP FOR ANIMALS

During annual charity campaigns, employees of Polish Comarch Capital Group companies also remember about homeless animals. In 2017, were held once again, in the headquarters of the company in Krakow and several branches in Poland, material collections for shelters or foundations to help quadrupeds. In 2017, 11 institutions throughout Poland received support.

WE MADE KRAKÓW GREEN

250 seedlings of yews were planted by Comarch S.A. employees together with their families in the Florianka Garden in the Planty Park in Krakow. The campaign organized together with the Municipal Greenery Management will be continued in the future.

PULARIZATION OF SCIENCE

From the beginning of its activity, Comarch Capital Group has been actively cooperating with schools, universities and other educational institutions. In individual branches, employees create initiatives that involve spending time on students at dedicated courses or occasional meetings.

The company continues the program to start a career in the IT industry for students. In 2017 the 15th edition of the summer internship for students of IT and related fields was held. In addition, Comarch S.A., for the third time, joined the organization of the Małopolska Noc Naukowców.

SPORT AND HEALTHY LIFESTYLE

The Polish companies of the Comarch Capital Group have been involved in the promotion of sport among young people and residents of the Małopolska province for almost 25 years, mainly through the sponsorship of the Cracovia Sport Club by Comarch S.A. It also promotes a healthy and active lifestyle among its employees.

In Poland, Comarch encourages employees to come by bicycle to work, providing bicycle infrastructure and occasional bicycle-related activities. During the annual "Bicycle Breakfast" event, employees who came to work by bicycle on that day received a healthy snack. During the annual, large outdoor event for company employees and their families, sports competitions are organized. Many sporting events are also accompanied by sports activities. The Comarch Capital Group also encourages its employees to participate in outdoor sports events. Income from many of them is transferred for social purposes.

In 2017, the employees of the Comarch Capital Group companies in Poland participated in several running events in Poland, as well as volleyball and football competitions. Once again they tried their strength during Dragon Boat training.

In the summer of 2017, employees of the Comarch Capital Group companies in Poland have been able to face the training challenges of the ComarchONrun cross-country races, the ComarchONbike and ComarchONmove cycling competition for the third time.

The Comarch Recreation Centre is at the disposal of employees of the Comarch Capital Group companies in Krakow and their families.

30. Significant Legal, Arbitration or Administrative Proceedings

30.1. Proceedings Related to Liabilities or Receivables of the Issuer or a Subsidiary, which Value Constitutes at least 10% of Equities

None present.

30.2. Two or More Proceedings Related to Liabilities or Receivables of Issuer's or a Subsidiary, which Total Value Constitutes at least 10% of Equities and the Issuer's Opinion on the Matter

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 51,394 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31st of December, 2017, and are worth PLN 11,307 thousand. They include provisions for claims recognized in 2017 and worth PLN 2,127 thousand. In the opinion of the Management Boards in the entities of the Comarch Group and based on the opinions of legal advisors, there are no circumstances suggesting the necessity to create provisions for the rest of the claims in legal proceedings or matters in disputes but not legal proceedings.

Kraków, 27th of April, 2018

Name and surname	Position	Signature
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-President of the Management Board	
Paweł Prokop	Vice-President of the Management Board	
Andrzej Przewięźlikowski	Vice-President of the Management Board	
Zbigniew Rymarczyk	Vice-President of the Management Board	
Konrad Tarański	Vice-President of the Management Board	
Marcin Warwas	Vice-President of the Management Board	

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