

**Annex no. 1 to Resolution no 07/05/2021  
of Comarch S.A. Supervisory Board**

## **Comarch S.A. Supervisory Board Report 2020**

In 2020, there were the following members of the Supervisory Board:

- Elżbieta Filipiak – Chairman,
- Andrzej Pach - Vice-Chairman,
- Danuta Drobniak – Member,
- Łukasz Kalinowski - Member,
- Joanna Krasodomska - Member,
- Anna Pruska – Member,
- Tadeusz Włudyka - Member.

The Supervisory Board sat 5 times in 2020 (9<sup>th</sup> of March, 12<sup>th</sup> of May, 26<sup>th</sup> of May, 2<sup>nd</sup> of September and 7<sup>th</sup> of December). Additionally, the Audit Committee sat on 24<sup>th</sup> of April, 12<sup>th</sup> of May, 27<sup>th</sup> of August and 17<sup>th</sup> of December.

The major subjects addressed by the Supervisory Board at the sittings were:

- a) monitoring and analysis of the financial condition and organization at the company and Comarch Group,
- b) assessment of the Management Board's progress in implementing the company's strategy,
- c) assignation of business purposes for members of the Management Board and assessment of their implementation,
- d) acquaintance with activities of the selected business sectors at the company and Group,
- e) risk analysis and assessment for the company's and Group's operations,
- f) supervision of the internal system control in the Company and Group,
- g) formal-legal issues,
- h) assessment and approving the financial statements of the Company and Group,
- i) reporting of non-financial data.

The Supervisory Board's detailed scope of activities and the resolution considered in 2020 are set out in detail in the records from its sittings, which are to be found at the Company's headquarters in Krakow.

In connection with detailed principle no. II.Z.11. arising from the second part of the "Best Practice for GPW Listed Companies 2016", with the resolution 10/05/2020 of the 26<sup>th</sup> of May, 2020 the Supervisory Board of Comarch S.A. recorded a positive verdict with respect to the draft resolutions of the Annual General Shareholders' Meeting which took place on the 24<sup>th</sup> of June, 2020.

In line with detailed principle no. II.Z.1.14 arising from the first part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s 'Supervisory Board Report and Company's Assessment regarding 2019" was published at [www.comarch.pl](http://www.comarch.pl) (English version at [www.comarch.com](http://www.comarch.com)). It included information on the work of its committees and an assessment of the company's situation with regard to an appraisal of the internal

controlling and risk management systems vital to the company. The Supervisory Board assessed if there are relationships or circumstances, that may influence on the independence of a particular member of the Supervisory Board and the Supervisory Board decided, that at least two members of the Supervisory Board meets the independence criteria set out in the detailed principle number II.Z.4 of the "Best Practice for GPW Listed Companies 2016".

With reference to the scope of the report, the Supervisory Board monitored the current performance of the company and, gave its expert opinion concerning Comarch S.A.'s planned operations and those already in progress. In particular, the Supervisory Board reviewed the quarterly, six-monthly and annual (consolidated) financial statements of Comarch S.A. and the Comarch Group. With the publication of each of the financial reports there followed a sitting of the Supervisory Board. At these meetings the Board analysed the scope, rectitude, correctness and transparency of the data (including the financial data) presented by the company. The Supervisory Board learned in detail of financial situation of the particular company's business sectors. In this respect, the company's Management Board and authorized employees provided the Supervisory Board with access to documents and other information sources, prepared the necessary presentations for the Supervisory Board and were forthcoming with essential explanations and clarifications regarding the company's financial situation, activities undertaken by the company. The Supervisory Board had a meeting with representatives of the entity entitled to audit and review the (consolidated) financial statements of Comarch S.A. and the Comarch Capital Group. The Supervisory Board learned of the Company's organizational structure and made a recommendation in relation to its improvement. The Supervisory Board learned also of the situation and organization of the company's work in the conditions of the Covid-19 pandemic.

It is the opinion of the Supervisory Board that the accounting methods adopted by the Company and the Capital Group have been applied in accordance with the provisions of the law. It is the opinion of the Supervisory Board that cooperation with the Management Board of Comarch S.A. has been entirely successful and the Management Board has presented the necessary information correctly, clearly and with rectitude.

In 2020, BDO Sp. z o.o. Sp. k. (formerly BDO Sp. z o.o.) was the entity authorized to audit and review the financial statements of the company. The resolution of the Supervisory Board regarding selection of an auditor to provide auditing services for Comarch S.A.'s financial statements for 2019, 2020 and 2021 was concluded on the 27<sup>th</sup> of May, 2019. It is the opinion of the Supervisory Board that the entity authorized to audit and review the financial statements of Comarch S.A. and the Comarch Capital Group was selected within the terms of the prevailing law, and that the statutory auditors conducting them met the conditions required for expressing an unbiased and independent opinion in compliance with Polish law.

According to the Supervisory Board, the composition and diversity of the competence of the members of the Supervisory Board allow to effective and proper supervision of all areas of the company's operations. The members of Supervisory Board are diverse both in terms of gender, age and education. They all have the knowledge and skills backed by years of professional experience. Four members of the Supervisory Board meets the

independence criteria set out in the detailed principle number II.Z.4 of the “Best Practice for GPW Listed Companies 2016”.

The Supervisory Board of Comarch S.A. assesses its work in 2020 as effective. Members of the Board fulfilled their duties with commitment, participating in most cases, at full strength in its meetings.

The Audit Committee (the equivalent of the Audit Committee within the meaning of Annex I to the Commission Recommendation of 15<sup>th</sup> of February, 2005 related to the no-executive directors (...)) operates in accordance with the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A. adopted on 27<sup>th</sup> of November, 2017 with Resolution No. 2/11/2017 of the Audit Committee of Comarch S.A. and approved by the Supervisory Board. These Regulations of the Audit Committee of the Supervisory Board of Comarch S.A. were changed by a resolution of the Supervisory Board of Comarch S.A. no. 12/05/2020 of the 26<sup>th</sup> of May, 2020. From 1<sup>st</sup> of January, 2020 to 31<sup>st</sup> of December, 2020, the Audit Committee consisted of: Joanna Krasodomska as Chairman of the Audit Committee, Danuta Drobniak as a member of the Audit Committee and Andrzej Pach as a member of the Audit Committee.

According to information possessed by the Company, two members of the Audit Committee fulfil independency conditions (Mrs. Joanna Krasodomska and Mr. Andrzej Pach).

Joanna Krasodomska (PhD of Economic Sciences, licensed accountant (no. 890 in the register), academic staff, since 2016 as Associate Professor at the Department of Financial Accounting, at the College of Economics, Finance and Law at the University of Economics in Krakow; acts as a promoter and reviewer of master's and doctoral dissertations in the field of accounting and finance, conducts research, teaching and organizational activities for the University and the Department) and Danuta Drobniak (statutory auditor no. 9578, performs the function of a treasurer in the National Council of Statutory Auditors). The knowledge of the IT industry is held by Andrzej Pach (professor of technical sciences, author of over 250 scientific publications in the field of modelling and analysis of computer networks and radio networks, participant and manager of many research projects, professor at the Department of Telecommunications AGH University of Science and Technology, whose head was in the years 1998 - 2016, in the years 2016-2020 performed the function of Vice-Rector for Science of AGH University of Science and Technology and is a member of the Electronics and Telecommunications Committee of the Polish Academy of Sciences).

In 2020, the Audit Committee held 4 meetings and in particular dealt with:

- 1) Monitoring the process of financial reporting;
- 2) Monitoring the effectiveness of internal control systems, internal audits and risk management;
- 3) Monitoring financial reviews;
- 4) Monitoring the independency of the export auditor and the entity entitled to audit financial statements;
- 5) monitoring non-financial reporting.

Due to the scope of their powers the Supervisory Board and the Audit Committee invited members of the Company's governing bodies and statutory auditors to participate in their meetings.

### **The assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles**

In the opinion of the Supervisory Board, the Company in 2020 correctly fulfilled the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities.

Since January 2016, the Company has been following the rules of corporate governance which were adopted on 13<sup>th</sup> of October, 2015 by the Council of the Warsaw Stock Exchange in its resolution No. 26/1413/2015 on the adoption of a new code of corporate governance principles entitled „*Dobre Praktyki Spółek Notowanych na GPW 2016*” (Best Practice for GPW Listed Companies 2016). Comarch S.A. has published a report on its implementation of the principles and recommendations resulting from the new code of corporate governance principles and has posted the relevant information on the Company's website. According to the published report, the Company does not apply the Recommendation number IV.R.2 and detailed principle number VI.Z.4

On 29<sup>th</sup> of March, 2021, the Stock Exchange Supervisory Board, at the request of the Stock Exchange Management Board, adopted new corporate governance rules for companies listed on the WSE Main Market – „*Dobre Praktyki Spółek Notowanych na GPW 2021*” (Best Practice for GPW Listed Companies 2021), which will enter into force on 1<sup>st</sup> of July, 2021.

### **The assessment of the rationality of the Company's policy referred to sponsorship and charity**

Comarch S.A. for years takes a number of pro-social activities, among others, by active supporting the sport, taking patronage of cultural events, supporting the education and development of science and engaging in helping the neediest. The Supervisory Board assesses positively conducted by Comarch S.A. policy on sponsorship and charitable activities, realized among others by:

- continuation of cooperation with the St. Mary's Church in Krakow in the work of improving the quality of organ music in St. Mary's Church,
- sponsoring the concert of Last Night of the Proms,
- support for the Interschool IT Festival "Project for six". Festival has been organized for 15 years by the Communications School Complex in cooperation with the Mikromakro Institute Foundation and the Krakow Technology Park. Pupils from Małopolska schools take part in the struggle, and the goal of the festival is to promote young talent with IT interests,
- cooperation with schools, colleges and other educational institutions by sharing knowledge by Comarch employees during various conferences and events, among others: business game implemented by the University of Parma, "Room Room" project for French doctors, career days in Poland and Belgium,
- popularization of knowledge about ERP systems and controlling among universities and vocational schools with economic profiles, by lending Comarch ERP systems, meetings, seminars and trainings,

- providing of the Comarch Innovation Zone, a space in which Comarch's technological achievements in the field of IT systems, telecommunications, the Internet of Things or artificial intelligence are presented,
- cooperation with the Polish Development Fund Foundation and the Central House of Technology in the field of popularizing the STEAM methodology, i.e. a trend in education developing interdisciplinary competences in the fields of exact sciences, technology, engineering, art and mathematics,
- involvement of employees in the blood donation campaign on the company's campus in Krakow, thanks to which it was possible to obtain a total of 18 800 ml of blood,
- inclusion of the Company and employees in the "Apartment for Medic" campaign after the outbreak of the Covid-19 pandemic,
- getting involved in promoting sport among young people and the inhabitants of the Małopolskie Voivodeship, mainly through sponsorship of the MKS Cracovia SSA sports club. Since 2003, the company has been the titular sponsor of the oldest existing football club in Poland, and the five-time Polish Champion - Cracovia, including the hockey section.
- donating large amounts of computer equipment to schools, orphanages, non-governmental organizations to help organize distance learning after the outbreak of the Covid-19 pandemic.

In the opinion of the Supervisory Board, the actions taken by the Company in this respect are rational, bring benefits to society and exert a positive impact on the Company's image.

**Annex no. 2 to Resolution no 07/05/2021  
of Comarch S.A. Supervisory Board**

**Assessment of the Company's situation, including assessment  
of the internal control system and the system of risk management  
significant for the Company, compliance and the internal audit  
function**

The Supervisory Board positively assesses the financial results achieved by the Company in 2020, as well as its current financial standing. Sales revenue amounted to PLN 999.4 million, operating profit reached PLN 64.5 million, while net profit reached PLN 80.0 million. Operating profitability in 2020 was 6.5%, and net profitability 8.0%.

The Supervisory Board positively assesses the Company's continuation in 2020 of investments in new and improving existing IT products. Expenditures on research work exceeded 23% of sales revenue, they were financed mainly from own funds. The Company has intensively developed, among others a new generation of telecommunications systems dedicated to 5G technology, e-commerce solutions, ERP systems, IT solutions for the financial sector and the Internet of Things. In 2020, the Comarch Group invariably focused on the development of IT solutions in the service model as one of the market leaders in this field. In order to accelerate the development in the area of e-Health, last year the Comarch Group acquired 2CSI, a French IT company that has been providing solutions for this sector for many years. The Supervisory Board notes that investments in human capital invariably remain the key element for the further development of the company.

At the end of 2020, the Company employed almost 5,000 people in Krakow and other national branches, being the largest Polish employer among IT companies. Particularly positive effects were brought by the annual student internship program, thanks to which Comarch S.A. is seen as one of the first choice employers on the domestic labour market in the IT industry.

The Supervisory Board considers it appropriate for the Company to continue implementing its growth strategy based on the diversification of operations between various industry segments, development of its own products and sales on the global market. Last year, there was an increase in revenue from the sale of Comarch's software and related services, but the situation in individual business areas has changed significantly. Business on foreign markets (an increase of 15.9%), especially in Asia and Western Europe, developed much faster than in Poland. The solutions for the Financial and Telecommunications sectors, as well as, ERP systems were of particular interest to customers. Thanks to the wide and comprehensive offer of modern IT solutions and high-quality services, the Comarch Group strengthened its position in 2020 as a leading Polish software producer and one of the most prominent IT suppliers in the world. Thanks to the global sales network that has been operating for many years, the Comarch Group was able - despite the pandemic and related limitations - to successfully develop the sales of its solutions in new markets. A visible effect of these actions was the signing last year of the largest contract in the history of the Comarch Group, worth over PLN 300 million, with a telecommunications operator from New Zealand.

The Supervisory Board, through the Audit Committee, monitors the effectiveness of internal control systems, risk management, compliance and the internal audit function. Once a year, a representative of the management board presents the Audit Committee with a description of the functioning of the internal control system and an assessment of its effectiveness.

The Audit Committee assessed the effectiveness of the internal control system and did not identify the need to separate the organizational function of internal audit.

In 2020, the Supervisory Board also carried out a constant analysis of risk areas related to the Company's operations and an analysis of how these risks were managed by the Management Board.

The most important operational risks in 2020 were:

- a) risks related to R&D works (production of own software products);
- b) risks related to the implementation of long-term contracts;
- c) risks related to non-compliance with contractual terms and the use by contractors of the performance guarantees or contractual penalties granted to them;
- d) risks of foreign economic, legal and political environment related to the implementation of export contracts;
- e) the risk of staff turnover, the risk of not being able to employ a sufficient number of qualified employees, the risk of increased labour costs;
- f) risks related to international terrorism, hindering the posting of employees on business trips to certain regions of the world,
- g) risk related to the spread of SARS-CoV-2 coronavirus and COVID-19 incidence, which affects the Company's ability to conduct business operations and the financial condition of the Company's clients and the demand for IT products and services they generate.

In terms of financial risk, the Supervisory Board noticed the following threats:

- a) credit risk of Comarch contractors;
- b) risk of changes in interest rates affecting the cost of servicing bank loans;
- c) exchange rate fluctuations, in particular EUR / PLN, USD / PLN, GBP / PLN, CAD / PLN, CHF / EUR, BRL / PLN, RUB / PLN, NZD / PLN, UAH / PLN and AED / PLN affecting the profitability of foreign sales;
- d) risk of financial liquidity and increased expectations of clients in the area of financing IT projects by IT suppliers, related to the spread of sales of IT products and services in the services model ("cloud computing").

In the opinion of the Supervisory Board, the Management Board correctly identifies the risks with the Company's operations and manages them effectively. The financial statements provide a fair and complete picture of the Company's situation.

The Supervisory Board emphasizes that in 2020 the Company achieved record financial results, despite operating for most of the year in the conditions of the Covid-19 pandemic and related restrictions. The Supervisory Board also draws attention to the fact that, in addition to the business activities of Comarch S.A., it also conducts pro-social activities, supports non-governmental organizations and charity campaigns, is a patron of culture, art and sport.

**Annex no. 3 to Resolution no 07/05/2021  
of Comarch S.A. Supervisory Board**

**Assessment of the situation of the Comarch Group including the assessment of  
the internal control system and the system of risk management significant for the  
Group, compliance and the internal audit function**

The Supervisory Board positively assesses the Group's achievement of development and financial goals set for 2020. In 2020, the Group significantly increased the scale of its operations and improved operating profitability. Sales revenue increased by 6.9%, i.e. by PLN 99.3 million compared to 2019 and reached the value of PLN 1,536.8 million. Operating profit reached PLN 191.6 million, while net profit reached PLN 120.6 million. Operating profitability in 2020 was 12.5%, and net profitability 7.8%.

The Supervisory Board positively assesses the investments made in 2020 by the Comarch Group in new and improving existing IT products. Expenditures for research works reached 17% of sales revenue, they were financed mainly from own funds. The Group has intensively developed, among others, a new generation of telecommunications systems dedicated to 5G technology, e-commerce solutions, ERP systems, IT solutions for the financial sector and the Internet of Things. In 2020, the Comarch Group invariably focused on the development of IT solutions in the service model as one of the market leaders in this field. In order to accelerate the development in the area of e-Health, last year the Comarch Group acquired 2CSI, a French IT company that has been providing solutions for this sector for many years. In addition, 2020 saw the composition of the Group completed by a newly established subsidiary - Comarch New Zealand LTD and the newly acquired company "Unitec" Sp. z o. o. (currently, Wszystko.pl sp. z o.o.). The Supervisory Board notes that investments in human capital invariably remain the key element for the further development of the company. At the end of 2020, the Group employed 6,462 people in Poland and abroad. As every year, the student internship program has had very positive effects, thanks to which the Comarch Group is perceived as one of the first choice employers on the labour market in the IT industry.

The Supervisory Board considers it appropriate for the Company to continue implementing its growth strategy based on the diversification of operations between various industry segments, development of its own products and sales on the global market. Last year, there was an increase in revenue from the sale of Comarch's software and related services, but the situation in individual business areas has changed significantly. The Group's business developed steadily both in Poland and on foreign markets, especially in Asia and Western Europe. Solutions for financial and telecommunications sectors, ERP systems, as well as solutions for public sector enjoyed particular interest from customers. Thanks to the wide and comprehensive offer of modern IT solutions and high-quality services, the Comarch Group strengthened its position in 2020 as a leading Polish software producer and one of the most prominent IT suppliers in the world. The Supervisory Board emphasizes that the Group has been incurring significant expenditure in the expansion and maintenance of the global sales network for several years, thanks to which the Comarch Group was able - despite the pandemic and the related limitations - to successfully develop the sales of its solutions in new markets. A visible effect of these actions was the signing last year of the largest

contract in the history of the Comarch Group, worth over PLN 300 million, with a telecommunications operator from New Zealand.

The Supervisory Board, through the Audit Committee, monitors the effectiveness of internal control systems, risk management, compliance and the internal audit function. Once a year, a representative of the management board presents the Audit Committee with a description of the functioning of the internal control system and an assessment of its effectiveness.

The Audit Committee assessed the effectiveness of the internal control system and did not identify the need to separate the organizational function of internal audit.

In 2020, the Supervisory Board also carried out a constant analysis of risk areas related to the Group's operations and an analysis of how these risks were managed by the Management Board.

The most important operational risks in 2020 were:

- a) risk related to R&D works (production of own software products);
- b) risk related to the implementation of long-term contracts;
- c) risks related to non-compliance with contractual terms and the use by contractors of the performance guarantees or contractual penalties granted to them;
- d) the risk of foreign economic, legal and political environment related to the implementation of export contracts;
- e) the risk of staff turnover, the risk of not being able to employ a sufficient number of qualified employees, the risk of increased labour costs;
- f) the risk related to international terrorism, hindering the posting of employees on business trips to certain regions of the world,
- g) risk related to the spread of SARS-CoV-2 coronavirus and COVID-19 incidence, which has an impact on the Group's ability to conduct business operations as well as on the financial condition of the Group's clients and the demand for IT products and services they generate.

In terms of financial risk, the Supervisory Board noticed the following threats:

- a) credit risk of Comarch contractors;
- b) the risk of changes in interest rates affecting the cost of servicing bank loans;
- c) exchange rate fluctuations, in particular EUR / PLN, USD / PLN, GBP / PLN, CAD / PLN, CHF / EUR, BRL / PLN, RUB / PLN, NZD / PLN, UAH / PLN and AED / PLN affecting the profitability of foreign sales;
- d) risk of financial liquidity and increased expectations of clients in the area of financing IT projects by IT suppliers, related to the spread of sales of IT products and services in the services model ("cloud computing").

In the opinion of the Supervisory Board, the Management Board correctly identifies risks and manages their activities effectively. The financial statements provide a fair and complete picture of the Group's situation.

The Supervisory Board emphasizes that in 2020 the Company achieved record financial results, despite operating for most of the year in the conditions of the Covid-19 pandemic and related restrictions. The Supervisory Board also draws attention to the fact that in addition to business operations, the Comarch Group also conducts pro-social activities,

supports non-governmental organizations and charity campaigns, is a patron of culture, art and sport - also outside Poland.