

## FINANCIAL SUPERVISION AUTHORITY

## CONSOLIDATED HALF-YEAR REPORT PSr 2017

year

(pursuant to §2 sec.2 and §3 sec. 3 of the Regulation issued by the Minister of Finance on 19<sup>th</sup> of January, 2009 - Journal of Laws no. 33, item 259) for issuers of securities managing production, construction, trade and services activities

for first half of financial year 2017 from	2017-01-01 to 2017-06-30
including consolidated annual financial statement according to	International Financial Reporting Standards (IFRS)
in currency	PLN
and condensed financial statement according to	Act on Accounting (Journal of Laws 2016, pos. 1047)
in currency	PLN
date of publication	2017-08-31

<b>COMARCH SA</b> <small>(full name of an issuer)</small>	
<b>COMARCH</b> <small>(abbreviated name of issuer)</small>	<b>Information Technology (IT)</b> <small>(sector according to WSE classification)</small>
<b>31-864</b> <small>(postal code)</small>	<b>Kraków</b> <small>(city)</small>
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<b>677-00-65-406</b> <small>(NIP)</small>	<b>350527377</b> <small>(REGON)</small>

BDO Spółka z ograniczoną odpowiedzialnością  
(An auditor entitled to audit financial statements)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EUR	
	H1 2017	H1 2016	H1 2017	H1 2016
<b>DATA RELATED TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT</b>				
I. Net revenues from sales	491,065	516,425	115,615	117,892
II. Operating profit (loss)	-4,302	35,209	-1,013	8,038
III. Profit before income tax	18,656	26,599	4,392	6,072
IV. Net profit attributable to shareholders	10,779	12,756	2,538	2,912
V. Cash flows from operating activities	40,368	16,487	9,504	3,764
VI. Cash flows from investing activities	-72,021	-52,374	-16,956	-11,956
VII. Cash flows from financing activities	35,533	-2,924	8,366	-668
VIII. Total net cash flows	3,880	-38,811	914	-8,860
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings per single share (PLN/EURO)	1.33	1.57	0.31	0.36
XI. Diluted earnings (losses) per single share (PLN/EURO)	1.33	1.57	0.31	0.36
<b>DATA RELATED TO THE FINANCIAL STATEMENT</b>				
XII. Net revenues from sales of products, goods and materials	344,610	344,870	81,134	78,728
XIII. Profit (loss) on operating activities	10,939	26,905	2,575	6,142
XIV. Gross profit (loss)	20,664	21,777	4,865	4,971
XV. Net profit (loss)	17,669	19,540	4,160	4,461
XVI. Cash flows from operating activities	4,540	-11,681	1,069	-2,667
XVII. Cash flows from investing activities	-32,128	-27,661	-7,564	-6,315
XVIII. Cash flows from financing activities	19,588	-8,967	4,612	-2,047

XIX. Total net cash flow	-8,000	-48,309	-1,884	-11,028
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	5.38	4.48	1.27	1.02
XXII. Diluted earnings (losses) per single share (PLN/EURO)	5.38	4.48	1.27	1.02
<b>EQUITIES</b>				
XXIII. Equity attributable to shareholders (consolidated)	835,938	847,423	197,785	191,551
XXIV. Equity (dominant unit)	780,071	771,742	184,567	174,444

Euro exchange rates used for calculation of the selected financial data:

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2017 to 30.06.2017: 4.2474;

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2016 to 30.06.2016: 4.3805;

The balance sheet items were presented based on NBP average exchange rates as of the end of the period:

- 30.06.2017: 4.2265;

- 31.12.2016: 4.4240.

Values of equities (positions XXIII, XXIV) were presented as at the end of first six months of the current year and as at the end of the previous year.

When presenting selected financial data from the quarterly financial statement, it should be properly described.

Selected financial data from the consolidated balance sheet (consolidated statement regarding the financial situation) or from the balance sheet respectively (statement regarding the financial situation) is presented as of the end of the current half-year and as of the end of the previous year, and this should be properly described.

This report should be presented to the Financial Supervision Authority, the Warsaw Stock Exchange and press agency pursuant to the law.

#### REPORT INCLUDES:

File	Description
PSr 1 2017 separate.pdf	Condensed interim financial statement of Comarch S.A.
Report from review – separate.pdf	Report from review of condensed interim financial statement of Comarch S.A.
PSr 2017 consolidated.pdf	Condensed interim consolidated financial statement of Comarch Group
Report from review – consolidated.pdf	Report from review of condensed interim consolidated financial statement
Report regarding activities.pdf	Report of the Management Board regarding activities
The Management Board's Statement regarding the Reliability of Financial Statement.pdf	The Management Board's Statement regarding the Reliability of Financial Statement
The Management Board's Statement regarding Auditor Independence.pdf	The Management Board's Statement regarding Auditor Independence

#### SIGNATURES OF PERSONS REPRESENTING COMPANY

Date	Name and surname	Position	Signature
2017-08-31	Konrad Tarański	Vice-President of the Management Board	
2017-08-31	Maria Smolińska	Proxy	

**THE REPORT OF AN INDEPENDENT EXPERT AUDITOR FROM THE REVIEW  
OF THE CONDENSED INTERIM FINANCIAL STATEMENT  
TO THE SHAREHOLDERS  
AND THE SUPERVISORY BOARD OF COMARCH S.A.**

*Introduction*

We have conducted a review of the condensed interim financial statement of Comarch S.A. with its registered office in Krakow, at Al. Jana Pawła II 39A, that included balance sheet as at the 30<sup>th</sup> of June, 2017, income statement, changes in equity (fund), cash flow statement for the period from the 1<sup>st</sup> of January, 2017, to the 30<sup>th</sup> of June, 2017, and additional information and annotations.

The Management Board of the Company takes responsibility for preparing the financial statement compliant with the regulations of the Act on Accounting dated the 29<sup>th</sup> of September, 1994 (Journal of Laws from 2016, pos. 1047 and subsequent changes), respective bylaws and regulations and regulation issued by the Minister of Finance on the 19<sup>th</sup> of February, 2009, concerning current and periodical information pertaining to companies traded on the stock exchange and on the conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (Journal of Laws from 2014, pos. 133 and subsequent changes).

We are obliged to formulate a conclusion on the condensed interim financial statement, based on the conducted review.

*The scope of review*

We have conducted a review compliant with the National Auditing Standard no 2410 in the wording of the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity adopted by the resolution no. 2783/52/2015 of the National Council of Statutory Auditors dated 10<sup>th</sup> of February, 2015, and subsequent changes.

Review of a financial statement consists in enquiry to personnel responsible for finance and accounting at the Company, analytical procedures and other review procedures.

The scope of a review is significantly narrower than an audit conducted compliant with the National Auditing Standards in the wording of the International Auditing Standards adopted by the resolution no. 2783/52/2015 of the National Council of Statutory Auditors dated 10<sup>th</sup> of February, 2015, and subsequent changes. Consequently, the review is not sufficient to provide assurance, that all relevant issues, which would be identified during the audit, were disclosed. Therefore, we do not present opinion of audit of the interim financial statement.

*Conclusion*

The review we have carried out did not indicate anything which could state that the audited condensed financial statement was not prepared, in all significant aspects, compliant with the regulations of the Act on Accounting, respective bylaws and regulations and the provisions of the Regulation issued by the Minister of Finance on the 19<sup>th</sup> of February, 2009,

concerning current and periodical information pertaining to companies traded on the stock exchange and on the conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (Journal of Laws from 2014, pos. 133 and subsequent changes).

Krakow, 31<sup>st</sup> of August, 2017.

BDO Sp. z o.o.  
Ul. Postępu 12  
02-676 Warsaw

The entity entitled to audit financial statements registered in the list of entities entitled under item no. 3355

Key Expert Auditor  
carrying out the review

by and behalf of BDO Sp. z o.o.

.....  
Marcin Krupa  
Expert Auditor  
Registration no. 11142

.....  
Dr Andre Helin – President of the  
Management Board of BDO Sp. z o.o.,  
Key Expert Auditor Registration no. 90004



## **Condensed Comarch S.A. Financial Statement for the period 1 January 2017 – 30 June 2017**

**Kraków, 31<sup>st</sup> of August 2017**

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**PLN 18  
million of net  
profit**

**Presence in  
over 60  
countries on 6  
continents**

**PLN 345  
million of  
revenue**

**Over  
4,000  
specialists  
employed**

**52  
subsidiaries  
and branches  
worldwide**

**PLN 1.73 billion  
of market  
capitalization of  
Comarch S.A. on  
WSE**

**93% of  
revenue from  
sales of  
products**



## COMARCH S.A. CONDENSED FINANCIAL STATEMENT FOR 6 MONTHS 2017

### I. Balance Sheet

ASSETS	30 June 2017	31 December 2016	30 June 2016
<b>I. NON-CURRENT ASSETS</b>	<b>742,807</b>	<b>701,603</b>	<b>673,064</b>
1. Intangible assets	13,511	8,506	9,367
2. Property, plant and equipment	326,192	296,496	262,815
3. Non-current investments	394,694	388,998	392,431
3.1 Non-current financial assets	367,221	360,783	363,473
a) in related parties	362,901	359,931	362,638
b) in other entities in which the Company holds equity interests	420	360	420
c) in other parties	3,900	492	415
3.2 Real estates	27,430	28,172	28,915
3.3 Other non-current investment	43	43	43
4. Non-current prepayments	8,410	7,603	8,451
4.1 Deferred income tax assets	5,698	6,510	7,355
4.2 Other accruals	2,712	1,093	1,096
<b>II. CURRENT ASSETS</b>	<b>427,866</b>	<b>460,642</b>	<b>376,953</b>
1. Inventories	63,141	43,273	37,448
2. Current receivables	262,347	324,572	265,134
2.1 from related parties	152,902	181,062	144,483
2.2 from other entities in which the Company holds equity interests	487	587	575
2.3 from other entities	108,958	142,923	120,076
3. Current investments	54,753	55,488	24,464
3.1 Current financial assets	54,753	55,488	24,464
a) in related parties	322	351	161
b) from other entities in which the Company holds equity interests	159	204	154
c) in other entities	8,634	1,150	1,961
- interest and shares	1	1	1
- granted loans	-	-	-
- other current financial assets	8,633	1,149	1,960
d) cash and cash equivalents	45,638	53,783	22,188
4. Short-term prepayments	47,625	37,309	49,907
<b>TOTAL ASSETS</b>	<b>1,170,673</b>	<b>1,162,245</b>	<b>1,050,017</b>

<b>EQUITY AND LIABILITIES</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2016</b>
<b>I. EQUITY</b>	<b>780,071</b>	<b>771,742</b>	<b>744,812</b>
1. Share capital	8,133	8,133	8,133
2. Supplementary capital	653,363	619,975	619,975
3. Revaluation reservd	100,161	97,301	96,419
4. Other reserve capitals	745	745	745
5. Previous years' profit (loss)	-	-	-
6. Net profit (loss)	17,669	45,588	19,540
<b>II. LIABILITIES AND PROVISIONS FOR LIABILITIES</b>	<b>390,602</b>	<b>390,503</b>	<b>305,205</b>
<b>1. Provisions for liabilities</b>	<b>101,909</b>	<b>124,646</b>	<b>107,302</b>
1.1 Provisions for deferred income tax	26,661	23,830	23,855
1.2 Other provisions	75,248	100,816	83,447
a) current	75,248	100,816	83,447
<b>2. Non-current liabilities</b>	<b>131,993</b>	<b>121,363</b>	<b>97,817</b>
2.1 to related parties	14,586	16,520	2,858
2.2 to other entities in which the Company holds equity interests	-	-	-
2.3 to other entities	117,407	104,843	94,959
<b>3. Current liabilities</b>	<b>144,226</b>	<b>126,800</b>	<b>87,072</b>
3.1 to related parties	35,630	20,214	18,019
3.2 to other entities in which the Company holds equity interests	1,735	2,108	1,548
3.3 to other entities	104,200	102,914	65,064
3.4 Special funds	2,661	1,564	2,441
<b>4. Accruals</b>	<b>12,474</b>	<b>17,694</b>	<b>13,014</b>
4.1 Other accruals	12,474	17,694	13,014
a) current	12,474	17,694	13,014
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,170,673</b>	<b>1,162,245</b>	<b>1,050,017</b>
Book value	780,071	771,742	744,812
Number of shares	8,133,349	8,133,349	8,133,349
Book value per share (w PLN)	95.91	94.89	91.58
Diluted numer of shares	8,133,349	8,133,349	8,133,349
Diluted book value per share (w PLN)	95.91	94.89	91.58

## II. Income Statement

For the 6 months ended 30 June 2017 and the 6 months ended 30 June 2016	Q2 2017*	6 months ended 30 June 2017	Q2 2016	6 months ended 30 June 2016
<b>I. Net revenues from sales of products, goods and materials, including:</b>	<b>172,713</b>	<b>344,610</b>	<b>183 652</b>	<b>344,870</b>
- revenues from related parties	54,795	94,176	55,912	89,148
1. Net revenues from sales of products	163,712	320,522	172,040	322,093
2. Net revenues from sales of goods and materials	9,001	24,088	11,612	22,777
<b>II. Costs of products, goods and materials sold, including:</b>	<b>138,818</b>	<b>278,106</b>	<b>128,453</b>	<b>249,183</b>
- to related parties	8,943	17,316	7,599	13,810
1. Manufacturing cost of products sold	130,456	255,361	117,628	228,957
2. Value of products, goods and materials sold	8,362	22,745	10,825	20,226
<b>III. Gross profit (loss) on sales</b>	<b>33,895</b>	<b>66,504</b>	<b>55,199</b>	<b>95,687</b>
IV. Costs of sales	15,483	31,878	17,892	31,172
V. Administrative expenses	11,860	21,111	11,515	20,320
<b>VI. Profit (loss) on sales</b>	<b>6,552</b>	<b>13,515</b>	<b>25,792</b>	<b>44,195</b>
<b>VII. Other operating revenues</b>	<b>845</b>	<b>1,541</b>	<b>307</b>	<b>666</b>
1. Profit on disposal of non-financial non-current assets	27	29	88	88
2. Other operating revenues	818	1,512	219	578
<b>VIII. Other operating costs</b>	<b>2,116</b>	<b>4,117</b>	<b>14,609</b>	<b>17,956</b>
1. Loss on disposal of non-financial non-current assets	-	-	-25	-
2. Cost of works financed in part with subsidies	1,415	2,968	3,029	5,623
3. Revaluation of non-financial assets	-	-	-	-
4. Other operating costs	701	1,149	11,605	12,333
<b>IX. Profit (loss) on operating activities</b>	<b>5,281</b>	<b>10,939</b>	<b>11,490</b>	<b>26,905</b>
<b>X. Financial revenues</b>	<b>6,083</b>	<b>20,592</b>	<b>(3,300)</b>	<b>2,740</b>
1. interest, including:	105	273	241	581
- from related parties	51	111	220	421
2. Dividends and share in profits, including:	107	107	257	257
- from related parties	107	107	257	257
3. Profit on disposal of financial assets	4,487	5,473	-	-
4. Revaluation of financial assets	41	25	-	-
5. Other	1,343	14,714	(3,798)	1,902
<b>XI. Financial costs</b>	<b>5,159</b>	<b>10,867</b>	<b>4,870</b>	<b>7,868</b>
1. Interest	806	1,505	502	1,130
- from related parties	176	356	28	68
2. Revaluation of investments	-	-	5,912	5,912
3. Loss on disposal of financial assets	-	-	(68)	247
4. Other	4,353	9,362	(1,476)	579
<b>XII. Profit (loss) on business activities</b>	<b>6,205</b>	<b>20,664</b>	<b>3,320</b>	<b>21,777</b>
<b>XIII. Gross profit (loss)</b>	<b>6,205</b>	<b>20,664</b>	<b>3,320</b>	<b>21,777</b>
XIV. Income tax	184	2,995	1,241	2,237
<b>XV. Net profit (loss)</b>	<b>6,021</b>	<b>17,669</b>	<b>2,079</b>	<b>19,540</b>
Net profit (loss) (annualised)		43,717		36,476

Weighted average number of share 01.07.2016 – 30.06.2017	8,133,349	8,133,349
Earnings (losses) per single share (PLN)	5.38	4.48
Diluted weighted average number of shared 01.07.2016 – 30.06.2017	8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	5.38	4.48

*\*) Data for the second quarter of 2017 were calculated by subtraction of the data presented by the Group in the report for the first quarter of 2017 from the data for the first half of 2017 (reviewed).*

### III. Statement of Changes in Equity

	6 months ended 30 June 2017	12 months ended 31 December 2016	6 months ended 30 June 2016
I. Opening balance of equity	771,742	731,905	731,905
a) changes to adopted accounting principles (policies)	-	-	-
I.a Opening balance of equity after adjustments	771,742	731,905	731,905
1. Opening balance of share capital	8,133	8,133	8,133
1.1 Changes in share capital	-	-	-
a) increases (due to)	-	-	-
- shares issue	-	-	-
<b>1.2 Closing balance of share capital</b>	<b>8,133</b>	<b>8,133</b>	<b>8,133</b>
2. opening balance of supplementary capital	619,975	562,292	562,292
2.1 Changes in supplementary capital	33,388	57,683	57,683
a) increases (due to)	33,388	57,683	57,683
- profit-sharing for the previous years	33,388	57,683	57,683
<b>2.2 Closing balance of supplementary capital</b>	<b>653,363</b>	<b>619,975</b>	<b>619,975</b>
3. Opening balance of revaluation reserve	97,301	103,052	103,052
3.1 Changes in revaluation reserve	2,860	(5,751)	(6,633)
a) increases (due to)	3,530	1,349	1,555
- provision for deferred income tax due to certificates valuation	-	1,349	1,555
- balance sheet valuation of investment certificates	3,530	-	-
b) decreases (due to)	670	7,100	8,188
- balance sheet valuation of investment certificates	-	7,100	8,188
- A provision for deferred income tax related to valuation of investment certificates	670	-	-
<b>3.2 Closing balance of revaluation reserve</b>	<b>100,161</b>	<b>97,301</b>	<b>96,419</b>
4. Opening balance of capital from merger	-	-	-
<b>4.1. Closing balance of capital from merger</b>	<b>-</b>	<b>-</b>	<b>-</b>
5. Opening balance of other reserve capitals	745	745	745
<b>5.1 Closing balance of other reserve capitals</b>	<b>745</b>	<b>745</b>	<b>745</b>
6. Opening balance of previous years' profit	45,588	57,683	57,683
a) changes to adopted accounting principles (policies)	-	-	-
6.1 Opening balance of previous years' profit after adjustments	45,588	57,683	57,683
a) decreases (due to)	45,588	57,683	57,683
- transferring the result from the previous years to supplementary capital	33,388	57,683	57,683
- payment of dividend	12,200	-	-
<b>6.2 Closing balance of previous years' profit</b>	<b>-</b>	<b>-</b>	<b>-</b>
7. Net result	17,699	45,588	19,540
<b>7.1 Net profit</b>	<b>17,669</b>	<b>45,588</b>	<b>19,540</b>
<b>II. Closing balance of equity</b>	<b>780,071</b>	<b>771,742</b>	<b>744,812</b>
III. Equity including proposed profit-sharing (loss coverage)	780,071	771,742	744,812

## IV. Cash Flow Statement

For the 6 months ended 30 June 2017 and the 6 months ended 30 June 2016	6 months ended 30 June 2017	6 months ended 30 June 2016
<b>A. Cash flows from operating activities</b>		
I. Net profit (loss)	17,669	19,540
II. Total adjustments	(13,129)	(31,221)
1. Depreciation	18,174	17,595
2. Profit (loss) from foreign exchange differences	118	(12)
3. Interest and profit sharing (dividends)	1,033	1,094
4. Profit (loss) on investing activities	(29)	5,602
5. Change in provisions	(23,407)	(31,811)
6. Change in inventories	(19,616)	(9,700)
7. Change in receivables	46,579	32,938
8. Change in current liabilities, excluding credits and loans	(16,849)	(35,051)
9. Change in prepayments and accruals	(16,343)	(11,876)
10. Zmiana stanu przychodów przyszłych okresów	(2,789)	-
10. Other adjustments	-	-
<b>III. Net cash used in operating activities (I+/-II) – indirect method</b>	<b>4,540</b>	<b>(11,681)</b>
<b>B. Cash flows from investing activities</b>		
I. Inflows	23,349	6,123
1. Proceeds from sale of property, plant, equipment and intangible assets	606	815
2. Proceeds from financial assets, including:	22,743	5,308
a) in related parties	17,270	5,308
- repaid loans	5,301	4,711
- received loans	11,746	340
- repaid interests on loans	116	-
- received dividends	107	257
b) in other entities	5,473	-
- Other proceeds from financial assets	5,473	-
3. Other investment proceeds	-	-
II. Outflows	(55,477)	(33,784)
1. Purchase of property, plant and equipment and intangible assets	(48,492)	(20,382)
2. Expenses for investment in real estates	-	(4)
3. Expenses for purchase of financial assets, including:	(6,985)	(13,398)
a) in related parties	(6,985)	(13,151)
- purchase of financial assets	(5,013)	(7,674)
- granted non-current loans	(347)	(4,798)
- repayment of loans	(1,625)	(422)
- repayment of interest on loans	-	(257)
b) in other entities	-	(247)
- other (loss on forward)	-	(247)
4. Other investment expenses	-	-
<b>III. Net cash used in investing activities (I-II)</b>	<b>(32,128)</b>	<b>(27,661)</b>
<b>C. Cash flows from financing activities</b>		
I. Inflows	31,006	6,388
1. Proceeds from credits and loans	30,598	6,365

2. Proceeds from issuance of the shares and other instruments, as well as additional payment to capital	-	-
3. Loans repaid	-	20
4. Interest received on loan repayments	-	3
5. Other financial proceeds (received subsidies)	408	-
II. Outflows	(11,418)	(15,355)
1. Dividends and other payments to owners	-	-
2. Repayment of loans and credits	(10,162)	(14,175)
3. Interest	(1,256)	(1,180)
4. Other financial expenses	-	-
<b>III. Net cash (used in)/generated from financing activities (I-II)</b>	<b>19,588</b>	<b>(8,967)</b>
<b>D. Total net cash flow (A.III+/- B.III+/-C.III)</b>	<b>(8,000)</b>	<b>(48,309)</b>
E. Balance sheet change in cash and cash equivalents, including:	(8,148)	(48,196)
- <i>change in cash and cash equivalents due to exchange differences</i>	(148)	113
F. Cash and cash equivalents opening balance	53,781	70,383
<b>G. Closing balance of cash and cash equivalents (F+/- E), including:</b>	<b>45,633</b>	<b>22,187</b>
- <i>limited disposal</i>	1,712	6,125

## V. Supplementary information

### 1. Adopted Accounting Policies

This financial statement was prepared according to the Act passed on the 29<sup>th</sup> of September, 1994, on Accounting (unified text - Journal of Laws 2013, pos. 330 and subsequent changes) and the requirements specified in the Regulation issued by the Minister of Finance on the 19<sup>th</sup> 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 (Journal of Laws, 2009, No. 33 pos. 259 and subsequent changes).

A complete description of the adopted accounting principles was presented in the last annual financial statement, i.e. for the period from the 1<sup>st</sup> of January, 2016, until the 31<sup>st</sup> of December, 2016. If this financial statement for the 6 months ended the 30<sup>th</sup> of June, 2017, was prepared according to IFRS, the financial results would amount to PLN 17,622 thousand

Profit according to the Act on Accounting	17,669
Depreciation of perpetual usufruct	(47)
Asset due to activity in the SEZ	0
<b>Profit according to IFRS</b>	<b>17,622</b>

### 2. Information about Significant Changes in Estimated Values, Including Information about Corrections due to Provisions, Provision and Deferred Income Tax Assets Mentioned in the Act on Accounting and about Write-Offs that Revaluated Current Asset Items

Comarch S.A. created write-offs that revaluated goods and materials in the amount PLN 5 thousand as at the 30<sup>th</sup> of June, 2017. The Company did not resolve write-offs, which had been created in the previous years.

No hedges were made on inventories owned by the Company.

As at the 30<sup>th</sup> of June, 2017, due to payments of receivables, Comarch S.A. resolved revaluating write-offs, which had been created in the previous years and were worth PLN 2,248 thousand and created write-offs worth PLN 1,083 thousand that revaluated bad debts. The write-off for impairment of long-term financial assets (shares, stock) was not created as at the 30<sup>th</sup> of June, 2017.

Due to the fact that the Company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In 2017, an asset due to temporary differences in income tax worth PLN 670 thousand was created, a part of this asset created at the 31<sup>st</sup> of December, 2016, worth PLN 1,482 thousand was resolved as well as a provision for deferred tax due to temporary differences in the amount of PLN 2,185 thousand was created and resolved in the amount of PLN 24 thousand. The total effect of these operations on the result of the first half of 2017 amounted to minus PLN 2,973 thousand.



A provision for deferred income tax related to valuation of investment certificates in CCF FIZ was increased by PLN 670 thousand. This provision as well as certificates valuation are settled with revaluation reserve.

### 3. Selected Notes to the Summary Financial Statement

#### 3.1. Non-current Financial Assets

	30 June 2017	31 December 2016	30 June 2016
a) in related parties	362,901	359,931	362,638
- interes or shares	234,304	229,711	226,733
- granted loans	3,403	8,553	14,829
- other securities	125,218	121,688	120,096
- other non-current financial assets, including:	(24)	(21)	980
- interest on granted loans	(24)	(21)	980
b) in other entities in which the Company holds equity interests	420	360	420
- interests or shares	150	150	150
- granted loans	270	210	270
c) in other entities	3,900	492	415
- other non-current financial assets (by type)	3,900	492	415
- Forward contracts	3,900	492	415
<b>Total non-current financial assets</b>	<b>367,221</b>	<b>360,783</b>	<b>363,473</b>

#### 3.2. Changes in Non-current Financial Assets (Types)

	6 months ended 30 June 2017	6 months ended 30 June 2016
<b>a) Opening balance</b>	<b>360,783</b>	<b>382,917</b>
- interests or shares	229,861	230,552
- granted loans	8,763	23,052
- other securities	121,688	128,284
- other non-current assets (interest on granted loans)	(21)	950
- others	492	79
<b>b) increases (due to)</b>	<b>12,158</b>	<b>8,232</b>
- purchases of shares in subsidiaries	5,014	2,243
- loans granted to subsidiaries	-	4,798
- change of the nature of loans on long-term from entities in which the Company holds equity interests	140	-
- interest to long-term loans	66	423
- balance sheet valuation of investment certificates	3,530	-
- balance sheet and adjusted valuation long-term loans	-	420
- balance sheet and adjusted valuation of interest on long-term loans	-	12
- valuation of forward contracts	3,408	336
- resolving of write-off for impairment of loans	-	-
- resolving of write-off for impairment of interest	-	-
<b>c) decreases (due to)</b>	<b>5,720</b>	<b>27,676</b>

- repayment of subsidiaries' loans	4,959	4,711
- repayment of other entities' loans	-	-
- repayment of interest on subsidiaries' loans	55	343
- balance sheet valuation of loans	240	159
- balance sheet valuation of loans and exchange differences realized in relation to repaid loans and from the balance sheet valuation	-	-
- balance sheet and adjusted valuation of interests on loans	5	-
- valuation of participation units in CCF FIZ	-	8,188
- balance sheet valuation of shares	421	-
- revaluation of shares	-	5,912
- redemption of loans in subsidiaries	-	664
- redemption of interest on loans to subsidiaries	-	12
- creating write-offs revaluating loans	9	50
- creating write-offs revaluating interest on loans	(49)	7,416
- change of the nature of loans on short-term	-	221
- change of the nature of loans on short-term from entities in which the Company holds equity interests	80	-
<b>d) Closing balance</b>	<b>367,221</b>	<b>363,473</b>

### 3.3. Current Financial Assets

	30 June 2017	31 December 2016	30 June 2016
a) in related parties	322	351	161
- granted loans	322	322	161
- other financial assets	-	29	-
b) in other entities in which the Company holds equity interests	159	204	154
- granted loans	140	200	150
- other financial assets	19	4	4
c) in other entities	8,634	1,150	1,961
- interes or shares	1	1	1
- granted loans	-	-	-
- other current financial assets, including:	8,633	1,149	1,960
- forward contracts	8,633	1,149	1,960
d) cash and cash equivalents	45,638	53,783	22,188
- cash in hand and at banks	45,633	53,781	22,187
- other monetary assets	5	2	1
<b>Total current financial assets</b>	<b>54,753</b>	<b>55,488</b>	<b>24,464</b>

## 4. A Brief Description of Significant Achievements or Failures of the Issuer during the Period Covered by the Report, Including a List of the Most Significant Events Related to Such Achievements or Failures

In the first half of 2017, Comarch S.A. achieved favourable financial results. Revenue from sales were similar to achieved in a previous year (PLN 344.6 million compared to PLN 344.9 million in the first

half of 2016). Net sales of products constituted 93% of total Company's sales and maintained at the same level to H1 2016. In the first half of 2017, the Company generated operating profit in the amount of PLN 10.9 million and net profit was PLN 17.7 million. EBIT margin reached level of 3.2% and net margin was 5.1%.

In the second quarter of 2017, Comarch S.A. achieved PLN 172.7 million from sales (a decrease of PLN 10.9 million, i.e. 6.0% compared to the second quarter of 2016). Net revenue from sales of products constituted 94.8% of total Company's sales and decreased from PLN 172 million in Q2 2016 to PLN 163.7 million in Q2 2017. The Company's operating profit in the second quarter of 2017 amounted to PLN 5.3 million and net profit was PLN 6 million. EBIT margin amounted to 3.1% and net margin was 3.5%.

## **5. Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results**

Except for the ones described in [point 2](#) of this financial statement, currency exchange rate differences and financial instruments based on exchange rates have influence on the financial results. Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30<sup>th</sup> of June, 2017, decreased revenue and operating profit of Comarch S.A. by PLN 11,320 thousand (while in 6 months of 2016 increased by PLN 4,245 thousand). Exchange rate differences from other activities increased the result of Comarch S.A. by PLN 2,067 thousand (while in 6 months of 2016 decreased by PLN 2,522 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments increased the Company's result by PLN 18,001 thousand (while in the corresponding period of 2016 decreased by PLN 485 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch S.A. in 6 months of 2017 amounted to plus PLN 8,748 thousand (plus PLN 1,238 thousand in 6 months of 2016).

## **6. Discussion of Seasonality (Cyclical Nature) of the Issuer's Business in the Period Presented**

Over 2016, Comarch S.A. revenue structure was as follows: 22% of annual sales were achieved in the first quarter, 25% in the second quarter, 20% in the third quarter and 33% in the fourth quarter.

Over 2017, the Company expects the distribution of sales revenue similar to that of 2016.

## **7. Information about Write-Offs that Revaluated Inventories at the Net Realizable Value and Reversal Referred to Them**

As at the 30<sup>th</sup> of June, 2017, Comarch S.A. created write-offs that revaluated goods and materials in the amount PLN 5 thousand. The Company did not resolve write-offs, which had been created in the previous years.

## 8. Information about Revaluating Write-Offs in Relation to Impairment of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and about Reversal Referred to Them

Revaluating write-offs in relation to impairment	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
<b>Balance at 1 January 2016</b>	<b>57,639</b>	<b>2,875</b>	-	-	<b>60,514</b>
Change:	13,378	-	-	-	13,378
- creation	13,378	-	-	-	13,378
- dissolution	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>71,017</b>	<b>2,875</b>	-	-	<b>73,892</b>
<b>Balance at 1 January 2016</b>	<b>57,639</b>	<b>2,875</b>	-	-	<b>60,514</b>
Change:	24,973	(2,875)	-	-	22,098
- creation	24,973	-	-	-	24,973
- dissolution	-	(2,875)	-	-	(2,875)
<b>Balance at 31 December 2016</b>	<b>82,612</b>	-	-	-	<b>82,612</b>
<b>Balance at 1 January 2017</b>	<b>82,612</b>	-	-	-	<b>82,612</b>
Change:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>82,612</b>	-	-	-	<b>82,612</b>

## 9. Information about Creation, Increasing, Using and Dissolution of Provisions

Current	Provisions for contracts costs	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for cash rewards	Total
<b>Balance at 1 January 2016</b>	<b>17,674</b>	<b>9,264</b>	<b>16,202</b>	<b>72,117</b>	<b>115,257</b>
Change:	(3,264)	(134)	6,430	(34,842)	(31,810)
- creation	2,434	8	9,100	17,185	28,727
- dissolution	(5,698)	(142)	(2,670)	(52,027)	(60,537)
<b>Balance at 30 June 2016</b>	<b>14,410</b>	<b>9,130</b>	<b>22,632</b>	<b>37,275</b>	<b>83,447</b>
<b>Balance at 1 January 2016</b>	<b>17,674</b>	<b>9,264</b>	<b>16,202</b>	<b>72,117</b>	<b>115,257</b>
Change:	(5,384)	244	2,271	(11,572)	(14,441)
- creation	7,634	418	12,465	74,812	95,329
- dissolution	(13,018)	(174)	(10,194)	(86,384)	(109,770)
<b>Balance at 31 December 2016</b>	<b>12,290</b>	<b>9,508</b>	<b>18,473</b>	<b>60,545</b>	<b>100,816</b>

<b>Balance at 1 January 2017</b>	<b>12,290</b>	<b>9,508</b>	<b>18,473</b>	<b>60,545</b>	<b>100,816</b>
Change:	2,150	7	5,205	(32,930)	(25,568)
- creation	6,581	7	8,632	18,688	33,908
- dissolution	(4,431)	-	(3,427)	(51,618)	(59,476)
<b>Balance at 30 June 2017</b>	<b>14,440</b>	<b>9,515</b>	<b>23,678</b>	<b>27,615</b>	<b>75,248</b>

All provisions were calculated based on credible estimate as of the balance sheet date.

## 10. Information about Provisions and Assets in Reference to Deferred Income Tax

	<b>Asset due to deferred income tax</b>	<b>Provision due to deferred income tax</b>
<b>Balance at 1 January 2016</b>	<b>7,348</b>	<b>25,412</b>
Creation in H1 2016	1,005	21
Dissolution in H1 2016	(998)	(1,578)
<b>Balance at 30 June 2016</b>	<b>7,355</b>	<b>23,855</b>
<b>Balance at 1 January 2016</b>	<b>7,348</b>	<b>25,412</b>
Creation in 2016	1,608	-
Dissolution in 2016	(2,446)	(1,582)
<b>Balance at 31 December 2016</b>	<b>6,510</b>	<b>23,830</b>
<b>Balance at 1 January 2017</b>	<b>6,510</b>	<b>23,830</b>
Creation in H1 2017	670	2,855
Dissolution in H1 2017	(1,482)	(24)
<b>Balance at 30 June 2017</b>	<b>5,698</b>	<b>26,661</b>

## 11. Information about Significant Transactions of Purchase and Sale of Property, Plant and Equipment

In the first half of 2017, Comarch S.A. purchased computer hardware for the amount of PLN 30,457 thousand, technical devices for the amount PLN 4,612 thousand and intangible assets for the amount of PLN 7,314 thousand. The Company incurred the expenditure on construction of office building in the amount of PLN 26,819 thousand.

In the first half of 2017, revenue from sales of property, plant and equipment amounted to PLN 877 thousand.

## 12. Information about Liability in Relation to Purchase of Property, Plant and Equipment or Non-current Financial Assets

As at the 30<sup>th</sup> of June, 2017, Comarch S.A. has investment liabilities in the amount of PLN 13,537 thousand related to the construction of an office building SSE7, liabilities due to purchase of computer hardware in the amount of PLN 1,633 thousand, liabilities due to purchase of car fleet in the amount of PLN 1,358 thousand as well as liabilities due to purchase of intangible assets in the amount of PLN 2,382 thousand.

Comarch S.A. has also liabilities due to acquisition of shares in increased share capital of subsidiary, Comarch Pointshub Inc., in the amount of PLN 3,299 thousand. Settlement of this liability is expected by the 31<sup>st</sup> of December, 2017.

### **13. Information about Significant Settlements in Reference to Court Proceedings**

None present.

### **14. Corrections of Mistakes from the Previous Periods**

None present.

### **15. Information in Relation to Changes in Economic Situation and Conditions for Operation, which Have a Significant Effect on Fair Value of an Entity's Financial Assets and Financial Liabilities Regardless of whether the Assets and the Liabilities Are Recognised in Fair Value or in Adjusted Purchase Price (Depreciated Cost)**

None present.

### **16. Information about Unpaid Credits or Loans, as well as Breach of Significant Provisions of the Credit or Loan Agreements which Were Not Subject to Corrective Measures as of the Reporting Period**

None present.

### **17. Information about One or More Transactions Concluded by the Issuer or Its Subsidiary with Related Parties, if Individually or in Total are Significant and Concluded on Terms Different from Market Conditions**

None present.

### **18. In Case of Financial Instruments Valuated in Fair Value – Information about Changes in Method of Its Establishment**

None present.

### **19. Information Related to Changes in Classification of Financial Assets as a Result of Changes in Their Purpose or Using of These Assets**

None present.

### **20. Information on any Issue, Repurchase or Repayment of Debt and Equity Securities**

None present.

## 21. Information on any Dividend Paid Out or Declared, Including Its Total and per Share Value, Separately for Ordinary and Preference Shares

On the 8<sup>th</sup> of May, 2017, in current report no. [RB-6-2017](#) ([RB-6-2017ENG](#)) 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. in 2016:

a) 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 on the dividend's day will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares.

b) 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.

On the 15<sup>th</sup> of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#) ([RB-8-2017ENG](#)) of the 15<sup>th</sup> of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016.

On the 27<sup>th</sup> of June, 2017, 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 (current report no. [RB-14-2017](#) ([RB-14-2017ENG](#)) of the 27<sup>th</sup> of June, 2017). Dividend was paid at the 11<sup>th</sup> of August, 2017.

## 22. Events that Occurred after the Date of Condensed Quarterly Financial Statement, which Are Not Included in the Financial Statement but May Significantly Affect the Future Performance of the Issuer

None present.

## 23. Information on any Changes in Contingent Liabilities or Contingent Assets which Have Occurred since the End of the Last Financial Year

As at the 30<sup>th</sup> of June, 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 45,422 thousand, whereas it was PLN 37,671 thousand as at the 31<sup>st</sup> of December, 2016.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 75,859 thousand of which PLN 7,939 thousand is covered by provisions included in the balance sheet at the 30<sup>th</sup> of June, 2017 (although provisions for claims related to the court proceedings were not created in 2017).

The Comarch S.A. is not a party to the matters in disputes, but not legal proceedings.

## 24. Other Information with Significant Effects on the Financial Condition Assessment and the Achieved Financial Results of the Issuer

None present, except for the ones described in [point 2](#) of the financial statement.

Krakow, 31<sup>st</sup> of August, 2017.

### **SIGNATURES OF MANAGEMENT BOARD MEMBERS**

<b>Name and surname</b>	<b>Position</b>	<b>Signature</b>
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	

### **SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS**

<b>Name and surname</b>	<b>Position</b>	<b>Signature</b>
Maria Smolińska	Head Accountant	



## Comarch S.A.

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**THE REPORT OF AN INDEPENDENT EXPERT AUDITOR FROM THE REVIEW  
OF THE CONDENSED INTERIM FINANCIAL STATEMENT  
FOR 6 MONTHS ENDED 30 JUNE 2017**

**To the Shareholders and the Supervisory Board of Comarch S.A**

*Introduction*

We have conducted a review of the condensed interim consolidated financial statement of the Comarch Capital Group, where Comarch S.A. with its registered office in Krakow, at Al. Jana Pawła II 39A is the parent company, including condensed consolidated statement of the financial position as at the 30<sup>th</sup> of June, 2017, total income consolidated statement, consolidated statement of changes in equity, consolidated cash flow statement for the period from the 1<sup>st</sup> of January, 2017, to the 30<sup>th</sup> of June, 2017, and additional information and annotations.

The Management Board of the Company takes responsibility for preparing the consolidated financial statement compliant with International Accounting Standard 34 "Interim Financial Reporting", as approved by the European Union.

We are obliged to formulate a conclusion on the condensed interim consolidated financial statement, based on the conducted review.

*The scope of review*

We have conducted a review compliant with the National Auditing Standards no 2410 in the wording International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity adopted by the resolution no 2783/52/2015 of the National Council of Statutory Auditors dated 10<sup>th</sup> of February, 2015, and subsequent changes.

Review of financial statement consists in enquiry to personnel responsible for finance and accounting at the Company, analytical procedures and other review procedure.

The scope of a review is significant narrower than an audit conducted compliant with the National Auditing Standards in the wording the International Auditing Standards adopted by the resolution no 2783/52/2015 of the National Council of Statutory Auditors dated 10<sup>th</sup> of February, 2015, and subsequent changes. Consequently, the review is not sufficient to provide assurance, that all relevant issues, which would be identified during the audit, was disclosed. Therefore, we do not present opinion of audit of the interim consolidated financial statement.

*Conclusion*

The review we have carried out did not indicate anything which could state that the audited condensed consolidated financial statement was not prepared, in all significant aspects, compliant with International Accounting Standard 34 "Interim Financial Reporting", as approved by the European Union.

Krakow, 31<sup>st</sup> of August, 2017.

BDO Sp. z o.o.  
Ul. Postępu 12  
02-676 Warsaw

The entity entitled to audit financial statements registered in the list of entities entitled under item no. 3355

Key Expert Auditor  
carrying out the review

by and behalf of BDO Sp. z o.o.

.....  
Marcin Krupa  
Expert Auditor  
Registration no. 11142

.....  
Dr Andre Helin – President of the  
Management Board of BDO Sp. z o.o.,  
Key Expert Auditor Registration no. 90004



## **Comarch Capital Group Consolidated Financial Statement for the period from 1 January 2017 – 30 June 2017**

**Statement in accordance with the International Financial Reporting  
Standards**

**Kraków, 31<sup>st</sup> of August 2017**

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**PLN 13  
million of net  
profit**

**Presence in  
over 60  
countries on 6  
continents**

**PLN 491.1  
million of  
revenue**

**Over  
5,200  
specialists  
employed**

**52  
subsidiaries  
and branches  
worldwide**

**PLN 1.73 billion  
of market  
capitalization of  
Comarch S.A. on  
WSE**

**PLN 1.33 of  
earnings per  
share**

## COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 6 MONTHS 2017

### I. Consolidated Balance Sheet

ASSETS	Note	At 30 June 2017	At 31 December 2016
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<a href="#">3.2</a>	546,303	501,111
Investment real estates	<a href="#">3.3</a>	15,555	15,626
Goodwill	<a href="#">3.4</a>	42,197	40,735
Other intangible assets	<a href="#">3.5</a>	62,647	61,343
Non-current prepayments		2,726	1,118
Investments in associates	<a href="#">3.6</a>	12,634	14,395
Other assets at fair value – derivative financial instruments	<a href="#">3.7a</a>	3,900	492
Other investments		106	106
Deferred income tax assets	<a href="#">3.8</a>	39,235	35,007
Other receivables		5,398	3,914
		<b>730,701</b>	<b>673,847</b>
<b>CURRENT ASSETS</b>			
Inventories	<a href="#">3.9</a>	100,927	76,555
Trade and other receivables	<a href="#">3.10</a>	302,838	406,721
Current income tax receivables		1,978	5,210
Long-term contracts receivables	<a href="#">3.11</a>	58,971	39,960
Available-for-sale financial assets	<a href="#">3.12</a>	-	-
Other financial assets at fair value – derivative financial instruments	<a href="#">3.7a</a>	8,633	1,149
Interest and shares		1	1
Cash and cash equivalents		229,866	235,834
		<b>703,214</b>	<b>765,430</b>
<b>Assets available-for-sale</b>		-	<b>5,598</b>
<b>TOTAL ASSETS</b>		<b>1,433,915</b>	<b>1,444,875</b>

LIABILITIES	Note	At 30 June 2017	At 31 December 2016
<b>EQUITY</b>			
<b>Capital and reserves attributable to the company's equity holders</b>			
Share capital	<a href="#">3.13</a>	8,133	8,133
Other capitals		143,041	143,041
Exchange differences		8,460	18,524
Net profit (loss) for the current period		10,779	73,034
Retained earnings		665,525	604,691
		<b>835,938</b>	<b>847,423</b>
Minority interest		16,838	14,641
<b>TOTAL EQUITY</b>		<b>852,776</b>	<b>862,064</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Credit and loans	<a href="#">3.14</a>	171,600	146,331
Other liabilities		5,984	5,278
Financial liabilities at fair value – derivative financial instruments	<a href="#">3.7b</a>	1,039	2,537
Other financial liabilities	<a href="#">3.15</a>	528	631
Provision for deferred income tax	<a href="#">3.8</a>	45,968	42,144
Provisions for other liabilities and charges	<a href="#">3.16</a>	-	-
		<b>225,119</b>	<b>196,921</b>
<b>Current liabilities</b>			
Trade and other payables	<a href="#">3.17</a>	167,974	154,493
Current income tax liabilities		6,657	16,800
Long-term contracts liabilities	<a href="#">3.11</a>	23,320	40,044
Credit and loans	<a href="#">3.14</a>	36,042	28,469
Financial liabilities at fair value – derivative financial instruments	<a href="#">3.7b</a>	-	2,350
Other financial liabilities	<a href="#">3.15</a>	12,376	6,530
Provisions for other liabilities and charges	<a href="#">3.16</a>	109,651	137,204
		<b>356,020</b>	<b>385,890</b>
<b>TOTAL LIABILITIES</b>		<b>581,139</b>	<b>582,811</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,433,915</b>	<b>1,444,875</b>



## II. Consolidated Income Statement

	Nota	Q2 2017*	6 months ended 30 June 2017	Q2 2016	6 months ended 30 June 2016
<b>Revenue</b>		<b>248,829</b>	<b>491,065</b>	<b>273,269</b>	<b>516,425</b>
Cost of sales		(200,142)	(400,510)	(184,286)	(366,389)
<b>Gross profit</b>		<b>48,687</b>	<b>90,555</b>	<b>88,983</b>	<b>150,036</b>
Other operating income		14,636	16,064	3,330	8,409
Sales and marketing costs		(31,361)	(63,238)	(36,339)	(62,997)
Administrative expenses		(24,107)	(44,332)	(20,463)	(40,791)
Other operating expenses		(872)	(3,351)	(12,568)	(19,448)
<b>Operating profit / (loss)</b>		<b>6,983</b>	<b>(4,302)</b>	<b>22,943</b>	<b>35,209</b>
Finance revenue / (costs) - net		4,052	24,941	(5,637)	(4,037)
Share of profit / (loss) of associates		(798)	(1,983)	(1,439)	(4,573)
<b>Profit before income tax</b>		<b>10,237</b>	<b>18,656</b>	<b>15,867</b>	<b>26,599</b>
Income tax expense		(1,410)	(5,682)	(9,385)	(12,646)
<b>Net profit for the period</b>		<b>8,827</b>	<b>12,974</b>	<b>6,482</b>	<b>13,953</b>
Attributable to:					
<b><i>Shareholders of the parent company</i></b>		<b><i>5,960</i></b>	<b><i>10,779</i></b>	<b><i>5,579</i></b>	<b><i>12,756</i></b>
<i>Interests not entitled to control</i>		<i>2,867</i>	<i>2,195</i>	<i>903</i>	<i>1,197</i>
<b>Earnings per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)</b>					
– basic			1.33		1.57
– diluted			1.33		1.57

### III. Total Income Consolidated Statement

	Q2 2017*	6 months ended 30 June 2017	Q2 2016	6 months ended 30 June 2016
<b>Net profit for the period</b>	<b>8,827</b>	<b>12,974</b>	<b>6,482</b>	<b>13,953</b>
<b>Other total income</b>				
Exchange differences from recalculation of subsidiaries	(598)	(10,062)	8,879	9,400
<b>Total other total income</b>	<b>(598)</b>	<b>(10,062)</b>	<b>8,879</b>	<b>9,400</b>
<b>Sum of total income for the period</b>	<b>8,229</b>	<b>2,912</b>	<b>15,361</b>	<b>23,353</b>
Attributable to the parent company shareholders	5,361	715	14,418	22,118
Attributable to the interests not entitled to control	2,868	2,197	943	1,235

*\*) Data for the second quarter of 2017 were calculated by subtraction of the data presented by the Group in the report for the first quarter of 2017 from the data for the first half of 2017 (reviewed).*

## IV. Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the parent company					Capitals attributable to interests not entitled to control	Total equity
	Share capital	Other capitals	Exchange differences	Net profit for the current period	Retained earnings		
<b>Balance at 1 January 2016</b>	<b>8,133</b>	<b>148,226</b>	<b>6,509</b>	<b>79,651</b>	<b>525,040</b>	<b>13,022</b>	<b>780,581</b>
Transferring result for 2015	-	-	-	(79,651)	79,651	-	-
Increase in share capital	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
Profit of subsidiaries dedicated to general partners outside Group	-	-	-	-	-	-	-
Capital from valuation of the managerial option	-	-	-	-	-	-	-
<i>Currency translation differences<sup>(1)</sup></i>	-	-	9,362	-	-	38	9,400
<i>Profit (loss) for the period<sup>(2)</sup></i>	-	-	-	12,756	-	1,197	13,953
Total income recognised in equity <sup>(1+2)</sup>	-	-	9,362	12,756	-	1,235	23,353
<b>Balance at 30 June 2016</b>	<b>8,133</b>	<b>148,226</b>	<b>15,871</b>	<b>12,756</b>	<b>604,691</b>	<b>14,257</b>	<b>803,934</b>
<b>Balance at 1 January 2017</b>	<b>8,133</b>	<b>143,041</b>	<b>18,524</b>	<b>73,034</b>	<b>604,691</b>	<b>14,641</b>	<b>862,064</b>
Increase in share capital	-	-	-	(73,034)	73,034	-	-
Dividend paid	-	-	-	-	-	-	-
Profit of subsidiaries dedicated to general partners outside Group	-	-	-	-	(12,200)	-	(12,200)
Capital from valuation of the managerial option	-	-	-	-	-	-	-
<i>Currency translation differences<sup>(1)</sup></i>	-	-	-	-	-	-	-
<i>Profit (loss) for the period<sup>(2)</sup></i>	-	-	(10,064)	-	-	2	(10,062)
Total income recognised in equity <sup>(1+2)</sup>	-	-	-	10,779	-	2,195	12,974
Increase in share capital	-	-	(10,064)	10,779	-	2,195	2,912
<b>Balance at 30 June 2017</b>	<b>8,133</b>	<b>143,041</b>	<b>8,460</b>	<b>10,779</b>	<b>665,525</b>	<b>16,838</b>	<b>852,776</b>

Pursuant to the resolution of the Comarch S.A. Annual General Meeting held at the 27<sup>th</sup> of June, 2017, the net profit for 2016 in the amount of PLN 12,200,023.50 was allocated for dividend for shareholders outside the Group. The dividend was paid at the 11<sup>th</sup> of August, 2017. As at the 30<sup>th</sup> of June, 2017, in subsidiaries of the Group, there is no reason to make dividend payments for 2016 to entities outside the Group.

## V. Consolidated Cash Flow Statement

	6 months ended 30 June 2017	6 months ended 30 June 2016
<b>Cash flows from operating activities</b>		
Net profit	12,974	13,953
Total adjustments	38,184	15,450
Share in profits (losses) of subsidiaries valued using the equity method	1,983	4,573
Depreciation	31,745	32,577
Profit (loss) from foreign exchange differences	(1,035)	(3,873)
Interest and profit sharing (dividends)	1,368	1,991
Profit (loss) on investing activities	(9,636)	1,841
Change in inventories	(22,709)	(13,608)
Change in receivables	73,303	63,086
Change in liabilities and provisions excluding credits and loans	(36,899)	(70,856)
Other adjustments	64	(281)
Net profit less total adjustments	51,158	29,403
Income tax paid	(10,790)	(12,916)
<b>Net cash generated (used) in operating activities</b>	<b>40,368</b>	<b>16,487</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(69,962)	(38,088)
Proceeds from sale of property, plant and equipment	9,647	-
Purchases of intangible assets	(9,799)	(7,480)
Proceeds from disposal of investment in real estate and intangible assets	2	2,872
Expenses for investment in real estates	(739)	(4,129)
Expenses for purchase of financial assets	(6,305)	(5,901)
Paid loans	(374)	(60)
Proceeds from paid loans	30	810
Interest	144	150
Other expenses for financial assets	-	(247)
Other proceeds from financial assets	5,473	-
Other investment proceeds	-	75
Other investment expenses	(138)	(376)
<b>Net cash generated (used) in investing activities</b>	<b>(72,021)</b>	<b>(52,374)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of the shares	-	-
Proceeds from credits and loans	56,155	16,500
Repayments of credits and loans	(19,180)	(18,029)
Interest on credit	(1,464)	(1,428)
Interest on loans	(83)	-
Proceeds from paid loans	-	83
Proceeds from interest on loans	-	6
Other interest and expenses	(218)	(14)
Payment of liabilities under finance lease agreements	(85)	(42)
Other financial proceeds	408	-
Other financial expenses	-	-
<b>Net cash generated (used) in financing activities</b>	<b>35,533</b>	<b>(2,924)</b>
<b>Net change in cash, cash equivalents and bank overdrafts</b>	<b>3,880</b>	<b>(38,811)</b>
Cash, cash equivalents and bank overdrafts at beginning of the	235,825	221,781

period

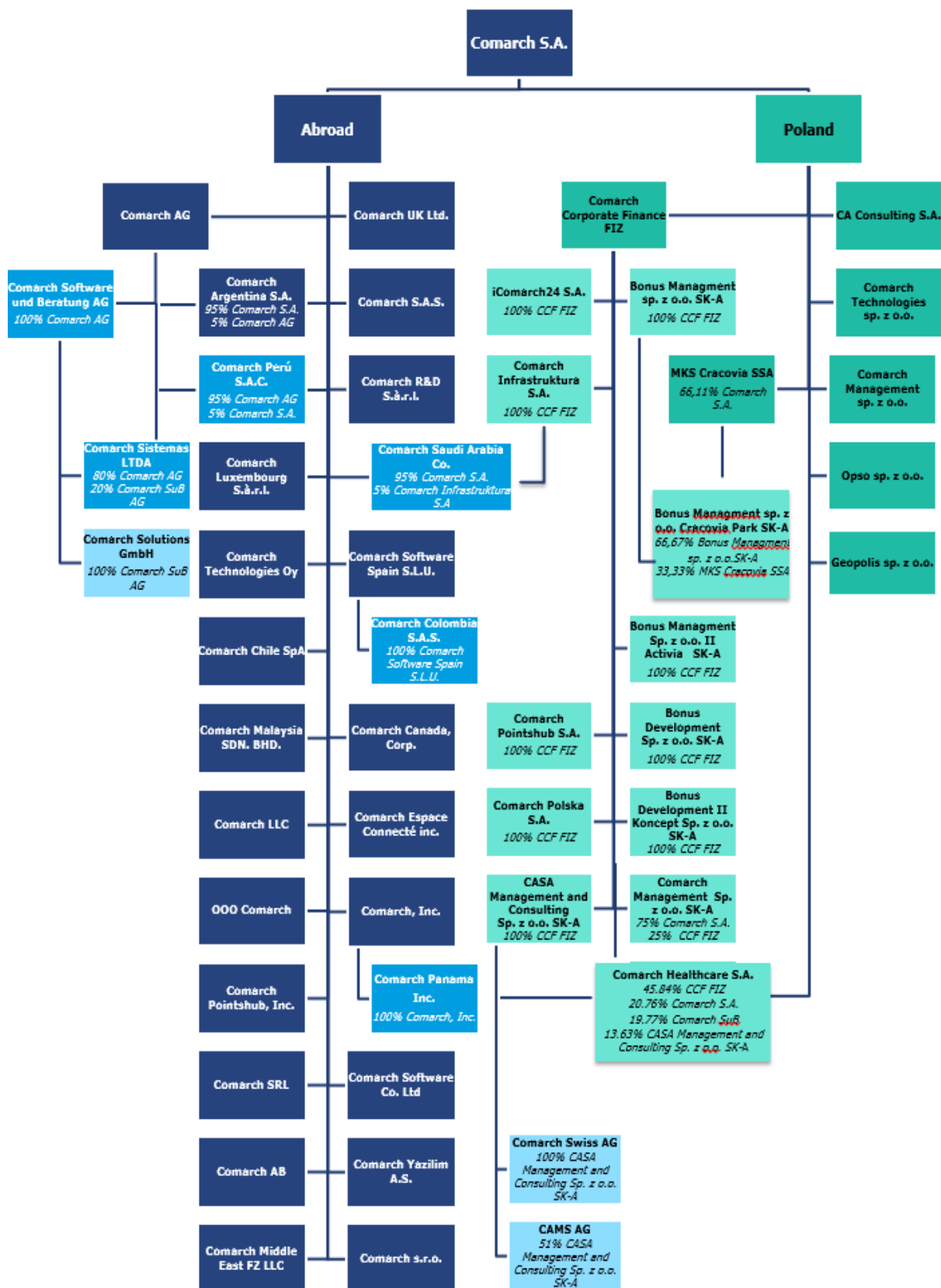
Positive (negative) exchange differences in cash and bank overdrafts	(9,867)	4,425
<b>Cash, cash equivalents and bank overdrafts at end of the period</b>	<b>229,838</b>	<b>187,395</b>
<i>- including limited disposal</i>	<i>3,550</i>	<i>8,546</i>

## VI. Supplementary information

### 1. Information about Group Structure and Activities

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 the 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, The Eleventh 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.

## 1.1. Organisational Structure of Comarch Group



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

On the 30<sup>th</sup> of June, 2017, associates of the parent company were:

- SoInteractive S.A. with its registered office in Krakow in Poland (16.10% votes held by CCF FIZ, 11.27% held by Bonus Management sp. z o.o. Activia SK-A),
- Metrum Capital S.A. (15.79% votes held by Comarch S.A., 31.58% votes held by CAMS AG),
- Thanks Again LLC with its registered office in Tyrone, GA, USA (42.5% votes held by Comarch Pointshub, Inc.).

The associated companies are not consolidated. Shares are valued with equity method.

## 1.2. Activities Structure in the Comarch Group

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 Software (Shanghai) Co. Ltd. and Comarch Saudi Arabia Co. 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 markets and executes them in their entirety or in part,
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and 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,
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is 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. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector,
- Comarch Pointshub S.A. produces and implements loyalty software for the customers and software related to Smart City,
- Comarch Infrastruktura 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. produces and implements integrated GIS systems in public administration units,
- MKS Cracovia SSA is a sport joint stock company,

- „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. company is currently not operating.

### 1.3. Changes in Ownership and Organisational Structure in H1 2017

On the 19<sup>th</sup> 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 27<sup>th</sup> 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 24<sup>th</sup> of July, 2017, a mentioned share capital increase was registered in the National Court.

On 3<sup>rd</sup> 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](#) ([RB-2-2017ENG](#)) dated the 17<sup>th</sup> of March, 2017, no. [RB-4-2017](#) ([RB-4-2017ENG](#)) dated the 31<sup>st</sup> of March, 2017 and no. [RB-5-2017](#) ([RB-5-2017ENG](#)) dated the 4<sup>th</sup> of April, 2017. Until the date of publication of this report the capital increase has not been registered.

Until the date of publication of this report the capital increase in Comarch Argentina S.A. of 21<sup>st</sup> of December, 2016, has not been registered.

### 1.4. Changes in Ownership and Organisational Structure after the Balance Sheet Date

On the 7<sup>th</sup> July, 2017, a company Comarch Japan KK headquartered in Tokyo, was registered. Comarch UK owns a 100% of shares and votes.



## 2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 6 months ended the 30<sup>th</sup> of June, 2017 and comparable data (the "Interim Consolidated Financial Statement") are prepared in accordance with International Accounting Standard ("IAS") 34 and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the date of preparing the Condensed Interim Consolidated Financial Statement.

This Interim Consolidated Financial Statement for the 6 months ended the 30<sup>th</sup> of June, 2017 does not include all information and disclosures that are obligatory in annual financial statements, therefore should be read in conjunction with the audited Comarch Capital Group IFRS Consolidated Financial Statement for the period from the 1<sup>st</sup> of January, 2016 until the 31<sup>st</sup> of December, 2016 ("the IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the 6 months ended the 30<sup>th</sup> of June, 2017 does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the period from the 1<sup>st</sup> of January, 2016 until the 31<sup>st</sup> of December, 2016 (the notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31<sup>st</sup> of December, 2016).

The Interim Consolidated Financial Statement for the period from 1<sup>st</sup> of January, 2017 until the 30<sup>th</sup> of June, 2017 includes the consolidated balance sheet, consolidated income statement, total income consolidated statement, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and selected explanatory notes.

Costs that arise unevenly during the year are anticipated or deferred in the interim financial statement, only if it would also be appropriate to anticipate or defer such costs at the end of the year.

This Interim Consolidated Financial Statement for the period from 1<sup>st</sup> of January, 2017 until the 30<sup>th</sup> of June, 2017 is prepared in thousands of Polish zloty ("PLN") and was authorised for issuance by the Management Board on the 31<sup>st</sup> of August, 2017.

### Standards and interpretations applied in 2016 for the first time

The following standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and approved for use in the EU enter into force for the first time in 2016:

- **Amendments to IFRS 10 "Consolidated Financial Statement", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment entities: application of the exemption of the consolidation - approved by EU on 22<sup>nd</sup> of September, 2016 (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2016),
- **Amendments to IFRS 11 "Joint Arrangements "** - Accounting for the acquisition of shares in joint operations - approved by the EU on the 24<sup>th</sup> of November, 2015 (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - The initiative in relation to disclosures - approved by the EU on the 18<sup>th</sup> of December, 2015 (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2016),

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - approved by the EU on the 2<sup>nd</sup> of December, 2015 (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - approved by the EU on the 23<sup>rd</sup> of November, 2015 (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - approved by the EU on the 17<sup>th</sup> of December, 2014 (effective for annual periods beginning on or after the 1<sup>st</sup> of February, 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity method in the separate financial statements - approved by the EU on the 18<sup>th</sup> of December, 2015 (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2016).
- **Amendments to various standards "Improvements to IFRS (period 2010-2012)"** – adopted within the frame of annual improvements process to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38). The purpose of these annual improvements is to resolve inconsistencies and clarify guidance or wording - approved by the EU on the 17<sup>th</sup> of December, 2014 (effective for annual periods beginning on or after the 1<sup>st</sup> of February, 2015),
- **Amendments to various standards "Annual Improvements (period 2012-2014)"** – adopted within the frame of annual improvements process to IFRS (IFRS 5, IFRS 7, IAS 19, and IAS 34). The purpose of these annual improvements is to resolve inconsistencies and clarify guidance or wording - approved by the EU on the 15<sup>th</sup> of December, 2015 (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2016).

The above mentioned standards, interpretations and amendments to standards did not have a material effect on the Group's financial report for 2016 and H1 2017

#### Standards and Interpretations published by IASB and approved by the EU, but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not yet effective:

- **IFRS 9 "Financial Instruments"** - approved by the UE on 22<sup>nd</sup> of November, 2016 (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2018),
- **IRFS 15 „Revenue from Contracts with Customers”** and subsequent changes **to IRFS 15 „Date of entry into force IRFS 15”** - approved by the UE on 22<sup>nd</sup> of September, 2016 (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2016).

#### Standards and Interpretations adopted by IASB but not yet approved by the UE

The scope of the IFRS approved by the European Union does not differ significantly from the regulations of the International Accounting Standards Board, excluding the below-mentioned standards, changes to standards and the interpretations which were not applied by the EU as at the 31<sup>st</sup> of August, 2017, (the effective dates mentioned below are related to full versions of standards):

- **FRS 14 „Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2016) - The European Commission has decided not to initiate the process of approval of this temporary standard for use in the EU until a final version of IFRS 14,

- **IFRS 16 "Leasing"** (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2019),
- **Amendments to IFRS 2 "Payments based on shares"** – Classification and measurement of share-based payment (effective for annual periods beginning on or after the 1<sup>st</sup> of January, 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Instruments" (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2018 or for the period of first-time application of IFRS 9 "Financial Instruments),
- **Amendments to IFRS 10 "Consolidated Financial Statement" and IAS 28 "Investments in associates and joint ventures"** – sales or contribution of assets between the investor and the associate or joint venture and the subsequent changes (date of entry into force of amendments has been postponed until the end of the research on the equity method),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** – Clarification to IFRS 15 "Revenue from Customer Contracts" (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2018),
- **Amendments to IAS 7 "Statement of cash flows"** - The initiative in relation to disclosures (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2017),
- **Amendments to IAS 12 "Income tax"** - Recognition of deferred income tax on unrealized losses (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2017),
- **Amendments to IAS 40 "Investment Estates"** - Transfer of investment properties (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2018),
- **Amendments to various standards "Improvements to IFRS (period 2014-2016)"** – adopted within the frame of annual improvements process to IFRS (IFRS 1, IFRS 12 and IFRS 28). The purpose of these annual improvements is to resolve inconsistencies and clarify guidance or wording (amendments to IFRS 12 effective for annual periods beginning on or after 1<sup>st</sup> of January, 2017, amendments to IFRS 1 and IFRS 28 effective for annual periods beginning on or 1<sup>st</sup> of January, 2018),
- **Interpretation of IFRIC 22 "Transactions in foreign currencies and advanced payments"** (effective for annual periods beginning on or after 1<sup>st</sup> of January, 2018).

The Management Board of the company anticipates that application of IFRS 15 and IFRS 16 may, in the future, impact the amounts and recognitions presented in the consolidated financial statement of the Capital Group. The parent company is on the analysis of influence of amendments to these IFRS on the financial statement. But there is no opportunity to present reliable estimates on the impact of IFRS 15 or IFRS 16 until the Group did not carry out a detailed analysis in this respect.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities have not been adopted by the EU.

According to the parent company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"**, would not significantly impact the financial statements, if applied as at the balance sheet date.

The consolidated financial statement of the Comarch Group for the 6 months ended the 30<sup>th</sup> of June, 2017 comprises the financial statements of the following companies:

Company name	Relationship	Consolidation method	% held by Comarch S.A. in a subsidiary's share capital
Comarch S.A.	Parent Company	full	
Comarch AG	Subsidiary	full	100%
Comarch Sistemas LTDA	Subsidiary	full	80% held by Comarch AG, 20% held by Comarch Software und Beratung AG
Comarch Peru S.A.C.	Subsidiary	full	95% held by Comarch AG, 5% held by Comarch S.A.
Comarch Software und Beratung AG	Subsidiary	full	100% held by Comarch AG
Comarch Solutions GmbH	Subsidiary	full	100% held by Comarch Software und Beratung AG
Comarch S.A.S.	Subsidiary	full	100%
Comarch R&D S.à r.l.	Subsidiary	full	100%
Comarch Luxembourg S.à r.l.	Subsidiary	full	100%
Comarch Inc.	Subsidiary	full	100%
Comarch Panama Inc.	Subsidiary	full	100% held by Comarch Inc.
Comarch Canada, Corp.	Subsidiary	full	100%
Comarch Espace Connecté Inc.	Subsidiary	full	100%
Comarch Middle East FZ-LLC	Subsidiary	full	100%
Comarch LLC	Subsidiary	full	100%
OOO Comarch	Subsidiary	full	100%
Comarch Software (Shanghai) Co. Ltd.	Subsidiary	full	100%
Comarch Technologies Oy	Subsidiary	full	100%
Comarch UK Ltd.	Subsidiary	full	100%
Comarch Chile SpA	Subsidiary	full	100%
Comarch Software Spain S.L.U.	Subsidiary	full	100%
Comarch Colombia S.A.S.	Subsidiary	full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	Subsidiary	full	100%
Comarch SRL	Subsidiary	full	100%
Comarch Malaysia SDN. BHD.	Subsidiary	full	100%
Comarch s.r.o.	Subsidiary	full	100%
Comarch Pointshub, Inc.	Subsidiary	full	100%
Comarch AB	Subsidiary	full	100%
Comarch Argentina S.A.	Subsidiary	full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	Subsidiary	full	95% held by Comarch S.A., 5% held by Comarch

			Infrastruktura S.A.
Comarch Technologies sp. z o.o.	Subsidiary	full	100%
CA Consulting S.A.	Subsidiary	full	100%
Geopolis sp. z o.o.	Subsidiary	full	100%
Comarch Management sp. z o.o.	Subsidiary	full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	Subsidiary	full	100% in total number of investment certificates
Comarch Management sp. z o.o. SK-A	Subsidiary	full	26.45% held by Comarch S.A., 8.82% held by CCF FIZ, 64.73% purchased by Comarch Management sp. z o.o. SK-A to be redeemed
Bonus Management sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o.	Subsidiary	full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Cracovia Park SK-A	Subsidiary	full	
Bonus Development sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus Management sp. z o.o. II	Subsidiary	full	100% held by CCF FIZ
Activia SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus Development sp. z o.o. II	Subsidiary	full	100% held by CCF FIZ
Koncept SK-A	Subsidiary	full	100% held by CCF FIZ
Comarch Healthcare S.A.	Subsidiary	full	45.84% held by CCF FIZ 20.76% held by Comarch S.A. 19.77% held by Comarch Software und Beratung AG. 13.63% held by CASA Management and Consulting sp. z o.o. SKA
Comarch Polska S.A.	Subsidiary	full	100% held by CCF FIZ
Comarch Pointshub S.A.	Subsidiary	full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	Subsidiary	full	100% held by CCF FIZ
iComarch24 S.A.	Subsidiary	full	100% held by CCF FIZ
CASA Management and Consulting sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Comarch Swiss AG	Subsidiary	full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	Subsidiary	full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	Subsidiary	full	100%
MKS Cracovia SSA	Subsidiary	full	66.11%

### 3. Notes to the Consolidated Financial Statement

#### 3.1. Segment Information

In the Comarch Group, the business segments are basic type of operating segments, and geographical segments are the supplementary type of operating segments. The operations of Comarch's subsidiary units comprise the following types of activities:

- the sale of IT systems and services, including production of software for medicine sector, as well as sales of IT hardware (hereinafter referred to as the "IT segment"),
- professional sports (hereinafter referred to as the "Sport segment"; MKS Cracovia SSA,
- investment activity on capital market and activity in relation with real estate investment, (hereinafter referred to as the "Investment segment"),
- activity in relation to medical services (hereinafter referred to as the "Medical segment").

IT segment has a dominant share in sales revenues, profits and assets. IT segment is divided into the DACH (Germany, Austria and Switzerland) market, Polish market and other markets according to the specific character of the activity in the segment.

Due to the geographical distribution of its activities, the Comarch Group has defined the following market segments: "Poland", "DACH" (Germany, Austria and Switzerland), "Other countries". The "Sport Segment", the "Investment Segment" and the "Medicine Segment" operate solely within the territory of Poland. Due to the fact that only the IT segment operates abroad and at the same time the costs incurred in the IT segment are largely common for export and domestic sales, defining separate results for export and domestic activities is futile.

Comarch Group is highly diversified and not dependant on one single contractor. During the 6 months of 2017, the share of none of the customer exceeded 10% of the sale in Comarch Group's sales.

Over 2016, Comarch Group revenue structure was as follows: 22% of annual sales were achieved in the first quarter, 25% in the second quarter, 20% in the third quarter and 33% in the fourth quarter. In 2017, the Company expects the distribution of sales revenue similar to that in 2016.

6 months ended 30 June 2016	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
<b>Revenues per segment- sales to external clients</b>	<b>284,182</b>	<b>113,429</b>	<b>104,655</b>	<b>388</b>	<b>14,561</b>	<b>3,582</b>	<b>-</b>	<b>520,797</b>
<i>including:</i>								
<b>Revenues from sales</b>	<b>284,655</b>	<b>113,444</b>	<b>102,216</b>	<b>158</b>	<b>11,802</b>	<b>4,150</b>	<b>-</b>	<b>516,425</b>
<i>To customers in Telecommunication, Media, IT sector</i>	<i>65,630</i>	<i>34,822</i>	<i>44,967</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>145,419</i>
<i>To customers in Finance and Banking sector</i>	<i>58,490</i>	<i>4,490</i>	<i>5,648</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>68,628</i>
<i>To customers in Trade and services sector</i>	<i>34,728</i>	<i>4,165</i>	<i>37,197</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>76,090</i>
<i>To customers in Industry&amp;Utilities</i>	<i>42,342</i>	<i>8,839</i>	<i>11,649</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>62,830</i>
<i>To customers in Public sector</i>	<i>30,036</i>	<i>3,537</i>	<i>2,747</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>36,320</i>
<i>To customers in small and medium enterprises sector</i>	<i>49,091</i>	<i>57,591</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>106,682</i>
<i>To customers in Medicine sector</i>	<i>3,130</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4,150</i>	<i>-</i>	<i>7,280</i>
<i>To other customers</i>	<i>1,208</i>	<i>-</i>	<i>8</i>	<i>158</i>	<i>11,802</i>	<i>-</i>	<i>-</i>	<i>13,176</i>
<i>Other operating revenue</i>	<i>2,871</i>	<i>943</i>	<i>1,722</i>	<i>138</i>	<i>2,735</i>	<i>-</i>	<i>-</i>	<i>8,409</i>
<i>Finance revenue</i>	<i>(3,344)</i>	<i>(958)</i>	<i>717</i>	<i>92</i>	<i>24</i>	<i>(568)</i>	<i>-</i>	<i>(4,037)</i>
Revenues per segment - sales to other segments	96,936	17,485	20,419	1,413	4,480	833	(141,566)	-
<b>Revenues per segment - total*</b>	<b>381,118</b>	<b>130,914</b>	<b>125,074</b>	<b>1,801</b>	<b>19,041</b>	<b>4,415</b>	<b>(141,566)</b>	<b>520,797</b>
Costs per segment relating to sales to external clients	257,701	106,565	106,616	1,373	11,548	5,822	-	489,625
Costs per segment relating to sales to other segments	96,936	17,485	20,419	1,413	4,480	833	(141,566)	-
<b>Costs per segment - total*</b>	<b>354,637</b>	<b>124,050</b>	<b>127,035</b>	<b>2,786</b>	<b>16,028</b>	<b>6,655</b>	<b>(141,566)</b>	<b>489,625</b>
Current taxes	(2,413)	(1,183)	(3,115)	(29)	-	-	-	(6,740)
Assets for the tax due to investment allowances and other tax relief	(350)	(2,740)	(2,466)	(35)	(315)	-	-	(5,906)
Share of segment in the result of parties valuated using the equity method of accounting	(231)	-	(4,342)	-	-	-	-	(4,573)
<b>Net result</b>	<b>23,487</b>	<b>2,941</b>	<b>(11,884)</b>	<b>(1,049)</b>	<b>2,698</b>	<b>(2,240)</b>	<b>-</b>	<b>13,953</b>
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	<i>23,487</i>	<i>2,654</i>	<i>(11,884)</i>	<i>(1,045)</i>	<i>1,784</i>	<i>(2,240)</i>	<i>-</i>	<i>12,756</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>287</i>	<i>-</i>	<i>(4)</i>	<i>914</i>	<i>-</i>	<i>-</i>	<i>1,197</i>

\*) Items comprise revenues and costs of all types, which can be directly allocated to particular segments

Sales between specific segments are calculated based on market conditions.

The following table presents the assets and liabilities of particular segments as at the 30<sup>th</sup> of June, 2016, as well as investment expenditures and depreciation in during 6 months of 2016.

**30 June 2016 / 6 months ended 30 June 2016**

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	651,679	224,531	206,784	126,954	48,569	8,647	1,267,164
Liabilities	297,511	85,364	39,444	19,043	15,739	6,129	463,230
Investment expenditures	18,603	6,223	9,829	18,642	2,192	792	56,281
Depreciation	19,671	8,740	1,543	396	806	1,421	32,577



6 months ended 30 June 2017	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
<b>Revenues per segment- sales to external clients</b>	<b>276,518</b>	<b>126,705</b>	<b>99,574</b>	<b>3,280</b>	<b>19,969</b>	<b>6,024</b>	-	<b>532,070</b>
<i>including:</i>								
<b>Revenues from sales</b>	<b>255,486</b>	<b>124,093</b>	<b>96,794</b>	<b>280</b>	<b>9,547</b>	<b>4,865</b>	-	<b>491,065</b>
<i>To customers in Telecommunication, Media, IT sector</i>	56,330	33,815	19,253	-	-	-	-	109,398
<i>To customers in Finance and Banking sector</i>	67,530	17,085	8,040	-	-	-	-	92,655
<i>To customers in Trade and services sector</i>	19,542	6,557	51,966	-	-	-	-	78,065
<i>To customers in Industry&amp;Utilities</i>	37,655	12,960	15,845	-	-	-	-	66,460
<i>To customers in Public sector</i>	17,478	3,456	1,681	-	-	-	-	22,615
<i>To customers in small and medium enterprises sector</i>	54,068	50,220	-	-	-	-	-	104,288
<i>To customers in Medicine sector</i>	1,812	-	-	-	-	4,865	-	6,677
<i>To other customers</i>	1,071	-	9	280	9,547	-	-	10,907
<i>Other operating revenue</i>	35	2,406	2,024	775	10,480	344	-	16,064
<i>Finance revenue</i>	20,997	206	756	2,225	(58)	815	-	24,941
Revenues per segment - sales to other segments	103,445	17,366	14,435	3,270	4,413	964	(143,893)	-
<b>Revenues per segment - total*</b>	<b>379,963</b>	<b>144,071</b>	<b>114,009</b>	<b>6,550</b>	<b>24,382</b>	<b>6,988</b>	<b>(143,893)</b>	<b>532,070</b>
Costs per segment relating to sales to external clients	251,724	124,957	114,699	36	13,237	6,778	-	511,431
Costs per segment relating to sales to other segments	103,444	17,366	14,435	3,271	4,413	964	(143,893)	-
<b>Costs per segment - total*</b>	<b>355,168</b>	<b>142,323</b>	<b>129,134</b>	<b>3,307</b>	<b>17,650</b>	<b>7,742</b>	<b>(143,893)</b>	<b>511,431</b>
Current taxes	(78)	(1,756)	(2,961)	(55)	(1,235)	-	-	(6,085)
Assets for the tax due to investment allowances and other tax relief	(3,359)	3,757	(947)	3	949	-	-	403
Share of segment in the result of parties valuated using the equity method of accounting	122	-	(2,105)	-	-	-	-	(1,983)
<b>Net result</b>	<b>21,480</b>	<b>3,749</b>	<b>(21,138)</b>	<b>3,191</b>	<b>6,446</b>	<b>(754)</b>	-	<b>12,974</b>
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	21,480	3,749	(21,138)	3,180	4,262	(754)	-	10,779
<i>Result attributable to minority interest</i>	-	-	-	11	2,184	-	-	2,195

\*) Items comprise revenues and costs of all types, which can be directly allocated to particular segments

Sales between specific segments are calculated based on market conditions.

**Share of business segments in Assets and Liabilities and Investment Expenditures**

The following table presents the assets and liabilities of particular segments as at the 30<sup>th</sup> of June, 2017, as well as investment expenditures and depreciation in during 6 months of 2017.

**30 June 2017 / 6 months ended 30 June 2017**

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	794,049	194,097	224,993	147,149	61,548	12,079	<b>1,433,915</b>
Liabilities	356,780	79,881	88,114	36,043	16,580	3,741	<b>581,139</b>
Investment expenditures	49,203	11,999	24,130	1,675	297	13	<b>87,317</b>
Depreciation	19,188	7,245	1,400	775	1,747	1,390	<b>31,745</b>

The following table presents the allocation of revenues from sales, assets and total investment expenditures into geographical segments.

**Revenues from basic sales - activities location**

	6 months ended 30 June 2017		%	6 months ended 30 June 2016	
Poland	270,178	55.0	300,765	58.2	
DACH region	124,093	25.3	113,444	22.0	
Other countries	96,794	19.7	102,216	19.8	
<b>Total</b>	<b>491,065</b>	<b>100.0</b>	<b>516,425</b>	<b>100.0</b>	

**Assets - activities location**

	30 June 2017		%	31 December 2016	
Poland	1,014,805	70.8	948,603	65.7	
DACH region	194,097	13.5	234,874	16.2	
Other countries	225,013	15.7	261,398	18.1	
<b>Total</b>	<b>1,433,915</b>	<b>100.0</b>	<b>1,444,875</b>	<b>100.0</b>	

**Investment expenditures – activities location**

	6 months ended 30 June 2017		12 months ended 31 December 2016		6 months ended 30 June 2016	
		%		%		%
Poland	50,570	57.9	107,234	77.8	40,229	71.5
DACH region	11,999	13.7	12,366	9.0	6,223	11.1
Other countries	24,748	28.4	18,285	13.2	9,829	17.4
<b>Total</b>	<b>87,317</b>	<b>100.0</b>	<b>137,885</b>	<b>100.0</b>	<b>56,281</b>	<b>100.0</b>

**3.2. Property, Plant and Equipment**

	30 June 2017	31 December 2016
Lands and buildings	336,219	300,202
Means of transport and machinery	111,434	88,859
Property, plant and equipment under construction	84,560	99,204
Others	14,001	12,767
Advance money for property, plant and equipment under construction	89	79
<b>Total</b>	<b>546,303</b>	<b>501,111</b>

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 30<sup>th</sup> of June, 2017 the Group's property are six office buildings in the Special Economic Zone in Krakow ("SEZ") at 56,760 square metres of the total space, two office buildings in Warsaw at 2,582 square metres of the total space and office and storage buildings in Łódź, one office and storage building in Lille, and an office building and data centre in Dresden. The Group owns also lands in the Special Economic Zone in Krakow at 2.13 ha of the total area. As at the 30<sup>th</sup> of June, 2017, property, plant and equipment under construction comprise mostly expenditures related to an investments in the Special Economic Zone in Krakow, involving the construction of an office building SSE7, expenditures related to purchased but did put into use hardware and expenditures related to modernization works of the storage building in Lille and adapting it to the function of the data centre.

In Comarch Healthcare S.A. began to conduct the diagnostic and medical activity (Medical Centre iMed24) in the first quarter of 2012 and commenced use of the diagnostic and medical equipment purchased in 2011. As at the 30<sup>th</sup> of June, 2017, the book value of this equipment amounted to PLN 4,498 thousand.

On the 16<sup>th</sup> 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 m<sup>2</sup>. The net value of the agreement amounts to PLN 37,175 thousand. The investment was completed in the first quarter of 2017. Capital expenditures incurred in connection with the above mentioned agreement until the 30<sup>th</sup> of June, 2017, amounted to PLN 37,175 thousand.

The office building that was purchased by Comarch SAS in Lille is the new office of the company. On the 15<sup>th</sup> 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 31,923 thousand (exchange rate at the 30<sup>th</sup> of June, 2017). Investment expenditures incurred in connection with the above-mentioned agreement until the 30<sup>th</sup> of June, 2017, amounted to EUR 7,078 thousand, i.e. PLN 29,915 thousand, at the exchange rate at the 30<sup>th</sup> of June, 2017. The planned completion date of this investment is the third quarter of 2017. The investment is financed by a long-term bank credit.

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18<sup>th</sup> of March, 2016, the Group implementations of the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract is construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building will be 27,736 m<sup>2</sup>. The contract value is PLN 69,704 thousand net. Capital expenditures incurred in connection with the above mentioned contract until the 30<sup>th</sup> of June, 2017, amounted to PLN 39,515 thousand. Anticipated completion date is the fourth quarter of 2017.

In the second quarter of 2017, there were no purchases of land.

### 3.3. Investment Real Estate

	30 June 2017	31 December 2016
Lands	2,875	2,875
Buildings	12,680	12,751
<b>Total</b>	<b>15,555</b>	<b>15,626</b>

As at the 30<sup>th</sup> of June, 2017, investment real estate comprise plots developed, placed in Krakow and used for lease to the entities outside Group and lands located in Krakow, purchased in order to construct buildings dedicated for lease to the entities outside Group, as well as a real estate located in Kostrzyń leased to the entities outside Group.

### 3.4. Goodwill

Goodwill comprises Company's value established at purchases of shares in the following companies:

	30 June 2017	31 December 2016
Comarch Kraków	99	99
CDN Comarch	1,227	1,227
Comarch AG	1,900	1,900
Comarch, Inc.	58	58
Comarch Software und Beratung AG	29,038	29,038
Comarch Swiss AG (A-MEA Informatik AG till the 31 <sup>st</sup> of December, 2012)	8,413	8,413
Geopolis sp. z o.o.	1,462	-
<b>Total</b>	<b>42,197</b>	<b>40,735</b>

On the 31<sup>st</sup> of December, 2016, the Comarch Group ran a test for loss in value regarding goodwill. The methodology was described in detail in the financial statement for 2016. The lost in value was not identified.

On 3<sup>rd</sup> of April, 2017 Comarch S.A. acquired 100% of shares of Geopolis sp. z o.o. The goodwill arises as a result of acquisition amounted to PLN 1,462 thousand.

### 3.5. Other Intangible Assets

	30 June 2017	31 December 2016
Costs of finished development works	477	642
Perpetual usufruct right	39,358	38,757
Licences and software	17,189	14,152
Other	5,505	7,792
Advance on intangible assets	118	-
<b>Total</b>	<b>62,647</b>	<b>61,343</b>

Other intangibles include valuation of assets, classified as intangible assets, related to the value of the right to use MKS Cracovia SSA players' cards in the amount of PLN 5,505 thousand.

The perpetual usufruct right for land related to MKS Cracovia SSA that is worth PLN 31,650 thousand is considered the intangible asset with unspecified period of use and is not depreciated. The Company expects renewal of perpetual usufruct right which will occur without incurring any major costs, as the Company is not obliged to meet any conditions, which would decide about extension of this right. The Company does not expect incurring any major costs when renewal of perpetual usufruct right, having in mind current activities of the co-owner of the sports club, i.e. Krakow commune.

### 3.6. Investment in Associates

As at the 30<sup>th</sup> of June, 2017, the Group had shares in associates.

<b>At 1 January 2016</b>	<b>23,177</b>
Share in profit of Sointeractive S.A.	(37)
Acquiring shares in and share in profit of Metrum Capital S.A.	(194)
Repayment of a loan to SoInteractive S.A.	(437)
Acquiring shares in and share in profit of Thanks Again LLC	(4,252)
<b>At 30 June 2016</b>	<b>18,257</b>
Share in profit of Sointeractive S.A.	83
Acquiring shares in and share in profit of Metrum Capital S.A.	(14)
Repayment of a loan to SoInteractive S.A.	(90)
Acquiring shares in and share in profit of Thanks Again LLC	(3,841)
<b>At 31 December 2016</b>	<b>14,395</b>
<b>At 1 January 2017</b>	<b>14,395</b>
Share in profit of Sointeractive S.A.	125
Share in profit of Metrum Capital S.A.	(4)

Granting and repayment of a loan to SoInteractive S.A.	222
Share in profit of Thanks Again LLC	(2,104)
<b>At 30 June 2017</b>	<b>12,634</b>

As at the 30<sup>th</sup> of June, 2017 investment in associates includes interest and shares of SoInteractive S.A. acquired by CCF FIZ and Bonus Management sp. z o.o. II Activia SK-A. They constitute 42.98% of shares in the company (27.37% of votes), shares of Metrum Capital S.A. in which Comarch S.A. holds 21.43% of share capital (15.79% of votes) and CAMS AG holds 42.86% of share capital (31.58% of votes) with the total value of PLN 579 thousand, shares in Thanks Again LLC, in which Comarch Pointshub, Inc. holds 42,50% of share capital (42,50% of votes at the AGM) with total value of PLN 11,623 thousand (the nominal value of acquired shares PLN 30,831 thousand reduced by participation in 2015, 2016 and 2017 financial result and update of the value of shares), as well as loans granted to SoInteractive S.A. by Comarch Infrastruktura S.A. and Comarch S.A. in the amount of PLN 432 thousand.

### 3.7. Derivative Financial Instruments

#### a) Assets

	30 June 2017	31 December 2016
Forward foreign exchange contracts – held-for-trading	12,430	1,641
Transaction on change of IRS	103	-
	<b>12,533</b>	<b>1,641</b>
<i>Current portion</i>	<i>8,633</i>	<i>1,149</i>
<i>Non-current portion</i>	<i>3,900</i>	<i>492</i>

#### b) Liabilities

	30 June 2017	31 December 2016
Forward foreign exchange contracts – held-for-trading	-	3,038
Transaction on change of IRS	1,039	1,849
	<b>1,039</b>	<b>4,887</b>
<i>Current portion</i>	<i>-</i>	<i>2,350</i>
<i>Non-current portion</i>	<i>1,039</i>	<i>2,537</i>

Group held forward contracts to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk, and to secure cash flows on account of an investment credit granted in Euro.

As at the 30<sup>th</sup> of June, 2017 the above-mentioned instruments were valued at fair value according to market price and changes in valuation were referred into the results from financial operations. Total net value of forward contracts that were open as at the 30<sup>th</sup> of June, 2017 amounted to EUR 26,060 thousand, USD 13,300 thousand, RUB 48,000 thousand and GBP 100 thousand. After the balance sheet date, the Comarch Group concluded forward contracts for sales of EUR 3,000 thousand.

On the 24<sup>th</sup> of October, 2013, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 30<sup>th</sup> of September, 2013, from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 31<sup>st</sup> of October, 2018. As at the 30<sup>th</sup> of June, 2017, valuation of the IRS transaction amounted to minus PLN 122 thousand.

On the 27<sup>th</sup> of June, 2014, Comarch S.A. concluded a transaction on change of IRS for nonrevolving credit taken on the 4<sup>th</sup> of January, 2013, from Bank Zachodni WBK S.A. with its registered office in Wrocław. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 28<sup>th</sup> of June, 2019. As at the 30<sup>th</sup> of June, 2017, valuation of IRS transaction amounted to minus PLN 130 thousand.

On the 9<sup>th</sup> of July, 2014, Comarch S.A. concluded a transaction on change of IRS for investment credit taken in June 2006 from BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 10 years, i.e. till the 29<sup>th</sup> of July, 2024. As at the 30<sup>th</sup> of June, 2017, valuation of the IRS transaction amounted to minus PLN 509 thousand.

On the 23<sup>rd</sup> of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4<sup>th</sup> of December, 2013, from from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30<sup>th</sup> of November, 2023. As at the 30<sup>th</sup> of June, 2017, valuation of the IRS transaction amounted to minus PLN 275 thousand.

On the 20<sup>th</sup> of February, 2017, Comarch S.A. concluded a transaction on change of IRS for a long-term credit granted in May 2016 by the Bank Handlowy w Warszawie. As a consequence of the concluded transaction variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 30<sup>th</sup> of September, 2019. As at the 30<sup>th</sup> of June, 2017, valuation of the IRS transaction amounted to minus PLN 3 thousand.

On the 20<sup>th</sup> of February, 2017, Comarch S.A. concluded a transaction on change of IRS for an investment credit granted in May 2016 by the Bank Handlowy w Warszawie. As a consequence of the concluded transaction variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 29<sup>th</sup> of February, 2028. s at the 30<sup>th</sup> of June, 2017, valuation of the IRS transaction amounted to PLN 103 thousand.

### 3.8. Deferred Income Tax

	30 June 2017	31 December 2016
<b>Deferred income tax assets</b>		
Temporary differences	14,037	14,094
Asset due to a tax loss	15,262	10,977
Asset due to activities in Special Economic Zone ("SEZ")	9,936	9,936
<b>Total</b>	<b>39,235</b>	<b>35,007</b>
<i>Charged to financial result</i>	<i>39,235</i>	<i>35,007</i>

In the first half of 2017 the Group has not settled an asset due to activities in the SEZ established as at the 31<sup>st</sup> of December, 2016. This is a consequence of not present a tax-exempt income. This asset will be gradually dissolved within second half of 2017 in proportion to the generated tax-exempt income in this period.



Comarch S.A. has five permits to operate in the Special Economic Zone in Krakow:

- a) obtained in 1999, with a period of validity until the 31<sup>st</sup> of December, 2017;
- b) obtained in 2007, with a period of validity until the 31<sup>st</sup> of December, 2017;
- c) obtained in 2013, its validity term has not been specified;
- d) obtained in February 2016, its validity term has not been specified;
- e) obtained in March 2016, its validity term has not been specified.

The Company also notes that on the 23<sup>rd</sup> of July, 2013, The Council of Ministers adopted a regulation extending the term of functioning of special economic zones in Poland to 2026.

Pursuant to IAS 12, unused tax relief as at the 31<sup>st</sup> of December, 2016, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized. Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 20,646 thousand as at the 30<sup>th</sup> of June, 2017 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 29,000 thousand as at the 30<sup>th</sup> of June, 2017 (after discounting at the permit date).

In the first half of 2017, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31<sup>st</sup> of December, 2016, and worth PLN 4,126 thousand as well as an asset due to temporary differences was recognized in the amount of PLN 4,069 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 4,285 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was PLN 4,228 thousand.

	30 June 2017	31 December 2016
<b>Provision for deferred income tax</b>		
Temporary differences	17,043	13,889
Provision due to fair value valuation of assets recognised as a result of acquisition of the Comarch SuB, A-MEA Informatik AG and ESAProjekt sp. z o.o. and due to valuation of MKS Cracovia SSA's real estates	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	23,495	22,825
<b>Total</b>	<b>45,968</b>	<b>42,144</b>
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>40,538</i>	<i>36,714</i>
<i>Provision due to acquisition of A-MEA Informatik AG and ESAProjekt sp. z o.o.</i>	-	-

Due to valuation of net assets of CCF FIZ, in 2017, the Group increased a deferred tax provision, which was recognised in the previous years and was worth PLN 670 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 5,367 and dissolved in the amount of PLN 2,213 thousand. The total effect of the all above-mentioned operations on the net result of 6 months of 2017 was minus PLN 3,824 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 404 thousand.

In relation to Comarch Healthcare S.A., despite of the fact that the tax loss existed, a deferred tax asset was not created due to the lack of possibility to make the reliable estimates of the income tax allowing the use of existing tax loss from previous years. In relation to MKS Cracovia S.A., due to the fact of existence of taxable profit, within the current tax settlements, limit of tax losses from the previous years, attributable to the reporting period, was used. However, there was no asset recognised here due to the lack of possibility to make the reliable estimates whether it would be possible to use in the future the remaining part of the limit of the tax loss from previous years.



### 3.9. Inventories

	30 June 2017	31 December 2016
Raw materials	687	815
Work in progress	90,110	69,850
Goods	8,871	5,326
Finished products	196	38
Advance due to finished products	1,063	526
<b>Total</b>	<b>100,927</b>	<b>76,555</b>

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 158,257 thousand (6 months ended the 30<sup>th</sup> of June, 2017), PLN 307,617 thousand (12 months ended the 31<sup>st</sup> of December, 2016), PLN 161,633 thousand (6 months ended the 30<sup>th</sup> of June, 2016).

Comarch Group created write-offs that revaluated goods and materials in the amount PLN 5 thousand as at the 30<sup>th</sup> of June, 2017. Comarch Group did not resolve write-offs, which had been created in the previous years.

### 3.10. Trade and Other Receivables

	30 June 2017	31 December 2016
Trade receivables - net	250,234	366,275
<i>Trade receivables</i>	276,489	393,968
<i>Write-off revaluating receivables</i>	(26,255)	(27,693)
Other receivables	29,911	23,617
Short-term prepayments	15,898	11,946
Other prepayments	3,119	1,835
Loans	1,121	1,027
Trade receivables and other receivables from related parties - net	2,555	2,021
<i>Trade receivables and other receivables from related parties</i>	5,080	5,092
<i>Write-off revaluating receivables</i>	(2,525)	(3,071)
<b>Total</b>	<b>302,838</b>	<b>406,721</b>
<i>Current portion</i>	302,838	406,721

The fair value of trade and other receivables is close to their balance sheet value presented above. There is no concentration of credit risk with respect to trade receivables as Group has a large number of customers. Over 6 months of 2017, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 1,482 thousand and dissolved previously created write-offs worth PLN 2,248 thousand in relation to payment of debts. These operations were presented in the income statement in other operating costs and revenues, respectively.

**3.11. Long-term Contracts**

	6 months ended 30 June 2017	6 months ended 30 June 2016
Revenues from completed contracts recognized in the reporting period	20,177	30,494
Revenues from contracts not completed recognized in the reporting period	64,396	60,790
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IAS 11	35,735	29,053
<b>Total</b>	<b>120,308</b>	<b>120,337</b>

Due to the fact that the company applies the rule of determining the degree of work progress in proportion to the share of incurred costs in the entire costs of a contract, the sum of incurred costs and recognized results corresponds to revenues. At the end of the reporting period, long-term contracts were evaluated in accordance with the degree of work progress.

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 30<sup>th</sup> of June, 2016, and the 30<sup>th</sup> of June, 2017, are presented below.

	30 June 2017	30 June 2016
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	413,599	635,548
Issued invoices	(377,948)	(600,231)
<b>Total</b>	<b>35,651</b>	<b>35,317</b>

	Long-term contracts receivables	Long-term contracts liabilities	Net
<b>Revenues from long-term contracts included in the reporting period</b>			
Value at 1 January 2016	32,440	(26,176)	6,264
Value at 30 June 2016	55,536	(20,219)	35,317
<b>Change</b>	<b>23,096</b>	<b>5,957</b>	<b>29,053</b>
Value at 1 January 2017	39,960	(40,044)	(84)
Value at 30 June 2017	58,971	(23,320)	35,651
<b>Change</b>	<b>19,011</b>	<b>16,724</b>	<b>35,735</b>

### 3.12. Available-for-Sale Financial Assets

Within the 6 months of 2017, as well as in the comparative period, the Group had no financial assets available for sale.

### 3.13. Share Capital

	Number of shares	Ordinary and preference shares	Own shares	Total
<b>At 1 January 2016</b>	<b>8,133,349</b>	<b>8,133,349</b>	-	<b>8,133,349</b>
<b>At 30 June 2016</b>	<b>8,133,349</b>	<b>8,133,349</b>	-	<b>8,133,349</b>
<b>At 31 December 2016</b>	<b>8,133,349</b>	<b>8,133,349</b>	-	<b>8,133,349</b>
<b>At 30 June 2017</b>	<b>8,133,349</b>	<b>8,133,349</b>	-	<b>8,133,349</b>

The nominal value of one share is PLN 1.

The share capital of Comarch S.A. consists of:

- 1) 864,800 series A registered preference shares,
- 2) 75,200 series A ordinary bearer shares,
- 3) 883,600 series B registered preference shares,
- 4) 56,400 series B ordinary bearer shares,
- 5) 3,008,000 series C ordinary bearer shares,
- 6) 1,200,000 series D ordinary bearer shares,
- 7) 638,600 series E ordinary bearer shares,
- 8) 125,787 series G ordinary bearer shares,
- 9) 102,708 series G3 ordinary bearer shares,
- 10) 563,675 series H ordinary bearer shares,
- 11) 441,826 series I2 ordinary bearer shares,
- 12) 91,041 series J2 ordinary bearer shares,
- 13) 73,953 series K3 ordinary bearer shares,
- 14) 7,759 series L1 ordinary bearer shares.

Registered shares in series A and B are preferential and each such share corresponds with 5 votes at the General Meeting. The conversion of registered shares into bearer shares is allowed. In case of that registered shares are converted into bearer shares, they lose all preferences. In case that registered preferential shares are disposed their specific voting rights at the General Meeting expire, however their specific voting rights at the General Meeting do not expire in case of:

- a) disposal for the benefit of persons who were shareholders of the company on the 18<sup>th</sup> of March, 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession.

On the 27<sup>th</sup> 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](#) ([RB-13-2017ENG](#))) dated the 27<sup>th</sup> of June, 2017).

To disposal of registered shares, the consent of the Management Board of Comarch S.A. in written form is required. Disposal of shares without mentioned consent is possible under the terms of the Article of Association of the Comarch S.A.

Bearer share corresponds with 1 votes at the General Meeting. The conversion of bearer shares into registered shares is not allowed.

### 3.13.1. Changes in Share Capital in H1 2017

None present, except as noted in point [4.1.2](#) of this report.

### 3.13.2. Changes in Share Capital after the Balance Sheet Date

None present.

## 3.14. Credits and Loans

	30 June 2017	31 December 2016
<b>Non-current</b>		
Non-revolving credits	162,656	137,814
Revolving credits	-	-
Loans	8,944	8,517
	<b>171,600</b>	<b>146,331</b>
<b>Current</b>		
Non-revolving credits	30,478	25,863
Revolving credits	3,058	708
Loans	2,506	1,898
	<b>36,042</b>	<b>28,469</b>
<b>Total credits and loans</b>	<b>207,642</b>	<b>174,800</b>

The value of liabilities due to bank credits and loans was recognized in the amount of depreciated cost that was determined using the effective interest rate. The fair value of liabilities due to credits and loans does not differ significantly from the balance sheet value.

In the first half of 2017, the value of drawdown credits and loans granted to entities outside the Group amounted to PLN 56,155 thousand (including non-revolving credits and loans amounted to PLN 52,818 thousand and revolving credits and loans amounted to PLN 3,337 thousand) and the value of paid principal instalments of non-revolving bank credits and loans from entities outside the Group amounted to PLN 19,180 thousand (including non-revolving credits and loans amounted to PLN 18,180 thousand, and revolving credits and loans amounted to PLN 1,000 thousand).

Within reporting period, there were neither overdue payments nor interest payments on credits and loans. Comarch did not breach of any provisions of the credit or loan agreements that could entitle the creditor to claim earlier repayment of the credit or loan.

The exposure of Group bank credits to interest rate changes	6 months or less	6-12 months	1-5 years	Over 5 years	Total
<b>At 31 December 2016</b>					
Credits and loans	13,585	15,515	99,740	46,591	175,431
Interest	(631)	-	-	-	(631)
<b>Total</b>	<b>12,954</b>	<b>15,515</b>	<b>99,740</b>	<b>46,591</b>	<b>174,800</b>
<b>At 30 June 2017</b>					
Credits and loans	15,977	20,660	113,718	57,882	208,237
Interest	(595)	-	-	-	(595)
<b>Total</b>	<b>15,382</b>	<b>20,660</b>	<b>113,718</b>	<b>57,882</b>	<b>207,642</b>

The maturity of non-current bank credits, loans and financial liabilities	30 June 2017	31 December 2016
Between 1 and 2 years	34,404	31,148
Between 2 and 5 years	79,314	68,592
Over 5 years	57,882	46,591
	<b>171,600</b>	<b>146,331</b>

Currency structure of the balance sheet values of credits, loans and financial liabilities	30 June 2017	31 December 2016
In Polish currency (PLN)	14,835	14,935
In EUR (equivalence in PLN)	192,807	159,865
	<b>207,642</b>	<b>174,800</b>

Effective interest rates at the balance sheet date	30 June 2017	31 December 2016
Bank credits	1.49%	1.62%
Loans	3.66%	3.61%

### 3.14.1. Long-term Bank Credits

Comarch S.A. credit lines:

- An investment credit from BGŻ BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to PLN 44,000 thousand. The crediting period may last a maximum of 16 years, i.e. till 2024. It was taken out by the 30<sup>th</sup> of September, 2008. A promissory note, the mortgage on land and the building insurance policy are security for this credit. On the 5<sup>th</sup> of October, 2011, the Company revaluated the remaining credit to be paid into

- euro. This credit has a variable interest rate. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 4,492 thousand, i.e. PLN 18,986 thousand (EUR 4,802 thousand, i.e. PLN 21,244 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 29<sup>th</sup> of July, 2024.
- b) An investment credit from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw, for the refinancing of the investment credit acquired in DnB NORD Bank Polska S.A. on the 28<sup>th</sup> of April, 2010, for financing of the fourth construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to EUR 4,126 thousand. The crediting period may last 8 years, i.e. till 2021. This credit has a variable interest rate. The real estate mortgage and cession of rights in the building insurance policy are security for this credit. The loan was drawdown on the 1<sup>st</sup> of October, 2013. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 2,192 thousand, i.e. PLN 9,264 thousand (EUR 2,493 thousand, i.e. PLN 11,028 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 31<sup>st</sup> of October, 2018.
- c) A nonrevolving operating credit from BZ WBK Bank S.A. (previously Kredyt Bank S.A.) with its registered office in Wroclaw acquired in the first quarter of 2013, for financing of Company operations. The credit amounts to EUR 7,400 thousand. The crediting period may last 8 years, and its maturity date is 31<sup>st</sup> of December, 2020. This credit has a variable interest rate. The real estate mortgage on the one of Comarch S.A. real estate, located in the Special Economic Zone in Krakow and cession of rights in the insurance policy are security for this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 3,342 thousand, i.e. PLN 14,125 thousand (EUR 3,899 thousand, i.e. PLN 17,249 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 28<sup>th</sup> of June, 2019.
- d) an investment credit agreement with bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw, for financing and refinancing of not more than 90% of net costs of an investment related to construction of office building SSE6 and data centre in the Special Economic Zone in Krakow. The credit amounts to PLN 56 million, i.e. EUR 13,323 thousand. The crediting period: 10 years, repayment will be made not later than on 4<sup>th</sup> of December, 2023. Loan was granted in EUR and it has a variable interest rate. Power of attorney to manage Comarch S.A. bank accounts in the Bank, declaration of submission to enforcement, the mortgage established on real estate on which the investment is implemented, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations and warranty are security for this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 10,686 thousand, i.e. PLN 45,166 thousand (EUR 11,519 thousand, i.e. PLN 50,960 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 30<sup>th</sup> of November, 2023.
- e) An investment credit agreement with Bank Handlowy w Warszawie S.A. with its registered office in Warsaw, for financing and refinancing of not more than 75% of net costs of an investment related to construction of office building SSE7 in the Special Economic Zone in Krakow. The credit amounts to EUR 13,333 thousand, i.e. PLN 58,144 thousand as at the date of the agreement. The crediting period: 12 years and lasts until the 15<sup>th</sup> of May, 2028. The credit was granted in EUR and has a variable interest rate. The credit disbursement should take place within 24 months from the date of signing the agreement, i.e. until the 16<sup>th</sup> of May, 2018. Securities for this credit are: contractual mortgage established on real estate on which the investment is implemented, declaration of submission to enforcement, power of attorney to manage Comarch S.A. bank accounts in Bank Handlowy w Warszawie S.A. and cession of rights in the building SSE7 insurance contract, concluded after completion of the investment. As at the 30<sup>th</sup> of June, 2017, the value of launched credit amounted to EUR 4,158 thousand, i.e. PLN 17,573 thousand (as at the 31<sup>st</sup> of December, 2016, the credit has not been run). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 29<sup>th</sup> of February, 2028.

- f) A non-revolving long-term credit in Bank Handlowy w Warszawie S.A. with its registered office in Warsaw for financing current operations. The credit amounts to EUR 2,508 thousand, i.e. PLN 10,938 thousand at the date of the agreement. The crediting period is 43 months and lasts until the 16<sup>th</sup> of December, 2019. The credit was granted in EUR, the interest rate of the credit is based on a variable rate. The credit disbursement should take place within 24 months from the date of signing the agreement, i.e. until the 16<sup>th</sup> of May, 2018. Securities for this credit are: declaration of submission to enforcement and power of attorney to manage Comarch S.A. bank accounts in Bank Handlowy w Warszawie S.A. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 2,508 thousand, i.e. PLN 10,601 thousand (EUR 2,365 thousand, i.e. PLN 10,465 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 30<sup>th</sup> of September, 2019.
- g) An investment credit agreement with DNB Bank Polska Spółka Akcyjna with its registered office in Warsaw, for financing and refinancing up to 100% of investment expenditures related to the purchase of technical devices, which are the equipment of IoT laboratory (Internet of Things) located in building SSE6 in Special Economic Zone in Krakow. The credit amounts to EUR 2,531 thousand, i.e. PLN 10,854 thousand as at the date of the agreement. The crediting period lasts until the 30<sup>th</sup> of December, 2023. The credit was granted in EUR and has a variable interest rate. Securities for this credit are: registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, a declaration of submission to enforcement by Comarch S.A. and a power of attorney to manage Comarch S.A. bank accounts in DNB Bank Poland S.A.. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 2,276 thousand, i.e. PLN 9,620 thousand (as at the 31<sup>st</sup> of December, 2016, the credit has not been run).

Other companies in the Comarch Group have the following long-term credits:

- h) In the third quarter of 2011, Comarch Healthcare S.A. acquired an investment loan from Bank Pekao S.A. with its registered office in Warsaw for financing of purchase of medical equipment and facilities in relation with implementation of project NZOZ Centrum Medyczne iMed24 (medical centre) in Krakow. The credit amounts to PLN 15,889 thousand and as at the 31<sup>st</sup> of December, 2011, and it was used in total. The crediting period lasts 7 years, i.e. until 2018. This credit has a variable interest rate. The registered pledge on the financed property, plant and equipment in use, cession of rights in the property, plant and equipment in use insurance policy and surety granted by Comarch S.A. are security for this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to PLN 3,405 thousand (PLN 4,540 thousand as at the 31<sup>st</sup> of December, 2016).
- i) In the second quarter of 2013, Comarch AG acquired investment loan from BGŻ BNP Paribas Bank Polska S.A. with its registered office in Warsaw for financing of construction of an office and production building, including data centre in Dresden. The credit amounts to EUR 6,000 thousand, and its crediting period is until 2018. The loan was drawdown on the 25<sup>th</sup> of July, 2013. This credit has a variable interest rate. Surety granted by Comarch S.A., a mortgage and cession of rights in the insurance policy are security of this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 1,241 thousand, i.e. PLN 5,247 thousand (EUR 1,862 thousand, i.e. PLN 8,238 thousand as at the 31<sup>st</sup> of December, 2016).
- j) In second quarter of 2015, Bonus Development Sp. z o.o. SK-A took out a construction and investment credit in bank Polska Kasa Opieki Spółka Akcyjna ("PEKAO S.A.") with its registered office in Warsaw, for financing and refinancing of not more than 90% of net costs of an investment related to reconstruction of the former factory building and the construction of an adjacent office building in Łódź. The credit is granted in EUR and amounts up to PLN 38,800 thousand, which on the day of signing the agreement was equivalent to EUR 9,262 thousand. The crediting period is 15 years, until the 28<sup>th</sup> of June, 2030. The interest rate of the credit is based on a variable rate. The loan is secured by the conventional mortgage on the property, on which construction works are being implemented, a statement of submission to enforcement, power of attorney to accounts maintained in bank PEKAO S.A., cession of rights in the bank guarantee for



contract good performance and for warranty obligations, cession of rights in the insurance policies, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., and 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. The credit should have been taken out by the 28<sup>th</sup> of June, 2017. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 8,311 thousand, i.e. PLN 35,126 thousand (EUR 8,172 thousand, i.e. PLN 36,155 thousand as at the 31<sup>st</sup> of December, 2016).

- k) In the first quarter of 2016, Comarch S.A.S., a subsidiary of Comarch S.A. and Comarch S.A. (as a co-borrower), signed an investment credit agreement with bank BGŻ BNP Paribas S.A. with its registered office in Warsaw, for financing and refinancing of 100% of net costs of an investment related to construction of data centre in Lille, France, but no more than 83.5% of the total net costs of the whole investment. The credit amounts to EUR 8,000 thousand, i.e. PLN 34,164 thousand (exchange rate as of the date of signing the agreement). The crediting period lasts until the 18<sup>th</sup> of September, 2023, the interest rate of the credit is based on a variable rate. The credit should be taken out by the 18<sup>th</sup> of September, 2017. The credit is secured by: 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. As at the 30<sup>th</sup> of June, 2017, the value of drawn loan was EUR 5,832 thousand, i.e. PLN 24,649 thousand (EUR 1,001 thousand, i.e. PLN 4,429 thousand as at the 31<sup>st</sup> of December, 2016).

### 3.14.2. Loans from unrelated parties

In the third quarter of 2016, Comarch S.A. signed a loan agreement with IBM Polska sp. z o.o. for financing of delivery of IBM hardware in relation to an IT project performed by the Comarch Group. The loan amounts to PLN 12,980 thousand. The loan will reach its maturity date in March, 2022. The loan is not secured. As at the 30<sup>th</sup> of June, 2017, the value of capital outstanding was PLN 11,209 thousand (PLN 10,415 thousand as at the 31<sup>st</sup> of December, 2016).

### 3.14.3. Current credit lines

In the Comarch Group, Comarch S.A. - the parent company - has the following credit limits in current account:

- Credit limit in current account in bank Alior Bank Spółka Akcyjna (formerly BPH S.A.) with its registered office in Krakow in the amount of PLN 10,000 thousand. It can be used by the 31<sup>st</sup> of October, 2017. A blank promissory note and an authorization to manage Comarch S.A.'s accounts in Alior Bank Spółka Akcyjna (formerly BPH S.A.) are security for this credit. As at the 30<sup>th</sup> of June, 2017, the credit was not used, as well as at the 31<sup>st</sup> of December, 2016,
- Credit limit in current account in bank Pekao S.A. with its registered office in Warsaw in the amount of PLN 30,000 thousand. It can be used by the 30<sup>th</sup> of June, 2018. An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement are security for this credit. The interest rate of the credit is based on a variable rate. As at the 30<sup>th</sup> of June, 2017, the credit was not used, as well as at the 31<sup>st</sup> of December, 2016,

The subsidiaries of Comarch has the following credit limits in current account:

In the first quarter of 2016, Comarch S.A.S., a subsidiary of Comarch S.A., and Comarch S.A. (as a co-borrower), signed a revolving credit agreement with bank BGŻ BNP Paribas S.A. with its registered office in Warsaw, for financing of current business activity. The credit amounts to EUR 1,300 thousand, i.e. PLN 5,552 thousand (exchange rate as of the date of signing the agreement). The crediting period lasts until the 18<sup>th</sup> of November, 2017, the interest rate of the loan is based on a variable rate. The loan is secured by a statement of Comarch S.A. of submission to enforcement and a



power of attorney to accounts of Comarch S.A. maintained by bank BGŻ BNP Paribas S.A. As at the 30<sup>th</sup> of June, 2017, the value of launched and unpaid credit was EUR 724 thousand, i.e. PLN 3,058 thousand (EUR 160 thousand, i.e. PLN 708 thousand as at the 31<sup>st</sup> of December, 2016).

	30 June 2017	31 December 2016
<b>Credit lines in the current account and revolving credits, including:</b>	<b>45,494</b>	<b>45,751</b>
Used at the balance sheet date	3,058	708
Available at the balance sheet date	42,436	45,043

### 3.15. Other Financial Liabilities

	30 June 2017	31 December 2016
Liabilities due to finance lease	704	835
<i>Current portion</i>	176	204
<i>Non-current portion</i>	528	631
Liabilities due to dividend	12,200	-
<i>Current portion</i>	12,200	-
<i>Non-current portion</i>	-	-
Liabilities for fees for acquired shares	-	6,326
<i>Current portion</i>	-	6,326
<i>Non-current portion</i>	-	-
<b>Total</b>	<b>12,904</b>	<b>7,161</b>

Liabilities due to the Comarch Group's finance lease (excluding lease agreements between the companies in the Group) comprise liabilities of Comarch Healthcare S.A. and MKS Cracovia SSA, a subsidiaries of Comarch S.A., due to finance lease agreements for cars. As at the 30<sup>th</sup> of June, 2017 value of these liabilities amounted to PLN 704 thousand.

Liabilities due to payment of dividend is regarding the payment of dividend for 2016. Dividend was paid at the 11<sup>th</sup> of August, 2017.

### 3.16. Provisions for Other Liabilities and Charges

	Costs related to current period that will be incurred in future	Provisions for costs of contracts	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for premiums	Total
<b>Current</b>						
<b>At 1 January 2016</b>	<b>4,630</b>	<b>21,692</b>	<b>16,214</b>	<b>22,378</b>	<b>82,833</b>	<b>147,747</b>
Change:	(250)	(8,285)	4,562	4,373	(10,943)	(10,543)
<i>Provisions created</i>	17,284	19,435	9,690	21,238	88,895	156,542
<i>Provisions used and dissolved</i>	(17,534)	(27,720)	(5,128)	(16,865)	(99,838)	(167,085)
<b>At 31 December 2016</b>	<b>4,380</b>	<b>13,407</b>	<b>20,776</b>	<b>26,751</b>	<b>71,890</b>	<b>137,204</b>

<b>At 1 January 2017</b>	<b>4,380</b>	<b>13,407</b>	<b>20,776</b>	<b>26,751</b>	<b>71,890</b>	<b>137,204</b>
Change:	3,114	2,103	(2,180)	7,689	(38,279)	(27,553)
<i>Provisions created</i>	<i>10,730</i>	<i>11,296</i>	<i>1,197</i>	<i>13,046</i>	<i>24,264</i>	<i>60,533</i>
<i>Provisions used and dissolved</i>	<i>(7,616)</i>	<i>(9,193)</i>	<i>(3,377)</i>	<i>(5,357)</i>	<i>(62,543)</i>	<i>(88,086)</i>
<b>At 30 June 2017</b>	<b>7,494</b>	<b>15,510</b>	<b>18,596</b>	<b>34,440</b>	<b>33,611</b>	<b>109,651</b>

All provisions were calculated based on credible estimate as of the balance sheet date.

### 3.17. Trade and Other Payables

	<b>30 June 2017</b>	<b>31 December 2016</b>
Trade payables	35,955	56,218
Advance payments received due to services	341	264
Trade payables and other liabilities to related parties	2,584	3,087
Liabilities due to social insurance and other tax charges	30,317	41,909
Investments liabilities	18,309	23,148
Revenues from the future periods	50,899	25,496
Other payables	26,512	2,605
Other accruals	150	-
Special funds (Social Services Fund and Residential Fund)	2,907	1,766
<b>Total</b>	<b>167,974</b>	<b>154,493</b>

The fair value of trade and other payables is close to the balance sheet value presented above.

### 3.18. Liabilities due to Operating Lease

	<b>Up to 1 year</b>	<b>Up to 5 years</b>	<b>Total</b>
<b>At 31 December 2016</b>			
Liabilities due to lease of usable space	22,814	52,070	74,884
Liabilities due to lease agreements for electronic equipment and means of transport	1,539	1,797	3,336
<b>Total</b>	<b>24,353</b>	<b>53,867</b>	<b>78,220</b>
<b>At 30 June 2017</b>			
Liabilities due to lease of usable space	23,491	47,109	70,600
Liabilities due to lease agreements for electronic equipment and means of transport	1,452	1,434	2,886
<b>Total</b>	<b>24,943</b>	<b>48,543</b>	<b>73,486</b>

Presented above, liabilities due to lease agreements for usage places comprise Group's liabilities, including those between Comarch Group's companies and related to leases of office spaces and

company flats. Agreements including the given expiration date were directly recorded to the liabilities within 1 year or less, or within 5 years or less, respectively. However, most of the agreements have been concluded for an indefinite period, therefore the amounts of the liabilities were established by multiplying the amount of monthly rent by 12 months (column: 1 year or less) or by 60 months (column: 5 years or less).

As at the 30<sup>th</sup> of June, 2017, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 2,886 thousand (PLN 3,336 thousand as at the 31<sup>st</sup> of December, 2016).

### 3.19. Contingent Liabilities

On the 30<sup>th</sup> of June, 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 45,422 thousand, whereas it was PLN 37,671 thousand on the 31<sup>st</sup> of December, 2016.

On the 30<sup>th</sup> of June, 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, whereas it was PLN 19 thousand on the 31<sup>st</sup> of December, 2016.

On the 30<sup>th</sup> of June, 2017, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand (PLN 1,656 thousand), whereas it was EUR 392 thousand (PLN 1,734 thousand) on the 31<sup>st</sup> of December, 2016.

On the 30<sup>th</sup> of June, 2017, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (PLN 68 thousand), whereas it was EUR 16 thousand (PLN 71 thousand) on the 31<sup>st</sup> of December, 2016.

Comarch S.A. granted letters of comfort for its subsidiaries: MKS Cracovia SSA (valid till the 31<sup>st</sup> of December, 2017), Comarch Healthcare S.A. (valid till the 31<sup>st</sup> of December, 2018), Comarch Malaysia SDN. BHD. (valid till the 31<sup>st</sup> of December, 2017) and without time limit, Comarch Argentina S.A. without time limit and Comarch R&D S.à r.l. without time limit).

	30 June 2017	31 December 2016
<b>Granted credit lines for financing of current activities</b>		
(guarantees, letters of credit, credit lines in current account)		
Credit lines*	173,497	173,902
	<b>173,549</b>	<b>173,902</b>

\* they comprise credit lines at current account that are described in point [3.14.3](#)

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 82,746 thousand. Provisions for part of these claims were presented in the balance sheet as of 30<sup>th</sup> of June, 2017 and are worth PLN 9,826 thousand. They include provisions for claims recognised in 2017 and worth PLN 48 thousand. They include provisions for claims recognized in 2017 and worth PLN 10 thousand. The Comarch Group is the party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 152 thousand. Provisions for these claims presented in the balance sheet as at the 30<sup>th</sup> of June, 2017 are worth PLN 0. They include provisions for claims recognized in 2017 and worth PLN 0. 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. Due to legal proceedings in 2017 the Comarch Group created write-offs that revalue receivables in amount PLN 205 thousand. Due to the matters in disputes, in 2017 the Comarch Group did not create write-offs that revalue receivables.

### 3.20. Managerial Option Program for Members of the Management Board and Other Key Employees

None present.

### 3.21. Related-Party Transactions

#### 3.21.1. Revenues from Sales of Goods and Services

	6 months ended 30 June 2017	6 months ended 30 June 2016
<b>Revenues from sales of goods</b>		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
<b>Revenues from sales of services</b>		
SoInteractive S.A.	395	416
Thanks Again LLC	555	4,963
Metrum Capital	1	-
	<b>951</b>	<b>5,379</b>
	<b>951</b>	<b>5,379</b>

Price for services is determined depending on the type of transaction, according to one of three methods:

- 1) comparable market price,
- 2) cost - plus basis (margin from 2% to 3% for goods, 5% for services),
- 3) margin on sales of services (from 10% to 40%).

## 3.21.2. Purchase of Goods and Services

	6 months ended 30 June 2017	6 months ended 30 June 2016
<b>Purchases of goods</b>		
SoInteractive S.A.	188	877
Thanks Again LLC	-	-
	<b>188</b>	<b>877</b>
<b>Purchases of services</b>		
SoInteractive S.A.		
<i>Included in generation costs</i>	2,772	1,943
<i>Included in other costs</i>	1,502	1,394
	<b>4,274</b>	<b>3,337</b>
Thanks Again LLC		
<i>Included in generation costs</i>	3,355	-
<i>Included in other costs</i>	-	-
	<b>3,355</b>	-
<b>Total</b>	<b>7,817</b>	<b>4,214</b>

## 3.21.3. Balance of Settlements as of the Balance Sheet Date Resulting from the Sale/Purchase of Goods / Services

	30 June 2017	31 December 2016
<b>Receivables from related parties</b>		
SoInteractive S.A.	488	586
Thanks Again LLC	1,359	907
	<b>1,847</b>	<b>1,493</b>
<b>Payables from related parties</b>		
SoInteractive S.A.	2,064	2,829
Thanks Again LLC	520	-
	<b>2,584</b>	<b>2,829</b>

### 3.21.4. Transactions with Associates and Personally Related Entities

	6 months ended 30 June 2017	6 months ended 30 June 2016
Purchases from personally related entities	1,208	1,579
Sales to personally related entities	77	77
Loans and interest on loans repaid by personally related entities	35	840
Loans and interest on loans granted to personally related entities	-	-
Purchases from associates	7,817	4,214
Sales to associates	951	5,379
Loans and interest on loans repaid by associates	-	437
Loans and interest on loans granted to associates	14	8

### 3.21.5. Balances of Settlements with Personally Related Entities at Balance Sheet Date

	30 June 2017	31 December 2016
Trade receivables from personally related parties	9	10
Loans receivables from personally related parties	588	605
Trade payables to personally related parties	656	477
Liabilities due to loans from personally related parties	-	-

## 4. Additional Notes

### 4.1. Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results

#### 4.1.1. Deferred Income Tax Assets and Provisions

Over first half of 2017, the Group settled in part a deferred tax asset related to temporary differences that was established on 31<sup>st</sup> of December, 2016, and worth PLN 4,126 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 4,069 thousand. An asset due to tax loss was recognized and dissolved in the amount of PLN 4,285 thousand. Due to valuation of certificates in CCF FIZ, the deferred tax asset related to temporary differences, which was recognised in the previous years, was increased in the amount of PLN 670 thousand. At the same time, the Group recognized a provision for deferred tax related to temporary differences in the amount of PLN 2,213 thousand. The total effect of the above-mentioned operations on the net result of H1 2017 was minus PLN 3,824 thousand. Total changes in deferred tax resulted in an increase in net profit by PLN 404 thousand. Details are described in point [3.8](#).

#### 4.1.2. Currency Exchange Rate Differences and Financial Instruments Based on Exchange Rates

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30<sup>th</sup> of June, 2017, decreased revenue and operating profit of Comarch Group by PLN 13,718 thousand (while in 6 months of 2016 increased by PLN 4,908 thousand). Exchange rate differences from other activities increased the result of Comarch Group by PLN 4,918 thousand (while in 6 months of 2016 decreased by PLN 2,738 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments increased the Group's result by PLN 18,027 thousand (while in the corresponding period of 2016 decreased by PLN 910 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 6 months of 2017 amounted to plus PLN 9,227 thousand (plus PLN 1,260 thousand in 6 months of 2016).

#### 4.1.3. Other Operating Income

In H1 2017, other operating income, amounted to PLN 14,636 thousand and had a positive influence on the operating result, as a result of, among others, settle the provision for bad debts and disposal of intangible assets by MKS Cracovia SSA.

### 4.2. Events after the Balance Sheet Date

#### 4.2.1. Forward Contracts Concluded after the Balance Sheet Statement

Between the 1<sup>st</sup> of July, 2017 and the 31<sup>st</sup> of August, 2017, Comarch S.A. concluded forward contracts for the sales of EUR 3,000 thousand. The total net value of open forward contracts as of the 31<sup>st</sup> of August, 2017 amounted to EUR 24,700 thousand, USD 11,700 thousand and RUB 32,000 thousand. The open forward contracts as of the 31<sup>st</sup> of August, 2017 were valued at plus PLN 13,396 thousand. The contracts will be settled within 27 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 in Comarch Group, in which the remuneration is set in a foreign currency, as well as to secure cash flows from an investment loan granted in euro.

### 4.3. Other Information Significant for the Assessment of Means and Employees, Financial Rating, Financial Results and Their Changes and Information Significant for the Assessment of the Possibility of the Execution of Obligations by the Issuer

None present.

Krakow, 31<sup>st</sup> of August, 2017

#### SIGNATURES OF MANAGEMENT BOARD MEMBERS

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	

#### SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

Name and surname	Position	Signature
Maria Smolińska	Head Accountant	



## Comarch S.A.

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[www.comarch.pl/investors/](http://www.comarch.pl/investors/)

[www.comarch.com/investors](http://www.comarch.com/investors)

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**COMARCH**



**REPORT OF  
COMARCH S.A.'s MANAGEMENT BOARD  
REGARDING THE ACTIVITIES OF THE  
CAPITAL GROUP IN H1 2017**

**KRAKOW, 31<sup>ST</sup> OF AUGUST, 2017**

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**PLN 13  
million of  
operating  
profit**

**Business  
activities in  
over 60  
countries on 5  
continents**

**PLN 491.1  
million of  
sales revenue**

**5,200  
professionals  
employed**

**52  
subsidiaries  
worldwide**

**PLN 1.73 million  
of Comarch S.A.  
capitalisation on  
WSE**

**(30.06.2017)**

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

## 1. Information about the Company

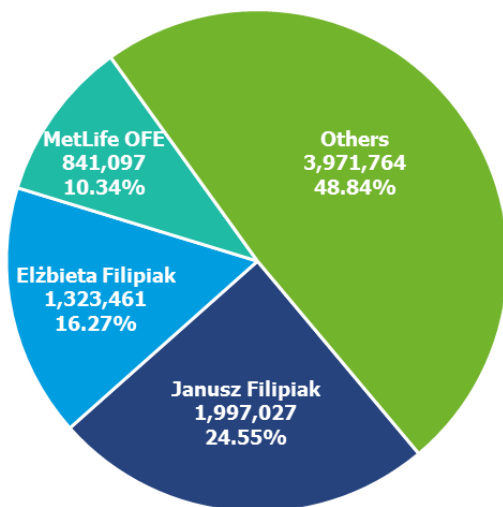
The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is a parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in 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.

### 1.1. Shareholding Structure

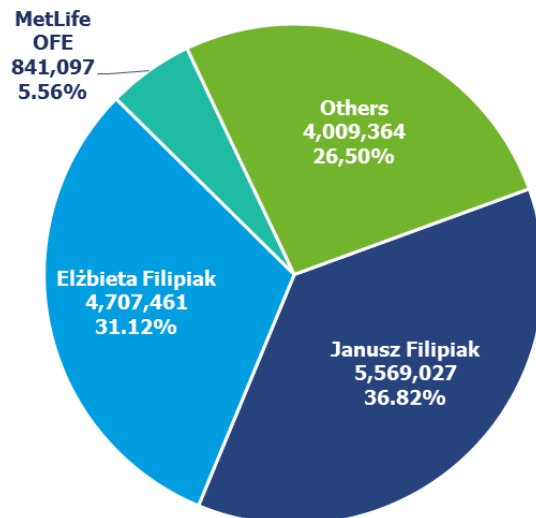
#### 1.1.1. Shareholders who Directly or Indirectly through Subsidiary Entities Hold at least 5% of the Total Number of Votes at Comarch S.A. General Meeting as at the 31<sup>st</sup> of August, 2017

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 31<sup>st</sup> of August, 2017, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak and MetLife OFE.

Shareholders by number of shares



Shareholders by number of votes



### 1.1.2. Changes in Significant Holdings of Comarch S.A. Shares between 22<sup>nd</sup> of May 2017 and 31<sup>st</sup> of August 2017

Entity	At 31 <sup>st</sup> of August 2017				At 22 <sup>nd</sup> of May 2017			
	Shares	% in share capital	Number of votes	% in votes	Shares	% in share capital	Number of votes	% in votes
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12	1,323,461	16.27	4,707,461	31.12
MetLife OFE	841,097	10.34	841,097	5.56	841,097	10.34	841,097	5.56

### 1.1.3. Shareholding Structure of Managing and Supervising Entities as at the Date of Preparing the Financial Report

Shareholders	Position	Number of shares	% of share capital	Numer of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	Chairman of the Supervisory Board	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	Chairman of the Board of Supervisors	1,323,461	16.27	4,707,461	31.12
Marcin Dąbrowski	Vice-President of the Management Board	0	0.00	0	0.00
Paweł Prokop	Vice-President of the Management Board	37,539	0.46	75,139	0.50
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	32,867	0.40	32,867	0.22
Konrad Tarański	Vice-President of the Management Board	10,608	0.13	10,608	0.07
Marcin Warwas	Vice-President of the Management Board	10,608	0.13	10,608	0.07
<b>Total</b>		<b>8,133,349</b>	<b>100.00</b>	<b>8,133,349</b>	<b>100.00</b>

To the knowledge of the Company, only Elżbieta Filipiak, amongst members of the Supervisory Board of Comarch S.A., holds Company shares.



### 1.1.4. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Entities between 22<sup>nd</sup> of May 2017 and 31<sup>st</sup> of August 2017

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the consolidated report for Q1 2017 was published, i.e. on the 22<sup>nd</sup> of May, 2017, and on the 31<sup>st</sup> of August, 2017, pursuant to the information possessed by the Company.

Shareholders	Position	At 31 <sup>st</sup> of August 2017		At 22 <sup>nd</sup> of May 2017	
		Shares	(%) in votes at AGM	Shares	(%) in votes at AGM
Janusz Filipiak	Chairman of the Supervisory Board	1,997,027	36.82	1,997,027	36.82
Elżbieta Filipiak	Chairman of the Board of Supervisors	1,323,461	31.12	1,323,461	31.12
Marcin Dąbrowski	Vice-President of the Management Board	0	0.00	0	0.00
Paweł Prokop	Vice-President of the Management Board	37,539	0.50	37,539	0.50
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	32,867	0.22	32,867	0.22
Konrad Tarański	Vice-President of the Management Board	10,608	0.07	10,608	0.07
Marcin Warwas	Vice-President of the Management Board	10,608	0.07	10,608	0.07
<b>Total</b>		<b>8,133,349</b>	<b>100.00</b>	<b>8,133,349</b>	<b>100.00</b>

### 1.1.5. Registered Preference Comarch S.A. Shares

Registered shares in series A and B are preferential and each such share corresponds with 5 votes at the General Meeting. Janusz Filipiak, the President of the Comarch S.A. Management Board, holds 470,000 series A registered preference shares, which give 2,350,000 votes at the annual general meeting and 423,000 series B registered preference shares, which give 2,115,000 votes at the annual general meeting. Paweł Prokop, the Vice-President of the Management Board holds 9,400 series A registered preference shares, which give 47,000 votes at the annual general meeting. Elżbieta Filipiak, Chairman of the Comarch S.A. Supervisory Board, holds 385,400 series A registered preference shares, which give 1,927,000 votes at the annual general meeting and 460,600 series B registered preference shares, which give 2,303,000 votes at the annual general meeting.

The conversion of registered shares into bearer shares is allowed. In case of that registered shares are converted into bearer shares, they lose all preferences. In case that registered preferential shares are disposed their specific voting rights at the General Meeting expire, however their specific voting rights at the General Meeting do not expire in case of:

- disposal for the benefit of persons who were shareholders of the company on the 18<sup>th</sup> of March, 1998,
- disposal for the benefit of descendants of a disposer,
- conveying property of a registered share as a result of succession.

On the 27<sup>th</sup> 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](#) dated the 27<sup>th</sup> of June, 2017; [RB-13-2017ENG](#)).

To disposal of registered shares, the consent of the Management Board of Comarch S.A. in written form is required. Disposal of shares without mentioned consent is possible under the terms of the Article of Association of the Comarch S.A.

Bearer share corresponds with 1 votes at the General Meeting. The conversion of bearer shares into registered shares is not allowed.

## 2. Basic Economics and Financial Values

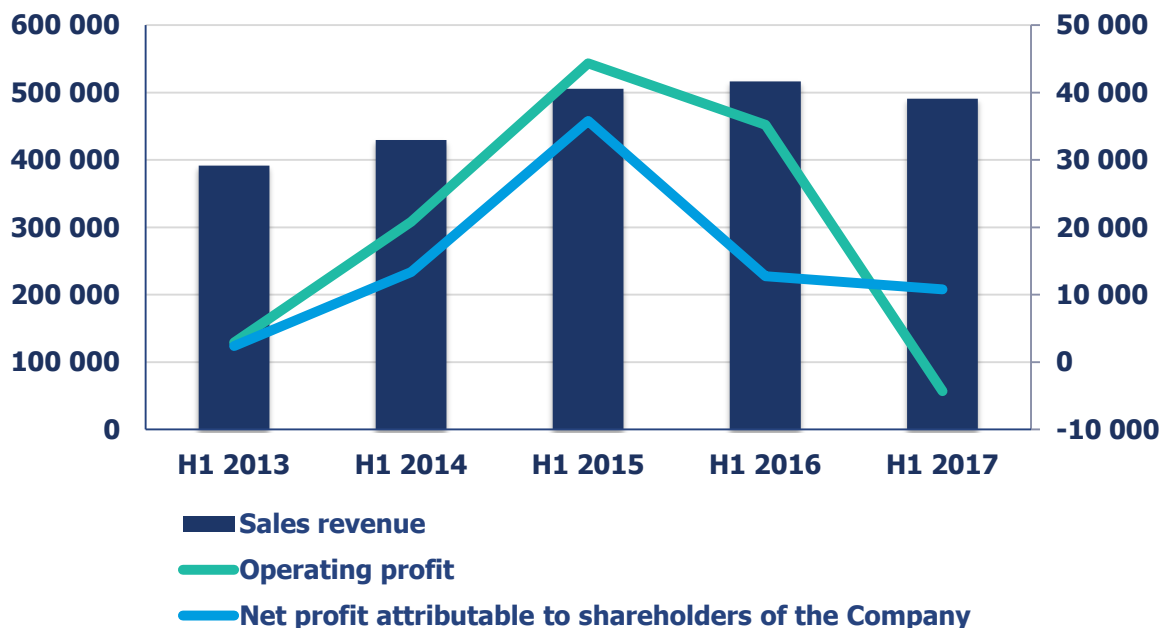
### 2.1. Selected Consolidated Financial Data

	H1 2017	H1 2016	H1 2015	H1 2014	H1 2013
Revenues from sales	491,065	516,425	505,441	429,677	391,701
Revenues from sales of proprietary IT solutions	457,571	482,784	434,671	382,870	345,365
Operating profit	-4,302	35,209	44,340	20,823	2,928
EBITDA*	27,443	67,786	69,497	47,335	34,706
Net profit	18,656	26,599	43,987	20,100	-34
Net profit attributable to shareholders of the parent company	10,779	12,756	35,782	13,353	2,397
Profit per share (in PLN)	1.33	1.57	4.4	1.65	0.3
Assets	1,433,915	1,267,164	1,177,068	1,099,922	1,100,655
Equity	852,776	803,934	736,475	640,722	615,639

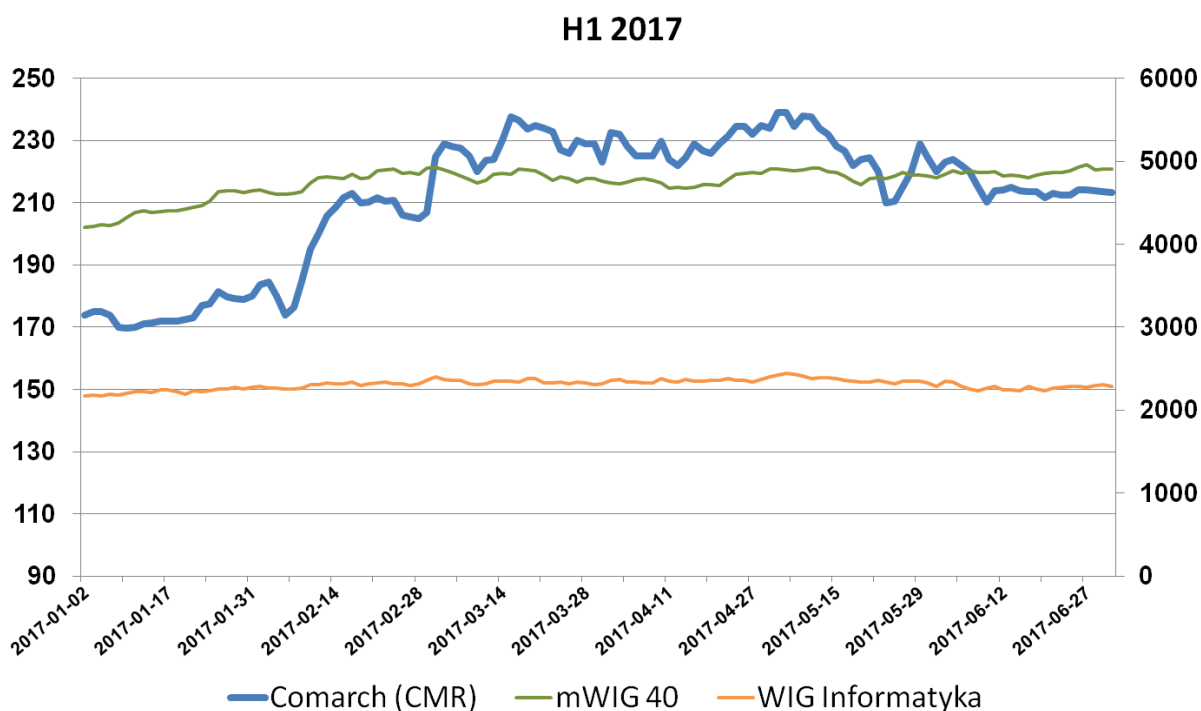
*\*Operating profit + Depreciation*

In H1, 2017 revenues from sales of the Comarch Group were lower by PLN 25.4 million, i.e. 4.9% compared to the previous year. Operating result amounted to minus PLN 4.3 million and was significantly lower than in H1 2016. Net profit attributable to the shareholders of the parent company formed at a similar level as compared to result achieved in the first six months of 2016 and amounted to PLN 10.8 million. As at the 30<sup>th</sup> of June, 2017, the Comarch Group (excluding MKS Cracovia SSA) hired 5,217 persons, i.e. 87 persons less than as at the 31<sup>st</sup> of December, 2016.

As at the end of June, 2017, assets of the Comarch Group increased by PLN 166.8 million, i.e. 13.2% compared to the end of June, 2016, while equity increased by PLN 48.8 million, i.e. 6.1%.



## 2.2. Comarch S.A. Stock Price Performance (in PLN)



Period	The highest	The lowest
Q1 2017	237.50	169.80
Q2 2017	239.00	210.00

The closing rate of Comarch S.A. shares between the 1<sup>st</sup> of January, 2017, and 30<sup>th</sup> of June, 2017, increased by 18.4% from PLN 174.00 to PLN 213.30. During the first six months, the maximum

closing rate amounted to PLN 239.00. The closing rate of Comarch S.A. shares between the 30<sup>th</sup> of June, 2016, and 30<sup>th</sup> of June, 2017, increased from PLN 146.00 to PLN 213.30, i.e. by 46.1%.

<i>Data in PLN</i>	<b>6 months ended 30 June 2017 / 30 June 2017</b>	<b>6 months ended 30 June 2016 / 30 June 2016</b>
Average price during the reporting period	211.99	128.47
MIN price during the reporting period	169.80	103.70
MAX price during the reporting period	239.00	147.00
Average volume during the reporting period	4,715	5,978
Capitalization at the balance sheet date	1,734,843,342	1,041,068,672
Ratios for consolidated data		
P/E at the balance sheet date	160.95	93.09
P/BV at the balance sheet date	2.08	1.40
P/S at the balance sheet date	3.53	2.30

### 3. 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 Group, 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 Comarch 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 offer is dedicated to both Polish and foreign customers. Since many years, the Comarch 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 Comarch Capital Group is highly diversified, with no dependency on one major client. In H1 2017, the share of sale to none of the customer exceeded 10% of the Comarch Capital Group sales.

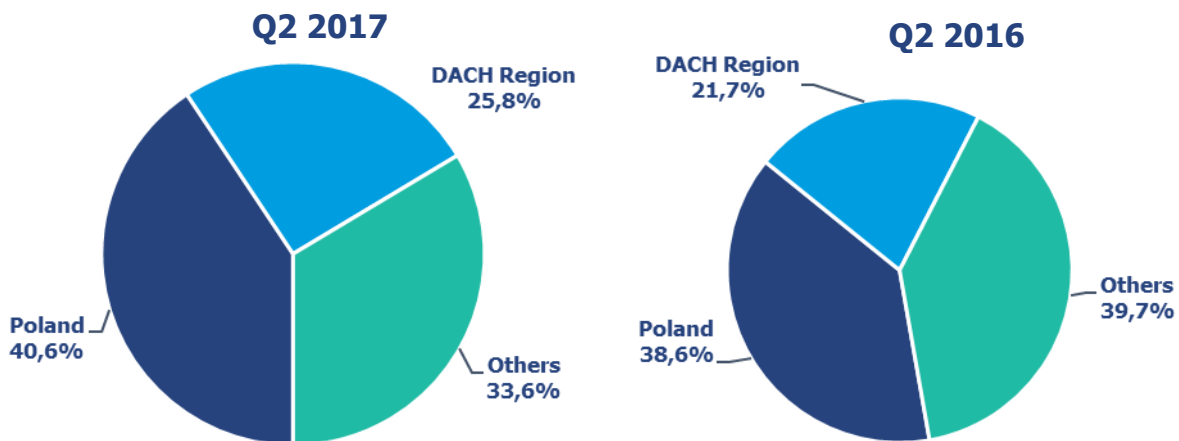
Due to the specific nature of the industry, in which Comarch manages its operations, international concerns, which are producers of computer systems and programmer's tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In H1 2017, share of none of the product provider exceeded 10% of the value of Comarch sales.

### 4. Sales Structure

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

	<b>Q2 2017</b>	<b>%</b>	<b>Q2 2016</b>	<b>%</b>	<b>Change (in PLN)</b>	<b>Change (%)</b>
Domestic	101,127	40.6%	105,465	38.6%	-4,338	-4.1%
Export	147,702	59.4%	167,804	61.4%	-20,102	-12.0%
<b>Total</b>	<b>248,829</b>	<b>100.0%</b>	<b>273,269</b>	<b>100.0%</b>	<b>-24,440</b>	<b>-8.9%</b>

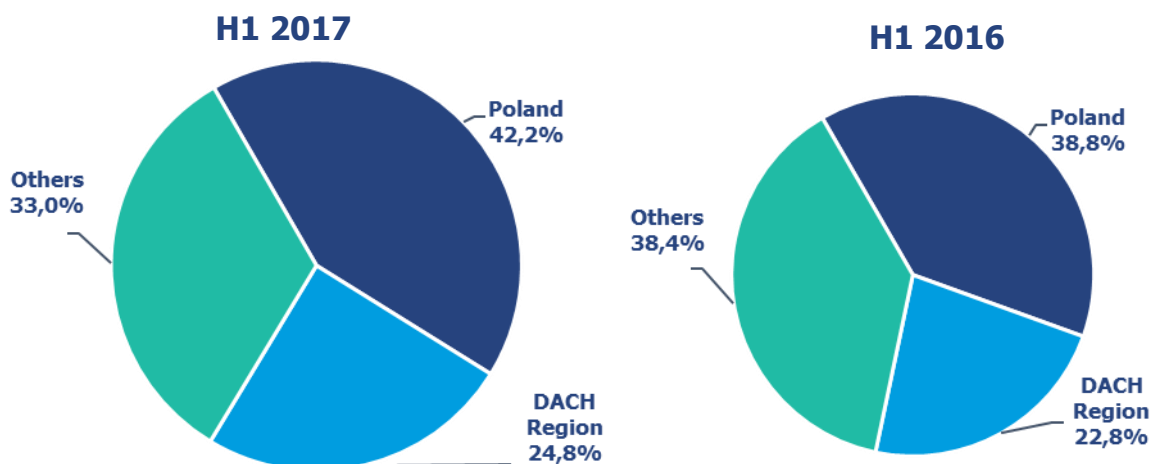
In Q2 2017, export sales of the Comarch Group decreased by PLN 20.1 million, i.e. by 12% compared to achieved in Q2 2016 and amounted to PLN 147.7 million due to slowdown in the TMT and the MSP-DACH sectors. Domestic sales decreased by PLN 4.3 million, i.e. by 4.1% compared to Q2 in the previous year. In Q2 2017, export sales accounted for 59.4% of the total sales.



	6 months ended 30 June 2017	%	6 months ended 30 June 2016	%	Change (in PLN)	Change (%)
Domestic	207,175	42.2%	200,616	38.8%	6,559	3.3%
Export	283,890	57.8%	315,809	61.2%	-31,919	-10.1%
<b>Total</b>	<b>491,065</b>	<b>100.0%</b>	<b>516,425</b>	<b>100.0%</b>	<b>-25,360</b>	<b>-4.9%</b>

In the first half of 2017, the Comarch Group reached export sales revenue at PLN 283.9 million (decrease of PLN 31.9 million, i.e. 10.1% compared to H1 2016) due to slowdown in the TMT and MSP-DACH sectors. Domestic sales were higher by PLN 6.6 million, i.e. by 3.3% compared to H1 2016, which is associated with an increase in sales to customers in the Finance and Banking sector in Q1 2017. In H1 2017, export sales accounted for 57.8% of the total sales of the Group.

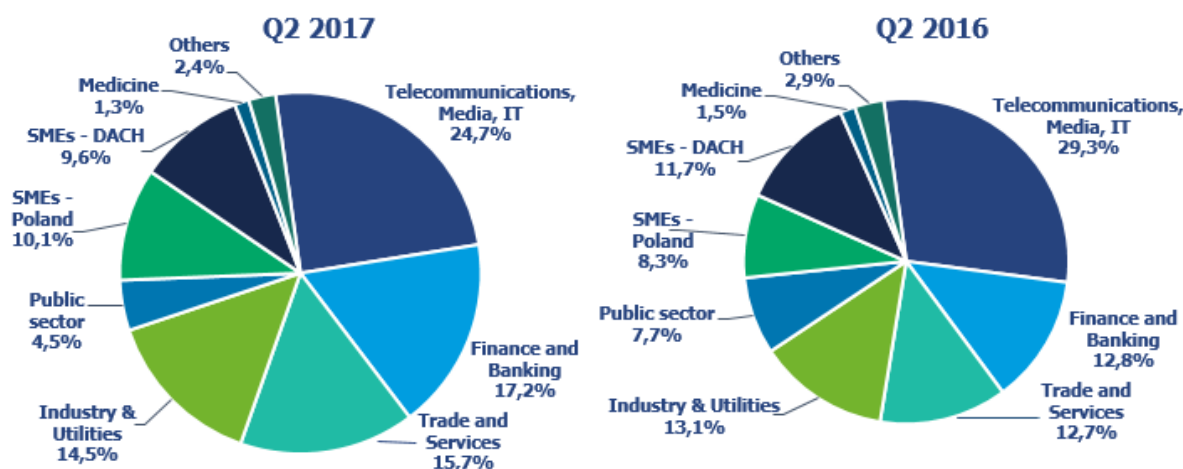
Revenue from sales according to geographical segments (according to market locations):



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

	Q2 2017	%	Q2 2016	%	Change (in PLN)	Change (%)
Telecommunication, Media, IT	61,334	24.7%	80,026	29.3%	-18,692	-23.4%
Finance and Banking	42,854	17.2%	35,084	12.8%	7,770	22.1%
Trade and Services	38,971	15.7%	34,683	12.7%	4,288	12.4%
Industry & Utilities	36,157	14.5%	35,811	13.1%	346	1.0%
Public Sector	11,130	4.5%	20,910	7.7%	-9,780	-46.8%
Small and Medium Enterprises - Poland	25,219	10.1%	22,777	8.3%	2,442	10.7%
Small and Medium Enterprises - DACH	23,948	9.6%	32,047	11.7%	-8,099	-25.3%
Medical Sector	3,314	1.3%	4,125	1.5%	-811	-19.7%
Others	5,902	2.4%	7,806	2.9%	-1,904	-24.4%
<b>Total</b>	<b>248,829</b>	<b>100.0%</b>	<b>273,269</b>	<b>100.0%</b>	<b>-24,440</b>	<b>-8.9%</b>

In Q2 2017, the Comarch Group revenue from sales to customers in the TMT sector amounted to PLN 61.3 million, a decrease of PLN 18.7 million (i.e. 23.4%) compared to the same period in the previous year, which is associated with a reduction in sales of services to the customers from the Western Europe.

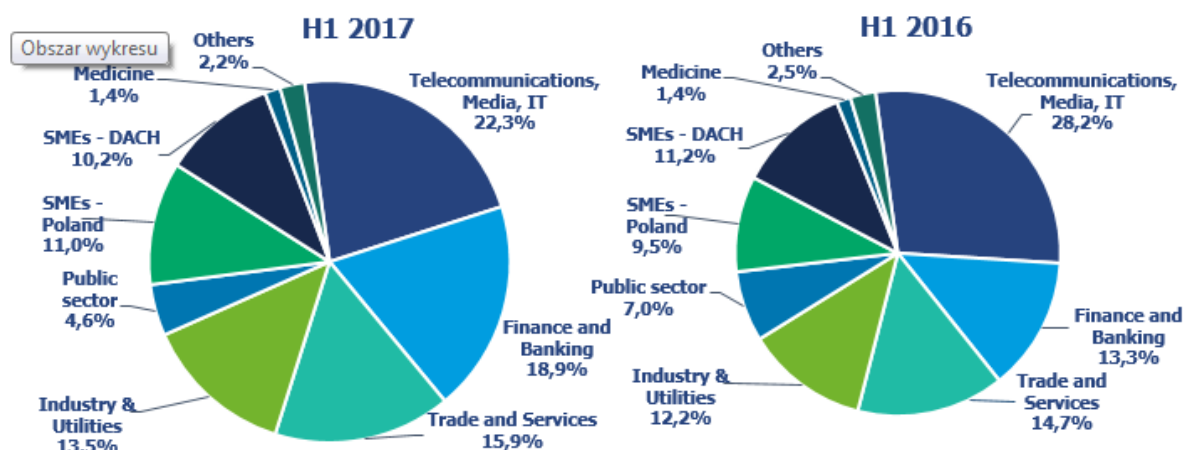


Customers in the Finance and Banking sector bought products and services with a value of PLN 42.9 million and it was higher by PLN 7.8 million (+22.1%) than achieved in the corresponding period of the previous year. This is due to implementation of new contracts on domestic and foreign markets. Sales to the Trade and Services sector grew by PLN 4.3 million, i.e. 12.4%, and sales to the Small and Medium Enterprises – Poland sector increased by PLN 2.4 million, i.e. 10.7%. Sales to customers in the industrial sector maintained similar level to that achieved in the previous year and amounted to PLN 36.2 million. In Q2 2017, there was a further decline in sales (of PLN 9.8 million, i.e. 46.8%) to customers in the Public sector, which is associated with stagnation in public offerings. Revenues from sales to customers in the Small and Medium-sized Enterprises sector in DACH region also decreased, (by PLN 8.1 million, i.e. 25.3%), as well as sales to other customers were lower by PLN 1.9 million, i.e. 24.4%. Decrease in sales in the DACH region is temporary and it is the result of other projects situation in a current year, and very good situation in H1 2016, as well as strengthening of the Polish

zloty in 2017. Revenues from sales to customers in the Medicine sector remained at a similar level of PLN 3.3 million as compared to the previous year.

	6 months ended 30 June 2017	%	3 months ended 30 June 2016	%	Change (in PLN)	Change (%)
Telecommunication, Media, IT	109,398	22.3%	145,419	28.2%	-36,021	-24.8%
Finance and Banking	92,655	18.9%	68,628	13.3%	24,027	35.0%
Trade and Services	78,065	15.9%	76,090	14.7%	1,975	2.6%
Industry & Utilities	66,460	13.5%	62,830	12.2%	3,630	5.8%
Public Sector	22,615	4.6%	36,320	7.0%	-13,705	-37.7%
Small and Medium Enterprises - Poland	54,068	11.0%	49,091	9.5%	4,977	10.1%
Small and Medium Enterprises - DACH	50,220	10.2%	57,591	11.2%	-7,371	-12.8%
Medical Sector	6,677	1.4%	7,280	1.4%	-603	-8.3%
Others	10,907	2.2%	13,176	2.5%	-2,269	-17.2%
<b>Total</b>	<b>491,065</b>	<b>100.0%</b>	<b>516,425</b>	<b>100.0%</b>	<b>-25,360</b>	<b>-4.9%</b>

In the first half of 2017, revenue from sales to customers in the TMT sector amounted to PLN 109.4 million, i.e. decrease of PLN 36 million (24.8%) in comparison to H1 2016, which is associated mainly with a reduction in sales of services to customers from the Western Europe. Customers in the Finance and Banking sector bought products and services with a value PLN 92.7 million and it was higher by PLN 24 million (+35%) than achieved in the corresponding period of the previous year. This is due to the implementation of new contracts on domestic and foreign markets. Sales to the Trade and Services sector, Industry and Utilities sector and Small and Medium-sized Enterprises sector in Poland increased, respectively - by PLN 2 million (2.6%), PLN 3.6 million (5.8%) and PLN 5 million (10.1%).



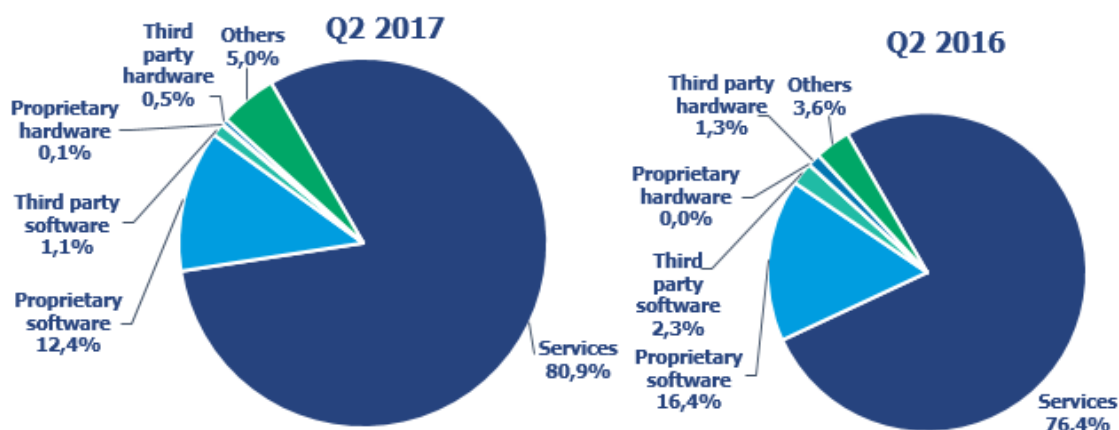
In the first half of 2017, there was further decline in sales to customers in the Public sector (decrease of PLN 13.7 million, i.e. 37.7%), which is associated with a stagnation in public procurements. Revenue from sales to the Small and Medium-sized Enterprises sector in DACH decreased by PLN 7.4 million, i.e. by 12.8%, as well as sales to other customers were lower by PLN 2.3 million, i.e. 17.2%. Decrease in sales in DACH region is temporary and it is the result of other project situation in a current year, very good situation in H1 2016 and strengthening of the Polish zloty in 2017. Revenues from sales to customers in the Medical sector remained at a similar level of PLN 3.3 million as compared to the previous year. Revenues from sales to customers in the medical sector remained at a similar level PLN 6.7 million as compared to the previous year.

The business situation in H1 2017 confirmed, the Comarch Group has secured the opportunity to sustain stable business development, due to maintaining the diversification of revenue sources and offer.

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

	Q2 2017	%	Q2 2016	%	Change (in PLN)	Change (%)
Services	201,370	80.9%	208,843	76.4%	-7,473	-3.6%
Proprietary Software	30,837	12.4%	44,903	16.4%	-14,066	-31.3%
Third Party Software	2,637	1.1%	6,307	2.3%	-3,670	-58.2%
Proprietary Hardware	281	0.1%	24	0.0%	257	1070.8%
Third Party Hardware	1,335	0.5%	3,475	1.3%	-2,140	-61.6%
Others	12,369	5.0%	9,717	3.6%	2,652	27.3%
<b>Total</b>	<b>248,829</b>	<b>100.0%</b>	<b>273,269</b>	<b>100.0%</b>	<b>24,440</b>	<b>-8.9%</b>

In Q2 2017, the Comarch Group's products sales structure changed insignificantly compared to the structure characteristic for the second quarter of 2016. Revenue from sales of proprietary software amounted to PLN 30.8 million and was lower by PLN 14.1 million (i.e. 31.3%) compared to Q2 2016.

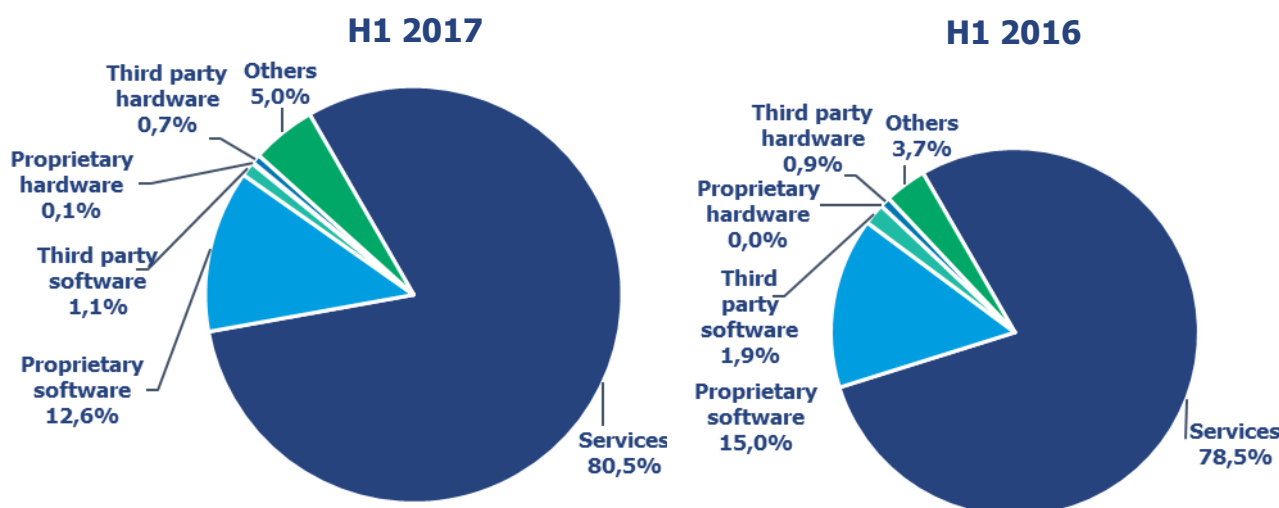


Revenue from sales of services decreased by PLN 7.5 million, i.e. 3.6%. Sales of proprietary hardware had a low value approx. PLN 0.3 million, in spite of a high rate of growth (1070.8%). Sales of third-party solutions remained at a low level, this is consistent with a trend observed in the previous periods and in line with the Group strategy of focusing on the sale of proprietary Comarch solutions. Revenue from sales of third-party software decreased by PLN 3.7 million, i.e. 58.2%, as well as third-party hardware decreased by PLN 2.1 million, i.e. 61.6%. In Q2 2017, other sales increased by PLN 2.7 million, i.e. 27.3%, as a consequence of commencement of goods (rewards) delivered as part of comprehensive operator service for maintenance of loyalty systems.



	6 months ended 30 June 2017	%	3 months ended 30 June 2016	%	Change (in PLN)	Change (%)
Services	395,267	80.5%	405,542	78.5%	-10,275	-2.5%
Proprietary Software	61,707	12.6%	77,170	15.0%	-15,463	-20.0%
Third Party Software	5,545	1.1%	9,563	1.9%	-4,018	-42.0%
Proprietary Hardware	597	0.1%	72	0.0%	525	729.2%
Third Party Hardware	3,361	0.7%	4,858	0.9%	-1,497	-30.8%
Others	24,588	5.0%	19,220	3.7%	5,368	27.9%
<b>Total</b>	<b>491,065</b>	<b>100.0%</b>	<b>516,425</b>	<b>100.0%</b>	<b>-25,360</b>	<b>-4.9%</b>

In the first half of 2017, products sales structure changed insignificantly compared to the structure characteristic for the first half of 2016. Revenue from sales of proprietary software amounted to PLN 61.7 million and was higher by PLN 15.5 million (i.e. 20%) than achieved in H1 2016. Revenue from sales of services decreased by PLN 10.3 million, i.e. 2.5%. Sales of proprietary hardware reached a similar level as in the previous year (PLN 0.6 million). Sales of third-party solutions remained at a low level, this is consistent with a trend observed in the previous periods and in line with the Group strategy of focusing on the sale of proprietary Comarch solutions. Revenue from sales of third-party software decreased by PLN 4 million, i.e. 42%, as well as third-party hardware decreased by PLN 1.5 million, i.e. 30.8%. In H1 2017, other sales increased by PLN 5.4 million, i.e. 27.9% as a consequence of commencement of goods (rewards) delivered as part of comprehensive operator service for maintenance of loyalty systems.



## 5. Factors Essential for Development of the Comarch Group

### 5.1. Internal Factors

- Steady increase in export sales and significance of foreign sales;
- Position and reputation of the Company affecting the nature of clients acquired;
- Commercial operations of Comarch S.A. 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).

## 5.2. 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 political situation, including increasing risk of terrorist attacks in places of project management complicates their implementation, as well as the plan of restrictions on the freedom to delegate employees to other countries in the European Union.

## 6. Other Significant Factors, including Risks and Threats

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

### 6.1. 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 sales to a significant number of customers in different branch of economy, in different world's regions.

### 6.2. 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.

### 6.3. 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, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN and RUB/PLN. At the same time, part of 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.

### 6.4. 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.

## 7. Perspectives of Development in the Company and Anticipated Financial Situation in 2017

In the first half of 2017, demand for the Comarch Group's services and IT solutions decreased compared to the previous year. The Group has observed a continuous decrease in demand for IT solution generated by clients from public and medical sectors and decrease in demand for telecommunication solutions and ERP system on the German market. The Group also has observed an increase in demand from other clients. In H1 2017, the Group hasn't use full of its productive capacity but its backlog ensures full use of it in the following 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 in the second half of 2017. Thanks to

consistently executed strategy of positioning itself on the market as a technological and product-based company, Comarch 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 Group 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 Comarch, 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 Company'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 Company does not expect any significant changes in its financial situation or in terms of the risks associated with its activities.

## 8. Financial Analysis

Balance Sheet	30 June 2017	%	31 December 2016	%	Change (in PLN)	Change (%)
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	546,303	38.1%	501,111	34.7%	45,192	9.0%
Investment real estates	15,555	1.1%	15,626	1.1%	-71	-0.5%
Goodwill	42,197	2.9%	40,735	2.8%	1,462	3.6%
Other intangible assets	62,647	4.4%	61,343	4.2%	1,304	2.1%
Non-current prepayments	2,726	0.2%	1,118	0.1%	1,608	143.8%
Investment in associates	12,634	0.9%	14,395	1.0%	-1,761	-12.2%
Other assets at fair value	3,900	0.3%	492	0.0%	3,408	692.7%
Other investment	106	0.0%	106	0.0%	-	-
Deferred income tax assets	39,235	2.7%	35,007	2.4%	4,228	12.1%
Other receivables	5,398	0.4%	3,914	0.3%	1,484	37.9%
	<b>730,701</b>	<b>51.0%</b>	<b>673,847</b>	<b>46.6%</b>	<b>56,854</b>	<b>8.4%</b>
<b>CURRENT ASSETS</b>						
Inventories	100,927	7.1%	76,555	5.3%	24,372	31.8%
Trade and other receivables	302,838	21.1%	406,721	28.1%	-103,883	-25.5%
Current income tax receivables	1,978	0.1%	5,210	0.4%	-3,232	-62.0%
Long-term contracts receivables	58,971	4.1%	39,960	2.8%	19,011	47.6%
Available-for-sale financial assets	-	-	-	-	-	-
Other financial assets at fair value – derivative financial instruments	8,633	0.6%	1,149	0.1%	7,484	651.3%
Stock or shares	1	0.0%	1	0.0%	-	-
Cash and cash equivalents	229,866	16.0%	235,834	16.3%	-5,968	-2.5%
	<b>703,214</b>	<b>49.0%</b>	<b>765,430</b>	<b>53.0%</b>	<b>-62,216</b>	<b>-8.1%</b>
<b>Available-for-sale financial assets</b>	<b>0</b>	<b>0.0%</b>	<b>5,598</b>	<b>0.4%</b>	<b>-5,598</b>	<b>-100.0</b>
<b>Total assets</b>	<b>1,433,915</b>	<b>100.0%</b>	<b>1,444,875</b>	<b>100.0%</b>	<b>-10,960</b>	<b>-0.8%</b>

As at the end of June, 2017, the value of the Comarch Group's assets decreased by PLN 11 million, i.e. 0.8% as a result of a decrease in current assets (decrease from PLN 765.4 million as at the 31<sup>st</sup> of December, 2016 to PLN 703.2 million). This decline is a result of, among others, a decrease in trade receivables from PLN 406.7 million as at the 31<sup>st</sup> of December, 2016 to PLN 302.8 million as at the 30<sup>th</sup> of June, 2017 (decrease of PLN 103.9 million, i.e. 25.5%). At the same time, its share in the total assets decreased from 28.1% to 21.1%. Value of cash and cash equivalents decreased from PLN 235.8 million at the end of 2016 to PLN 229.9 million at the end of first half of 2017. Long-term contracts receivables increased by PLN 19 million, i.e. 47.6%, resulting in an increase of its share in total assets from 2.8% to 4.1%. There was also an increase in inventories (from PLN 76.6 million to PLN 100.9 million, as a result of realization of the current clients' orders and software production cycle) and in derivative financial instruments (from PLN 1.1 million to PLN 8.6 million, mostly in relation to forward contracts). Value of non-current assets increased by PLN 56.9 million, i.e. 8.4% compared to the previous year and this is mostly a consequence of increase in value of property, plant and equipment from PLN 501.1 million to PLN 546.3 million (an increase of 9.0% compared to the end of 2016, as a result of completion of construction of the office building in Łódź, as well as purchase of

a new Comarch car fleet at the beginning of the year). Other financial assets at fair value also increased and amounted to PLN 3.9 million compared to the value of PLN 0.5 million at the end of 2016 (mostly forward contracts). Value of available-for-sale financial assets decreased by PLN 5.6 million as a consequence of disposal of land in Kraków by the subsidiary of Comarch S.A. The other items of assets remained at a similar level to those at the end of 2016. The share of particular items of non-current assets in the total structure of assets remained at a similar level to that in 2016.

EQUITY	30 June 2017	%	31 December 2016	%	Change (in PLN)	Change (%)
<b>CAPITAL ATTRIBUTABLE TO THE COMPANY SHAREHOLDERS</b>						
Share capital	8,133	0.6%	8,133	0.6%	-	-
Other capital	143,041	10.0%	143,041	9.9%	-	-
Exchange differences	8,460	0.6%	18,524	1.3%	-10,064	-54.3%
Net profit for the current period	10,779	0.7%	73,034	5.1%	-62,255	-85.2%
Retained earnings	665,525	46.4%	604,691	41.8%	60,834	10.1%
	<b>835,938</b>	<b>58.3%</b>	<b>847,423</b>	<b>58.7%</b>	<b>-11,485</b>	<b>-1.4%</b>
Minority interest	16,838	1.2%	14,641	1.0%	2,197	15.0%
<b>Total</b>	<b>852,776</b>	<b>59.5%</b>	<b>862,064</b>	<b>59.7%</b>	<b>-9,288</b>	<b>-1.1%</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Credit and loans	171,600	12.0%	146,331	10.1%	25,269	17.3%
Other liabilities	5,984	0.4%	5,278	0.4%	706	13.4%
Financial liabilities at fair value – derivative financial instruments	1,039	0.1%	2,537	0.2%	-1,498	-59.0%
Other financial liabilities	528	0.0%	631	0.0%	-103	-16.3%
Provision for deferred income tax	45,968	3.2%	42,144	2.9%	3,824	9.1%
Provisions for other liabilities and charges	-	-	-	-	-	-
	<b>225,119</b>	<b>15.7%</b>	<b>196,921</b>	<b>13.6%</b>	<b>28,198</b>	<b>14.3%</b>
<b>Current liabilities</b>						
Trade and other liabilities	167,974	11.7%	154,493	10.7%	13,481	8.7%
Current income tax liabilities	6,657	0.5%	16,800	1.2%	-10,143	-60.4%
Long-term contracts liabilities	23,320	1.6%	40,044	2.8%	-16,724	-41.8%
Credit and loans	36,042	2.5%	28,469	2.0%	7,573	26.6%
Financial liabilities at fair value – derivative financial instruments	-	-	2,350	0.1%	-2,350	-100.0%
Other financial liabilities	12,376	0.9%	6,530	0.4%	5,846	89.5%
Provisions for other liabilities and charges	109,651	7.6%	137,204	9.5%	-27,553	-20.1%
	<b>356,020</b>	<b>24.8%</b>	<b>385,890</b>	<b>26.7%</b>	<b>-29,870</b>	<b>-7.7%</b>
<b>Total liabilities and charges</b>	<b>581,139</b>	<b>40.5%</b>	<b>582,811</b>	<b>40.3%</b>	<b>-1,672</b>	<b>-0.3%</b>
<b>Total equity and liabilities</b>	<b>1,433,915</b>	<b>100.0%</b>	<b>1,444,875</b>	<b>100.0%</b>	<b>-10,960</b>	<b>-0.8%</b>

A decrease in total equity and liabilities of PLN 11 million, i.e. 0.8% compared to the end of 2016, most of all, is a result of a decrease in current liabilities (from PLN 385.9 million as at the 31<sup>st</sup> of December 2016 to PLN 356 million as at the 30<sup>th</sup> of June 2017), mainly related to provisions (their value decreased by PLN 27.6 million, i.e. 20.1%, while its share in total equity and liabilities decreased from 9.5% to 7.6%, mainly as a result of payment of the premium in H1 2017), long-term contracts liabilities (decrease in value of PLN 16.7 million, i.e. 41.8% and its share in total equity and liabilities from 2.8% to 1.6%) and current income tax liabilities (value decreased by PLN 10.1 million, i.e. 60.4%, while its share in total equity and liabilities decreased from 1.2% to 0.5%). Trade and other liabilities were higher by PLN 13.5 million, i.e. 8.7%. Due to the Comarch Group's infrastructure investments, there was an increase in current credit and loans (an increase of PLN 7.6 million, i.e. 26.6%), as well as non-current credit and loans (an increase of PLN 25.3 million, i.e. 17.3%), resulted, as a consequence, in an increase in non-current liabilities' value (of PLN 28.2 million, i.e. 14.3%) and its share in total equity and liabilities (from 13.6% to 15.7%). Other current financial liabilities increased by PLN 5.8 million, i.e. 89.5%, mainly as a consequence of a new obligation for the payment of dividend for 2016. The share of other items of non-current and current liabilities in the total structure of equity and liabilities did not change significantly. In H1 2017, value of equity was lower by PLN 9.3 million, i.e. 1.1%, mainly as a consequence of a decrease in exchange differences by PLN 10.1 million, i.e. 54.3% and decision on dividend payment (pursuant to the decision of the General Shareholders' Meeting of the 27<sup>th</sup> of June, 2017, part of the net profit of PLN 12.2 million was allocated for the payment of dividend). The share of equity in the total equity and liabilities remained at a similar level to that in 2016 (it amounted to 59.5% as at the 30<sup>th</sup> of June, 2017, while it constituted 59.7% as at the 31<sup>st</sup> of December, 2016).

Debt analysis	30 June 2017	31 December 2016
Debt ratio	14.5%	12.1%
Debt/equity ratio	24.8%	20.6%

In H1 2017, debt ratios were improved compared to the previous year as a result of intensive investments in real estate, financed by mortgage credits. 59.5% of the Group's funds come from internal financing and 40.5% come from outside financing.

	6 months ended 30 June 2017	%	6 months ended 30 June 2016	%	Change (in PLN)	Change (%)
<b>Revenue</b>	<b>491,065</b>	<b>100.0%</b>	<b>516,425</b>	<b>100.0%</b>	-25,360	-4.9%
Cost of sales	-400,510	-81.6%	-366,389	-70.9%	-34,121	9.3%
<b>Gross profit</b>	<b>90,555</b>	<b>18.4%</b>	<b>150,036</b>	<b>29.1%</b>	<b>-59,481</b>	<b>-39.6%</b>
Other operating income	16,064	3.3%	8,409	1.6%	7,655	91.0%
Sales and marketing costs	-63,238	-12.9%	-62,997	-12.2%	-241	0.4%
Administrative expenses	-44,332	-9.0%	-40,791	-7.9%	-3,541	8.7%
Other operating expenses	-3,351	-0.7%	-19,448	-3.8%	16,097	-82.8%
<b>Operating result</b>	<b>-4,302</b>	<b>-0.9%</b>	<b>35,209</b>	<b>6.8%</b>	<b>-39,511</b>	<b>-112.2%</b>
Finance revenue -net	24,941	5.1%	-4,037	-0.8%	28,978	-717.8%
Share of profit / (loss) of associates	-1,983	-0.4%	-4,573	-0.9%	2,590	-56.6%
<b>Profit before income tax</b>	<b>18,656</b>	<b>3.8%</b>	<b>26,599</b>	<b>5.1%</b>	<b>-7,943</b>	<b>-29.9%</b>



Income tax expense	-5,682	-1.2%	-12,646	-2.4%	6,964	-55.1%
<b>Net profit for the period</b>	<b>12,974</b>	<b>2.6%</b>	<b>13,953</b>	<b>2.7%</b>	<b>-979</b>	<b>-7.0%</b>
Attributable to:						
<b>Shareholders of the Parent Company</b>	<b>10,779</b>	<b>2.2%</b>	<b>12,756</b>	<b>2.5%</b>	<b>-1,977</b>	<b>-15.5%</b>
<i>Interests not entitled to control</i>	<i>2,195</i>	<i>0.4%</i>	<i>1,197</i>	<i>0.2%</i>	<i>998</i>	<i>83.4%</i>

In H1 2017, The Group revenue from sales was lower by PLN 25.4 million, i.e. 4.9% compared to the previous year. Operating result achieved value of minus PLN 4.3 million and decreased significantly compared to the analogical period in 2016, as a consequence of decrease in sales of Comarch proprietary software in the first half of 2017. Realized exchange differences and balance sheet valuation of exchange differences on receivables and liabilities as at the 30<sup>th</sup> of June 2017 had significant influence on decrease of Comarch revenue and operating result (a decrease of PLN 13,718 thousand). In H1 2017, other operating income (as a result of, among others, dissolving the provision for bad debts and disposal of intangible assets by MKS Cracovia SSA.) amounted to PLN 14,636 thousand and had positive influence on operating result. In the first half of 2017, net profit attributable to shareholders of the parent company remained at a similar level compared to that in the analogical period in 2016 and amounted to PLN 10.8 million, due to the positive result from the financial activities.

<b>Profitability Analysis</b>	<b>6 months ended 30 June 2017</b>	<b>6 months ended 30 June 2016</b>
Margin on sales	18.4%	29.1%
EBIT margin	-0.9%	6.8%
Gross margin	3.8%	5.2%
Net margin	2.2%	2.5%

In H1 2017, profitability of Comarch Group's activities was lower than in the analogical period in 2016. The EBIT margin was negative, as a result of a decrease in revenue and an increase in activities' cost during the first half of 2017. Net margin was lower than achieved in the previous year, but it was still on a satisfactory level, due to the positive result from financial activities.

The financial results achieved by Comarch Group were affected by, among other things:

- occurrence of negative exchange rate differences on receivables and payables related to a significant strengthening of PLN against foreign currencies in H1 2017, that decreased the operating result of the first half of 2017 by PLN 13.7 million,
- positive result on financial activities in the amount of PLN 24.9 million, achieved mainly as a result of balance sheet valuation of the fair value of financial instruments hedging the exchange rate risk of the Group and credits and loans, and due to positive result achieved on the transactions closed during the reporting period,
- continued stagnation in the public procurement market, resulting in the low level of revenue from sales to customers in the public and medical sectors in the first half of 2017,
- increase in revenue from domestic sales (of PLN 6.6 million, i.e. 3.3%), as a result of development of sales in the Financial sector, that covered in part the loss of export (export sales decreased by PLN 31.9 million, i.e. 10.1%), due to decrease in revenue from sales in the TMT sector and Small and Medium-sized Enterprises sector in DACH,
- increase in operating costs, as a consequence of salary pressure in IT sector – in H1 2017 the fund of basic salaries increased by 8.9% compared to H1 2016,
- change in the value of deferred tax assets and provisions, which resulted in an increase of net profit by PLN 0.4 million.

Situation in the public procurement market and costs associated with the software development in the field of e-Health, telemedicine devices and new generation of loyalty solutions (e.g. in cooperation

with Thanks Again, LLC) will have in subsequent periods a significant impact on the financial results of the Comarch Group.

In H1 2017, employment level in the Comarch Group decreased by 1.6%. As at the 30<sup>th</sup> of June, 2017, the Comarch Group (excluding MKS Cracovia SSA) hired 5,217 persons, i.e. 87 persons less than as at the 31<sup>st</sup> of December, 2016.

Comarch Group looks for new markets (for example in South America and Asia), continues investment in new IT products and services, as well as develops its IT infrastructure. Despite a weaker financial result in H1 2017, financial standing of the Comarch Group is still very good and ensures safety of its activities during the unsteady macroeconomic situation both in Poland and worldwide. Group is aware of incurring high costs for development of new products and activities on foreign markets in order to further enhancement of Group's future competitive edge.

In subsequent periods Comarch Group intends to continue strategy assuming:

- sales of IT solutions, most of which are developed in-house,
- sales development on international markets, especially in Western Europe 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.

Liquidity analysis	30 June 2017	31 December 2016
Current ratio	2.0	2.0
Quick ratio	1.5	1.7
Cash to current liabilities ratio	0.6	0.6

In H1 2017, the Comarch Group had very good financial liquidity, as in the previous years. 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	30 June 2017	31 December 2016
Current assets turnover ratio	0.7	0.8
Receivable turnover ratio (days)	111	113
Inventories turnover ratio (days)	59	56
Liabilities turnover ratio (days)	196	163
Liabilities turnover excluding liabilities due to investment credit ratio (days)	123	111

Turnover ratios confirm the effective use of Comarch Group's funds. In H1 2017, the liabilities turnover ratio and liabilities turnover excluding liabilities due to investment credit ratio increased as a result of significant increase of total liabilities as at the end of June, 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

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

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

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

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

### Liquidity Ratios

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

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

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

### Turnover Analysis

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

$$\text{Receivables Turnover Ratio (days)} = \frac{(\text{Trade and Other Receivables}) * 180}{\text{Revenue}}$$

$$\text{Inventories Turnover Ratio (days)} = \frac{(\text{Inventories} - \text{Work in progress}) * 180}{\text{Costs of Sold Goods and Materials}}$$

$$\text{Liabilities Turnover Ratio (days)} = \frac{(\text{Liabilities} - \text{Liabilities due to Long-term Contracts}) * 180}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials}}$$

$$\begin{aligned} &\text{Liabilities Turnover Ratio} \\ &\text{excluding} \\ &\text{Liabilities due to} \\ &\text{Bonds and Investment Credit (days)} \end{aligned} = \frac{(\text{Liabilities} - \text{Credits and Loans}) * 180}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials}}$$

## 9. Credits, Loans, Suretyships, Bank Guarantees

### 9.1. Non-Revolving Credits

#### Credits acquired by Comarch S.A.:

- a) An investment credit from BGŻ BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for the financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to PLN 44,000 thousand. The crediting period may last a maximum of 16 years, i.e. till 2024. It was taken out by the 30<sup>th</sup> of September, 2008. A promissory note, the mortgage on land and the building insurance policy are security for this credit. On the 5<sup>th</sup> of October, 2011, the Company revaluated the remaining credit to be paid into euro. This credit has a variable interest rate. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 4,492 thousand, i.e. PLN 18,986 thousand (EUR 4,802 thousand, i.e. PLN 21,244 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 29<sup>th</sup> of July, 2024.
- b) An investment credit from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw, for the refinancing of the investment credit acquired in DnB NORD Bank Polska S.A. on the 28<sup>th</sup> of April, 2010, for financing of the fourth construction stage of production and office buildings in the Special Economic Zone in Krakow. The credit amounts to EUR 4,126 thousand. The crediting period may last 8 years, i.e. till 2021. This credit has a variable interest rate. The real estate mortgage and cession of rights in the building insurance policy are security for this credit. The loan was drawdown on the 1<sup>st</sup> of October, 2013. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 2,192 thousand, i.e. PLN 9,264 thousand (EUR 2,493 thousand, i.e. PLN 11,028 thousand as at the 31<sup>st</sup> of December, 2016). In order to

hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 31<sup>st</sup> of October, 2018.

- c) A nonrevolving operating credit from BZ WBK Bank S.A. (previously Kredyt Bank S.A.) with its registered office in Wroclaw acquired in the first quarter of 2013, for financing of Company operations. The credit amounts to EUR 7,400 thousand. The crediting period may last 8 years, and its maturity date is 31<sup>st</sup> of December, 2020. This credit has a variable interest rate. The real estate mortgage on the one of Comarch S.A. real estate, located in the Special Economic Zone in Krakow and cession of rights in the insurance policy are security for this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 3,342 thousand, i.e. PLN 14,125 thousand (EUR 3,899 thousand, i.e. PLN 17,249 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch SA entered into an IRS transaction valid until the 28<sup>th</sup> of June, 2019.
- d) an investment credit agreement with bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw, for financing and refinancing of not more than 90% of net costs of an investment related to construction of office building SSE6 and data centre in the Special Economic Zone in Krakow. The credit amounts to PLN 56 million, i.e. EUR 13,323 thousand. The crediting period: 10 years, repayment will be made not later than on 4<sup>th</sup> of December, 2023. Loan was granted in EUR and it has a variable interest rate. Power of attorney to manage Comarch S.A. bank accounts in the Bank, declaration of submission to enforcement, the mortgage established on real estate on which the investment is implemented, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations and warranty are security for this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 10,686 thousand, i.e. PLN 45,166 thousand (EUR 11,519 thousand, i.e. PLN 50,960 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 30<sup>th</sup> of November, 2023.
- e) An investment credit agreement with Bank Handlowy w Warszawie S.A. with its registered office in Warsaw, for financing and refinancing of not more than 75% of net costs of an investment related to construction of office building SSE7 in the Special Economic Zone in Krakow. The credit amounts to EUR 13,333 thousand, i.e. PLN 58,144 thousand as at the date of the agreement. The crediting period: 12 years and lasts until the 15<sup>th</sup> of May, 2028. The credit was granted in EUR and has a variable interest rate. The credit disbursement should take place within 24 months from the date of signing the agreement, i.e. until the 16<sup>th</sup> of May, 2018. Securities for this credit are: contractual mortgage established on real estate on which the investment is implemented, declaration of submission to enforcement, power of attorney to manage Comarch S.A. bank accounts in Bank Handlowy w Warszawie S.A. and cession of rights in the building SSE7 insurance contract, concluded after completion of the investment. As at the 30<sup>th</sup> of June, 2017, the value of launched credit amounted to EUR 4,158 thousand, i.e. PLN 17,573 thousand (as at the 31<sup>st</sup> of December, 2016, the credit has not been run). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 29<sup>th</sup> of February, 2028.
- f) A non-revolving long-term credit in Bank Handlowy w Warszawie S.A. with its registered office in Warsaw for financing current operations. The credit amounts to EUR 2,508 thousand, i.e. PLN 10,938 thousand at the date of the agreement. The crediting period is 43 months and lasts until the 16<sup>th</sup> of December, 2019. The credit was granted in EUR, the interest rate of the credit is based on a variable rate. The credit disbursement should take place within 24 months from the date of signing the agreement, i.e. until the 16<sup>th</sup> of May, 2018. Securities for this credit are: declaration of submission to enforcement and power of attorney to manage Comarch S.A. bank accounts in Bank Handlowy w Warszawie S.A. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 2,508 thousand, i.e. PLN 10,601 thousand (EUR 2,365 thousand, i.e. PLN 10,465 thousand as at the 31<sup>st</sup> of December, 2016). In order to hedge the interest rate risk of this credit, Comarch S.A. entered into an IRS transaction valid until the 30<sup>th</sup> of September, 2019.
- g) An investment credit agreement with DNB Bank Polska Spółka Akcyjna with its registered office in Warsaw, for financing and refinancing up to 100% of investment expenditures related to the

purchase of technical devices, which are the equipment of IoT laboratory (Internet of Things) located in building SSE6 in Special Economic Zone in Krakow. The credit amounts to EUR 2,531 thousand, i.e. PLN 10,854 thousand as at the date of the agreement. The crediting period lasts until the 30<sup>th</sup> of December, 2023. The credit was granted in EUR and has a variable interest rate. Securities for this credit are: registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, a declaration of submission to enforcement by Comarch S.A. and a power of attorney to manage Comarch S.A. bank accounts in DNB Bank Poland S.A.. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 2,276 thousand, i.e. PLN 9,620 thousand (as at the 31<sup>st</sup> of December, 2016, the credit has not been run).

**Other companies in the Comarch Group have the following long-term credits:**

- h) In the third quarter of 2011, Comarch Healthcare S.A. acquired an investment loan from Bank Pekao S.A. with its registered office in Warsaw for financing of purchase of medical equipment and facilities in relation with implementation of project NZOZ Centrum Medyczne iMed24 (medical centre) in Krakow. The credit amounts to PLN 15,889 thousand and as at the 31<sup>st</sup> of December, 2011, and it was used in total. The crediting period lasts 7 years, i.e. until 2018. This credit has a variable interest rate. The registered pledge on the financed property, plant and equipment in use, cession of rights in the property, plant and equipment in use insurance policy and surety granted by Comarch S.A. are security for this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to PLN 3,405 thousand (PLN 4,540 thousand as at the 31<sup>st</sup> of December, 2016).
- i) In the second quarter of 2013, Comarch AG acquired investment loan from BGŻ BNP Paribas Bank Polska S.A. with its registered office in Warsaw for financing of construction of an office and production building, including data centre in Dresden. The credit amounts to EUR 6,000 thousand, and its crediting period is until 2018. The loan was drawdown on the 25<sup>th</sup> of July, 2013. This credit has a variable interest rate. Surety granted by Comarch S.A., a mortgage and cession of rights in the insurance policy are security of this credit. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 1,241 thousand, i.e. PLN 5,247 thousand (EUR 1,862 thousand, i.e. PLN 8,238 thousand as at the 31<sup>st</sup> of December, 2016).
- j) In second quarter of 2015, Bonus Development Sp. z o.o. SK-A took out a construction and investment credit in bank Polska Kasa Opieki Spółka Akcyjna ("PEKAO S.A.") with its registered office in Warsaw, for financing and refinancing of not more than 90% of net costs of an investment related to reconstruction of the former factory building and the construction of an adjacent office building in Łódź. The credit is granted in EUR and amounts up to PLN 38,800 thousand, which on the day of signing the agreement was equivalent to EUR 9,262 thousand. The crediting period is 15 years, until the 28<sup>th</sup> of June, 2030. The interest rate of the credit is based on a variable rate. The loan is secured by the conventional mortgage on the property, on which construction works are being implemented, a statement of submission to enforcement, power of attorney to accounts maintained in bank PEKAO S.A., cession of rights in the bank guarantee for contract good performance and for warranty obligations, cession of rights in the insurance policies, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., and 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. The credit should have been taken out by the 28<sup>th</sup> of June, 2017. As at the 30<sup>th</sup> of June, 2017, the value of the credit to be repaid amounted to EUR 8,311 thousand, i.e. PLN 35,126 thousand (EUR 8,172 thousand, i.e. PLN 36,155 thousand as at the 31<sup>st</sup> of December, 2016).
- k) In the first quarter of 2016, Comarch S.A.S., a subsidiary of Comarch S.A. and Comarch S.A. (as a co-borrower), signed an investment credit agreement with bank BGŻ BNP Paribas S.A. with its registered office in Warsaw, for financing and refinancing of 100% of net costs of an investment related to construction of data centre in Lille, France, but no more than 83.5% of the total net costs of the whole investment. The credit amounts to EUR 8,000 thousand, i.e. PLN 34,164 thousand (exchange rate as of the date of signing the agreement). The crediting period lasts until

the 18<sup>th</sup> of September, 2017, the interest rate of the credit is based on a variable rate. The credit should be taken out by the 18<sup>th</sup> of September, 2017. The credit is secured by: 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. As at the 30<sup>th</sup> of June, 2017, the value of drawn loan was EUR 5,832 thousand, i.e. PLN 24,649 thousand (EUR 1,001 thousand, i.e. PLN 4,429 thousand as at the 31<sup>st</sup> of December, 2016).

As at the 30<sup>th</sup> of June, 2017, Comarch Group had liabilities due to credits and loans in the amount of PLN 207,610 thousand.

In H1 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.

## 9.2. Revolving credits

As at the 30<sup>th</sup> of June, 2017, Comarch S.A. has the credit limits in current account in the amount of PLN 40,000 thousand.

- Credit limit in current account in bank Alior Bank Spółka Akcyjna (formerly BPH S.A.) with its registered office in Krakow in the amount of PLN 10,000 thousand. It can be used by the 31<sup>st</sup> of October, 2017. A blank promissory note and an authorization to manage Comarch S.A.'s accounts in Alior Bank Spółka Akcyjna (formerly BPH S.A.) are security for this credit. This credit has a variable interest rate amounted to EURIBOR1M+margin. As at the 30<sup>th</sup> of June, 2017, the credit was not used, as well as at the 31<sup>st</sup> of December, 2016.
- Credit limit in current account in bank Pekao S.A. with its registered office in Warsaw in the amount of PLN 30,000 thousand. It can be used by the 30<sup>th</sup> of June, 2018. An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement are security for this credit. This credit has a variable interest rate amounted to EURIBOR1M+margin. As at the 30<sup>th</sup> of June, 2017, the credit was not used, as well as at the 31<sup>st</sup> of December, 2016.

In the first quarter of 2016, Comarch S.A.S., a subsidiary of Comarch S.A. and Comarch S.A. (as a co-borrower) acquired non-revolving credit from bank BGŻ BNP Paribas S.A. with its registered office in Warsaw for financing of company's operations. The credit amounts to EUR 1,300 thousand, i.e. PLN 5,552 thousand, according to the euro exchange rate of the contract date. The crediting period may until 18<sup>th</sup> of November, 2017. Credit has a variable interest rate EURIBOR1M+margin. An authorisation to manage Comarch S.A.'s accounts in bank BGŻ BNP Paribas S.A. and a declaration of submission to enforcement are security for this credit. As at the 30<sup>th</sup> of June, 2017, the value of the used and not paid credit was EUR 724 thousand, i.e. PLN 3,058 thousand (EUR 160 thousand, i.e. PLN 708 thousand as at the 31<sup>st</sup> of December, 2016).

	30 June 2017	31 December 2016
<b>Credit lines in the current account and revolving credits, including:</b>	<b>45,494</b>	<b>45,751</b>
Used at the balance sheet date	3,058	708
Available at the balance sheet date	42,436	45,043

### 9.3. Loans

#### 9.3.1. Loans granted to Companies in Comarch Group from unrelated parties

In the third quarter of 2016, Comarch S.A. signed a loan agreement with IBM Polska sp. z o.o. for financing of delivery of IBM hardware in relation to an IT project performed by the Comarch Group. The loan amounts to PLN 12,980 thousand. The loan will reach its maturity date in March, 2022. As at the 30<sup>th</sup> of June, 2017, the value of capital outstanding was PLN 11,209 thousand (PLN 10,415 as at the 31<sup>st</sup> of December, 2016).

#### 9.3.2. Loans granted to Companies in Comarch Group

As at the 30<sup>th</sup> of June, 2017, the following companies of the Capital Group were indebted towards Comarch S.A. for loans granted:

Company	Due date	Value	Currency	Interest	Value in PLN
Bonus Development Sp. z o.o. SK-A	2028-12-31	3,724,745.49	PLN	2.9300%	3,724,745.49
Comarch Yazilim A.S.	2018-06-30	250,000.00	EUR	2.0490%	1,056,625.00
SoInteractive S.A.	2019-12-31	410,000.00	PLN	3.8100%	410,000.00
<b>Total</b>					<b>5,191,370.49</b>

The loan granted to Comarch Yazilim A.S. is covered by the revaluation write-off.

#### 9.3.3. Loans Granted to Members of the Management Board and Members of the Supervisory Board

As at the 30<sup>th</sup> of June, 2017, there are no unpaid loans as well as there are no guarantees nor suretyships granted by Comarch S.A. to members of the Management Board and members of the Supervisory Board and their relatives.

#### 9.3.4. Loans Granted to Employees of Comarch S.A.

None present.

### 9.4. 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 28<sup>th</sup> 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 11<sup>th</sup> 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.



- c) 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 1<sup>st</sup> 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 31<sup>st</sup> of December, 2021.
- d) 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.
- e) 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.
- f) 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.
- g) 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 30<sup>th</sup> of August, 2018.
- h) 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 15<sup>th</sup> 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 15<sup>th</sup> of May, 2020.
- i) 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.
- j) 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.
- k) 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.
- l) 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.
- m) 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 in 2015, the total amount of granted surety is PLN 100 thousand and is valid till the 31<sup>st</sup> of May, 2017.

- n) 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 is valid till the termination of the contract.
- o) 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.
- p) 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 total amount of granted surety is PLN 50 thousand and is valid till the 31<sup>st</sup> of May, 2017.
- q) 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.
- r) 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.
- s) 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.
- t) 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 28<sup>th</sup> of June, 2030.
- u) 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 30<sup>th</sup> of August, 2018.
- v) 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 was granted up to the amount of PLN 10 thousand and is valid till the 14<sup>th</sup> of September, 2017.
- w) 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.



- x) 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.
- y) 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.
- z) 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.
- aa) 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.
- bb) 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.
- cc) 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.
- dd) 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.
- ee) Due to conclusion of a contract by Comarch SAS, a subsidiary of Comarch S.A., the contract with a customer for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS services, a surety for liabilities of Comarch SAS was granted to the amount of EUR 1,443 thousand and is valid for the duration of the contract.
- ff) Due to granting a credit limit to Geopolis sp. z o.o., a subsidiary of Comarch S.A., by one of customers, a surety for liabilities of Geopolis sp. z o.o. was granted to the amount of PLN 160 thousand and is valid for the duration of the contract.

## **9.5. Bank Guarantees and Significant Off- Balance Sheet Items**

On the 30<sup>th</sup> of June, 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 45,422 thousand, whereas it was PLN 37,671 thousand on the 31<sup>st</sup> of December, 2016.

On the 30<sup>th</sup> of June, 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, whereas it was PLN 19 thousand on the 31<sup>st</sup> of December, 2016.

On the 30<sup>th</sup> of June, 2017, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand (PLN 1,656 thousand), whereas it was EUR 392 thousand (PLN 1,734 thousand) on the 31<sup>st</sup> of December, 2016.

On the 30<sup>th</sup> of June, 2017, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (PLN 68 thousand), whereas it was EUR 16 thousand (PLN 71 thousand) on the 31<sup>st</sup> of December, 2016.

Comarch S.A. granted letters of comfort for its subsidiaries: MKS Cracovia SSA (valid till the 31<sup>st</sup> of December, 2017), Comarch Healthcare S.A. (valid till the 31<sup>st</sup> of December, 2018), Comarch Malaysia

SDN. BHD. (valid till the 31<sup>st</sup> of December, 2017) and without time limit, Comarch Argentina S.A. without time limit and Comarch R&D S.à r.l. without time limit.

## **10. The Most Important Events in H1 2017 and after the Balance-Sheet Date**

### **10.1. Contracts Significant for Group Activities**

The most important contracts signed by Comarch Group in H1 2017 are:

#### **10.1.1. Acquisition of Shares in Geopolis Sp. z o.o.**

The Management Board of Comarch S.A. announced that on the 17<sup>th</sup> of March, 2017 Comarch S.A., has signed the letters of intent with Geopolis sp. z o.o. and it's shareholders aimed at setting conditions to carry out the following transactions:

- the disposal of 100% of shares in Geopolis sp. z o.o. for Comarch S.A.,
- the acquisition by Comarch S.A. of the whole copyrights to the ERGO software which belongs to the Geopolis sp. z o.o.,
- the recapitalization of Geopolis sp. z o.o. by Comarch S.A.

The above-mentioned transactions were to be carried out once the relevant conditions set out in the letters of intent had been fulfilled and the agreement on others terms had been reached until 31<sup>st</sup> of March, 2017. On 31<sup>st</sup> of March, 2017 it was announced that the deadline for fulfilment of the conditions set out in the letters of intent was postponed. On the 3<sup>rd</sup> of April, 2017, the conditions set out in letters of intent have been fulfilled.

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](#) ([RB-2-2017ENG](#)) dated the 17<sup>th</sup> of March, 2017, no. [RB-4-2017](#) ([RB-4-2017ENG](#)) dated the 31<sup>st</sup> of March, 2017 and no. [RB-5-2017](#) ([RB-5-2017ENG](#)) dated the 4<sup>th</sup> of April, 2017.

#### **AFTER THE BALANCE SHEET DATE**

None present.

### **10.2. Other**

#### **10.2.1. 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 23<sup>rd</sup> 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 23<sup>rd</sup> 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 informed also, the Comarch Group still provides the services under the Agreement with Pekao S.A.. 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 current report no. [RB-3-2017](#) ([RB-3-2107ENG](#)) dated the 23<sup>rd</sup> of March, 2017.

### **10.2.2. Recommendation of Management Board of Comarch S.A. Regarding Dividend**

On the 8<sup>th</sup> of May, 2017, in current report no. [RB-6-2017](#) ([RB-6-2017ENG](#)) 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. in 2016:

a) 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 on the dividend's day will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares.

b) 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.

### **10.2.3. Opinion of the Supervisory Board Regarding Dividend**

On the 15<sup>th</sup> of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#) ([RB-8-2017ENG](#)) of the 15<sup>th</sup> of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016 (point [10.2.2](#) of this report).

### **10.2.4. Selection of an Auditor Entitled to Audit and Review Comarch S.A. Financial Statements**

On the 29<sup>th</sup> of May, 2017, the Management Board of Comarch S.A. announces that, pursuant to art. 19 sec. 2 point 5) of the company's articles of association, 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 of the conclusion of the Agreement between Comarch S.A. and BDO Sp. z o.o., in dealing with:

a) review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30<sup>th</sup> of June, 2017,

b) audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31<sup>st</sup> of December, 2017,

c) review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30<sup>th</sup> of June, 2018,

d) audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31<sup>st</sup> of December, 2018.

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

#### **AFTER THE BALANCE SHEET DATE**

None present.

### **11. 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.

#### **11.1. Capital Investments**

On the 19<sup>th</sup> 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 27<sup>th</sup> 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. Until the date of publication of this report the capital increase has not been registered.

On 3<sup>rd</sup> 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. The total value of the transactions amounted to PLN 8.05 million. Geopolis sp. z o.o. supports informatisation 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](#) ([RB-2-2017ENG](#)) dated the 17<sup>th</sup> of March, 2017, no. [RB-4-2017](#) ([RB-4-2017ENG](#)) dated the 31<sup>st</sup> of March, 2017 and no. [RB-5-2017](#) ([RB-5-2017ENG](#)) dated the 4<sup>th</sup> of April, 2017. Until the date of publication of this report the capital increase in Geopolis sp. Z o.o. has not been registered.

## 11.2. Real Estates and Other Material Investment

As at the 30<sup>th</sup> of June, 2017, the Group's property are six office buildings in the Special Economic Zone in Krakow ("SEZ") at 56,760 square metres of the total space, two office buildings in Warsaw at 2,582 square metres of the total space and office and storage buildings in Łódź, one office and storage building in Lille, and an office building and data center in Dresden. The Group owns also lands in the Special Economic Zone in Krakow at 2.13 ha of the total area.

Comarch Healthcare S.A. began to conduct the diagnostic and medical activity (Medical Center iMed24) in the first quarter of 2012 and commenced use of the diagnostic and medical equipment purchased in 2011. As at the 30<sup>th</sup> of June, 2017, the book value of this equipment amounted to PLN 4,498 thousand.

On the 16<sup>th</sup> 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 m<sup>2</sup>. The net value of the agreement amounts to PLN 37,175 thousand. The investment was completed in the first quarter of 2017. Capital expenditures incurred in connection with the above mentioned agreement until the 30<sup>th</sup> of June, 2017, amounted to PLN 37,175 thousand net.

The office building that was purchased by Comarch S.A.S. in Lille is the new office of the company. On the 15<sup>th</sup> 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 center. The value of this agreement amounts to EUR 7,553 thousand net, i.e. PLN 31,923 thousand (exchange rate as at the 30<sup>th</sup> of June, 2017). Investment expenditures incurred in connection with the above-mentioned agreement until the 30<sup>th</sup> of June, 2017, amounted to EUR 7,078 thousand, i.e. PLN 29,915 thousand at the exchange rate at the 30<sup>th</sup> of June, 2017. The planned completion date of this investment is the third quarter of 2017. The investment is financed by a long-term bank credit.

On the 18<sup>th</sup> of March, 2016, Comarch S.A. concluded contract with Budimex S.A. on implementation of the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract is construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building will be 27,736 m<sup>2</sup>. The contract value is PLN 69,704 thousand net. Investment expenditures incurred in connection with the above-mentioned agreement until the 30<sup>th</sup> of June, 2017, amounted to PLN 39,515 thousand. Anticipated completion date is the fourth quarter of 2017.

In the first half of 2016, Comarch Group purchased the following plots of land: in the Krakow Special Economic Zone with an area of 1.31 ha (value of the transaction amounted to PLN 3,831 thousand) and in Świeradów Zdrój (value of the transaction amounted to PLN 3,921 thousand).

In the second quarter of 2017, plots of land was not purchased.

## 12. Activities in Special Economic Zone

On the 22<sup>nd</sup> 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 14<sup>th</sup> 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 following tax allowances:

- During the first 6 years of commercial operations in the zone, the income from such activity is free from income tax,



- After this period of time, but not later than until the date specified in the permit, half of the income obtained is free from income tax.

The allowance was 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 2<sup>nd</sup> 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. Pursuant to the article 6, section 1 of this act, these entities may apply for changes to the terms and conditions of their permits in order to adjust them to the principles for granting public aid in force in the European Union. Pursuant to the article 5, section 2 point 1 lit. b), point 2, point 3 of the act, the maximum amount of public aid for entities, which operate in a special economic zone on the basis of a permit issued before the 1<sup>st</sup> of January, 2000, cannot exceed 75% of the value of investments incurred in the period from the date of obtaining the permit until the 31<sup>st</sup> of December, 2006, provided that in determining the maximum amount of public aid, the total amount of public aid obtained since the 1<sup>st</sup> of January, 2001, is taken into consideration. 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/shall incur since obtaining the permit, i.e. from the 22<sup>nd</sup> of March, 1999, to the 31<sup>st</sup> of December, 2006.

The costs of investments and the amount of aid are subject to discount pursuant to Par. 9 of the Regulation of the Ministry from the 14<sup>th</sup> of September, 2004, on the Krakow Special Economic Zone (Journal of Laws 220 Item 2232) with wording changed pursuant to Par. 1 of the Regulation of the Ministry from the 8<sup>th</sup> of February, 2005, that changed the Ordinance on the Krakow Special Economic Zone (Journal of Laws No. 32 Item 270) and with Par. 2 of the latter Ordinance taken into consideration.

Comarch S.A. approached the Minister of the Economy in order to change the terms and conditions of its permit. On the 1<sup>st</sup> of July, 2004, it received a decision from the Minister of the Economy dated the 24<sup>th</sup> 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 31<sup>st</sup> of December, 2017, in the changed permit.

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

- a) issued in 1999, valid till the 31<sup>st</sup> of December, 2017;
- b) issued in 2007, valid till the 31<sup>st</sup> of December, 2017;
- c) issued in 2013, that permit do not specify their validity date;
- d) issued in February, 2016, that permit do not specify their validity date;
- e) issued in March, 2016, that permit do not specify their validity date.

At the same time the company emphasises that on the 23<sup>rd</sup> of July, 2013, the Council of Ministers adopted the regulation lengthening the period for existing of special economic zones in Poland till 2026.

Pursuant to IAS 12, unused tax relief as at the 31<sup>st</sup> of December, 2016, constitutes a deferred income tax asset. 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 30<sup>th</sup> of June, 2017, (discounted as at the permit date), is PLN 20,646 thousand. Limit of the unused investment relief in respect of the authorization obtained in 2013 as at the 30<sup>th</sup> of June, 2017, (discounted as at the permit date), is about PLN 29,000 thousand.

In the first half of 2017, the Parent Company resolved in part a deferred tax asset related to temporary differences that was established as at the 31<sup>st</sup> of December, 2016, and worth PLN 4,162 thousand, as well as an asset due to temporary differences was recognised in the amount of PLN 4,069 thousand. An asset due to tax loss was recognised and settled in the amount of PLN 4,285

thousand. The total effect of the above-mentioned operations on the net result of H1 2017 was PLN 4,228 thousand.

## 13. Resolutions of the AGM and the Board of Supervisors

### 13.1. Corporate Governance Principles

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 [EBI 1/2017 \(EBI-1-2017ENG\)](#) the report on the activities of the Supervisory Board of Comarch S.A., an assessment of the Company 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.

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. Management Board announced in EBI current report no. [EBI 2/2017 \(EBI-2-2017ENG\)](#) that 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 19<sup>th</sup> of May, 2017, are given positive opinions.

### 13.2. Annual General Meeting – 27<sup>th</sup> of June, 2017

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

On the 29<sup>th</sup> 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 27<sup>th</sup> 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: 11<sup>th</sup> of June, 2017,
- 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 [RB-10-2017 \(RB-10-2017ENG\)](#) dated the 29<sup>th</sup> 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 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.

The full content of the resolutions were published on in the current report [RB-13-2017 \(RB-13-2017ENG\)](#) dated the 27<sup>th</sup> 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 31<sup>st</sup> 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 11<sup>th</sup> of August, 2017.

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

#### **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 27<sup>th</sup> 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 53.45% 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 27<sup>th</sup> 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 [RB-15-2017 \(RB-15-2107ENG\)](#) dated the 27<sup>th</sup> of June, 2017.



## **14. Operations on Comarch S.A. Shares**

### **14.1. Purchase/Disposal Transactions on Comarch S.A. Shares**

None present.

#### **AFTER THE BALANCE SHEET DATE**

None present.

### **14.2. Managerial Option Program for Members of the Management Board**

None present.

## **15. Operations on Shares of Subsidiaries and Related Parties**

None were present, except for the operations described in point [19.4](#) of the financial statement.

#### **AFTER THE BALANCE SHEET DATE**

None were present, except for the operations described in point [19.5](#) of the financial statement.

## **16. Other Events in H1 2017 and after the Balance Sheet Date**

### **16.1. Dates of Periodical Financial Reports in 2017**

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19<sup>th</sup> 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 [RB-1-2017 \(RB-1-2017ENG\)](#) dated the 5<sup>th</sup> of January, 2017, Comarch S.A. Management Board presented terms of periodical financial reports in 2016.

### **16.2. The Management Board Statement regarding the Corporate Governance Principles**

Pursuant to § 29, section 5 of the Rules of the Warsaw Stock Exchange, the Management Board of Comarch S.A. presented report regarding the corporate governance principles in the Company in 2016 as attachment to the annual statement published on 28<sup>th</sup> of April, 2017.

### **16.3. 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 8<sup>th</sup> of May, 2017, in current report no. [RB-7-2017 \(RB-7-2017ENG\)](#) 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 31<sup>st</sup> of December, 2016 and includes:

- introduction to the financial statement,
- balance sheet as at 31<sup>st</sup> 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 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, with net profit for the year amounting to PLN 44,953,007.89,
- changes in equity for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, presenting an increase in equity in the amount of PLN 39,201,703.72,
- cash flow statement for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> 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 31<sup>st</sup> of December, 2016 and includes:

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

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

On the 16<sup>th</sup> of May, 2017, in current report [RB-9-2017](#) ([RB-9-2017ENG](#)) 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 31<sup>st</sup> of December, 2016 and the 31<sup>st</sup> of March, 2017.

#### **16.5. Correction of Data in the Financial Statement of Comarch S.A. for 2016**

On the 16<sup>th</sup> of June, 2017, in current report no. [RB-12-2017](#) ([RB-12-2017ENG](#)) 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**

#### **16.6. Forward Contracts Concluded after the Balance Sheet Date**

Between the 1<sup>st</sup> of July, 2017 and the 31<sup>st</sup> of August, 2017, Comarch S.A. concluded forward contracts for the sales of EUR 3,000 thousand. The total net value of open forward contracts as of the 31<sup>st</sup> of August, 2017 amounted to EUR 24,700 thousand, USD 11,700 thousand and RUB 32,000 thousand.

The open forward contracts as of the 31<sup>st</sup> of August, 2017 were valued at plus PLN 13,396 thousand. The contracts will be settled within 27 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 in Comarch Group, in which the remuneration is set in a foreign currency, as well as to secure cash flows from an investment loan granted in euro.

## 17. 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 and Asia,
- 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,
- continuation of development works related to development of its own solutions within hardware and services based on it (Internet of Things),
- strict cooperation with global customers in international markets,
- constant investment in human resources,
- development of a modern production base in Poland and abroad.

## 18. 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 169.1 million, thus reached 15.2% of revenue in 2016. Comarch allocated their internal funds as well as acquired actively European funds.

### Comarch S.A.

In the first half of 2016, Comarch S.A. finished the project: „Situation AWare Security Operations Center” (SAWSOC) within **7th Framework Programme** of the European Union.

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".



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### Comarch Healthcare S.A.

In H1 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.



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.



## 19. Capital Affiliations of the Issuer

### 19.1. Characteristics of Companies in the Comarch Group

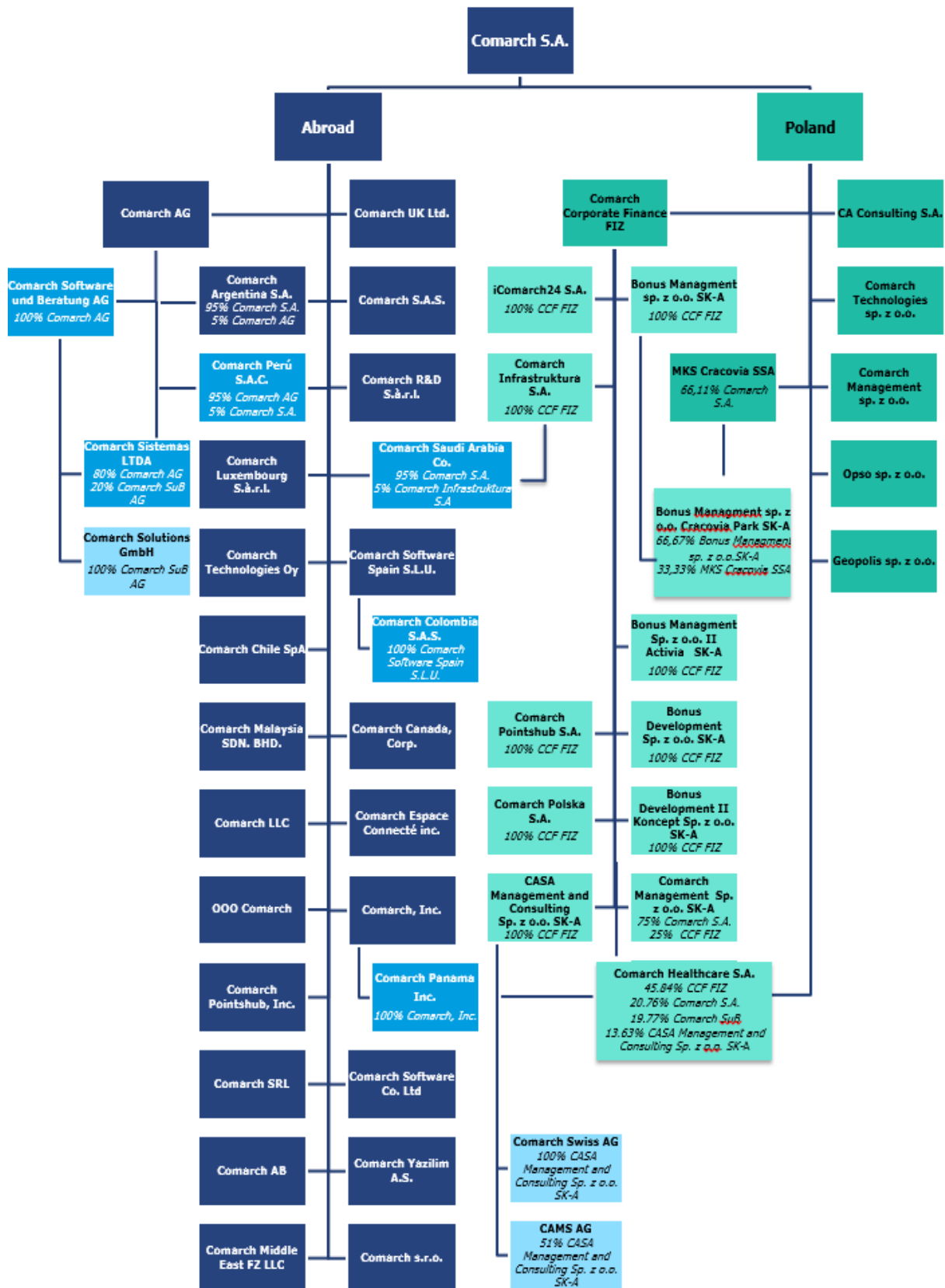
The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is a parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in 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 Software (Shanghai) Co. Ltd. and Comarch Saudi Arabia Co. 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;
  - Comarch Pointshub S.A. produces and implements loyalty software within SmartCity;
  - Comarch Infrastruktura S.A. offers services related to Data Centre and IT services outsourcing,
  - iComarch24 S.A. conducts IT projects related to e-accounting and e-commerce, as well as provides accounting services for domestic subsidiaries in the Comarch Group;
  - Geopolis sp. z o.o. produces and implements integrated GIS systems in public administration units.
  - MKS Cracovia SSA is a sport joint stock company;
  - „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park SK-A conducts investment activity in relation to sport, wellness and recreation;
  - Opso sp. z o.o. provides catering services;
  - Comarch s.r.o. is currently not operating.

## 19.2. Capital Structure of the Comarch Group



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

On the 30<sup>th</sup> of June, 2017, associates of the parent company were:

- SoInteractive S.A. with its registered office in Krakow in Poland (16.10% votes held by CCF FIZ, 11.27% held by Bonus Management sp. z o.o. Activia SK-A),
- Metrum Capital S.A. (15.79% votes held by Comarch S.A., 31.58% votes held by CAMS AG),
- Thanks Again LLC with its registered office in Tyrone, GA, USA (42.5% votes held by Comarch Pointshub, Inc.).

The associated companies are not consolidated. Shares are valued with equity method.

### 19.3. Relationship

The consolidated financial statement of the Comarch Group for the 6 months ended the 30<sup>th</sup> of June, 2017, comprises the financial statements of the following companies:

Company	Relationship	Consolidation method	% held by Comarch S.A. in a subsidiary's share capital
Comarch S.A.	Parent Company	full	
Comarch AG	Subsidiary	full	100%
Comarch Sistemas LTDA	Subsidiary	full	80% held by Comarch AG, 20% held by Comarch Software und Beratung AG
Comarch Peru S.A.C.	Subsidiary	full	95% held by Comarch AG, 5% held by Comarch S.A.
Comarch Software und Beratung AG	Subsidiary	full	100% held by Comarch AG
Comarch Solutions GmbH	Subsidiary	full	100% held by Comarch Software und Beratung AG
Comarch S.A.S.	Subsidiary	full	100%
Comarch R&D S.à r.l.	Subsidiary	full	100%
Comarch Luxembourg S.à r.l.	Subsidiary	full	100%
Comarch Inc.	Subsidiary	full	100%
Comarch Panama Inc.	Subsidiary	full	100% held by Comarch Inc.
Comarch Canada, Corp.	Subsidiary	full	100%
Comarch Espace Connecté Inc.	Subsidiary	full	100%
Comarch Middle East FZ-LLC	Subsidiary	full	100%
Comarch LLC	Subsidiary	full	100%
OOO Comarch	Subsidiary	full	100%
Comarch Software (Shanghai) Co. Ltd.	Subsidiary	full	100%
Comarch Technologies Oy	Subsidiary	full	100%
Comarch UK Ltd.	Subsidiary	full	100%
Comarch Chile SpA	Subsidiary	full	100%
Comarch Software Spain S.L.U.	Subsidiary	full	100%
Comarch Colombia S.A.S.	Subsidiary	full	100% held by Comarch



Comarch Yazilim A.S.	Subsidiary	full	Software Spain S.L.U. 100%
Comarch SRL	Subsidiary	full	100%
Comarch Malaysia SDN. BHD.	Subsidiary	full	100%
Comarch s.r.o.	Subsidiary	full	100%
Comarch Pointshub, Inc.	Subsidiary	full	100%
Comarch AB	Subsidiary	full	100%
Comarch Argentina S.A.	Subsidiary	full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	Subsidiary	full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch Technologies sp. z o.o.	Subsidiary	full	100%
CA Consulting S.A.	Subsidiary	full	100%
Geopolis sp. z o.o.	Subsidiary	full	100%
Comarch Management sp. z o.o.	Subsidiary	full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	Subsidiary	full	100% in total number of investment certificates
Comarch Management sp. z o.o. SK-A	Subsidiary	full	26.45% held by Comarch S.A., 8.82% held by CCF FIZ, 64.73% purchased by Comarch Management sp. z o.o. SK-A to be redeemed
Bonus Management sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o.	Subsidiary	full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Cracovia Park SK-A	Subsidiary	full	
Bonus Development sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Bonus Management sp. z o.o. II	Subsidiary	full	100% held by CCF FIZ
Activia SK-A	Subsidiary	full	
Bonus Development sp. z o.o. II	Subsidiary	full	100% held by CCF FIZ
Koncept SK-A	Subsidiary	full	
Comarch Healthcare S.A.	Subsidiary	full	45.84% held by CCF FIZ 20.76% held by Comarch S.A. 19.77% held by Comarch Software und Beratung AG. 13.63% held by CASA Management and Consulting sp. z o.o. SKA
Comarch Polska S.A.	Subsidiary	full	100% held by CCF FIZ
Comarch Pointshub S.A.	Subsidiary	full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	Subsidiary	full	100% held by CCF FIZ
iComarch24 S.A.	Subsidiary	full	100% held by CCF FIZ



CASA Management and Consulting sp. z o.o. SK-A	Subsidiary	full	100% held by CCF FIZ
Comarch Swiss AG	Subsidiary	full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	Subsidiary	full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	Subsidiary	full	100%
MKS Cracovia SSA	Subsidiary	full	66.11%

#### 19.4. Changes in Ownership and Organisational Structure in H1 2017

On the 19<sup>th</sup> 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 27<sup>th</sup> 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 24<sup>th</sup> of July, 2017, a mentioned share capital increase was registered in the National Court.

On 3<sup>rd</sup> 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](#) ([RB-2-2017ENG](#)) dated the 17<sup>th</sup> of March, 2017, no. [RB-4-2017](#) ([RB-4-2017ENG](#)) dated the 31<sup>st</sup> of March, 2017 and no. [RB-5-2017](#) ([RB-5-2017ENG](#)) dated the 4<sup>th</sup> of April, 2017. Until the date of publication of this report the capital increase has not been registered.

Until the date of publication of this report the capital increase in Comarch Argentina S.A. of 21<sup>st</sup> of December, 2016, has not been registered.

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

On the 7<sup>th</sup> July, 2017, a company Comarch Japan KK headquartered in Tokyo, was registered. Comarch UK owns a 100% of shares and votes.

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

None present.

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

The Company has not published the results forecast for 2017.

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

### **22.1. Deferred Income Tax Assets**

In the first half of 2017, the Group has not settled an asset due to activities in the SEZ established as at the 31<sup>st</sup> of December, 2016. This is a consequence of not present a tax-exempt income. This asset will be gradually resolved over the second half of 2017 in proportion to the generation of tax-exempt income in this period.

In the first half of 2017, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31<sup>st</sup> of December, 2016, and worth PLN 4,162 thousand, as well as an asset due to temporary differences was recognised in the amount of PLN 4,069 thousand. An asset due to tax loss was recognised and settled in the amount of PLN 4,285 thousand. The total effect of the above-mentioned operations on the net result of H1 2017 was PLN 4,228 thousand.

### **22.2. Valuation of Currency Exchange Rate Differences and Financial Instruments Based on Exchange Rates**

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30<sup>th</sup> of June, 2017, decreased revenue and operating profit of Comarch Group by PLN 13,718 thousand (while in 6 months of 2016 increased by PLN 4,908 thousand). Exchange rate differences from other activities increased the result of Comarch Group by PLN 4,918 thousand (while in 6 months of 2016 decreased by PLN 2,738 thousand). The valuation of financial instruments (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments increased the Group's result by PLN 12,554 thousand (while in the corresponding period of 2016 decreased by PLN 663 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 6 months of 2017 amounted to plus PLN 3,754 thousand (plus PLN 1,507 thousand in 6 months of 2016).

### **22.3. Other Operating income**

In H1 2017, other operating income, amounted to PLN 14,636 thousand and had a positive influence on the operating result, as a result of, among others, settle the provision for bad debts and disposal of intangible assets by MKS Cracovia SSA.

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

None were present, except for the deposits and investments described in point [11](#) of the financial statement.

## 24. Significant Legal, Arbitration or Administrative Proceedings

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

None present.

### 24.2. 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 82,746 thousand. Provisions for part of these claims were presented in the balance sheet as of 30<sup>th</sup> of June, 2017 and are worth PLN 9,826 thousand. They include provisions for claims recognised in 2017 and worth PLN 48 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.

The biggest legal proceeding is related to the lawsuit dated the 2<sup>nd</sup> of December, 2014, received on the 14<sup>th</sup> of January, 2015, from Regional Court in Warsaw, the Third Civil Division, a claim filed by Agency for Restructuring and Modernisation of Agriculture (ARMA) against Comarch S.A., for payment of PLN 34,493,717.28 by way of contractual penalties for delay-default SLA level in one month (August 2013) the provision of services under the contract of 29<sup>th</sup> of April, 2013, (concluded as a result of the conducted public tender for the maintenance, modification and improvement of application systems OFSA, OFSA - RDP, OFSA - RDP - DD, RG - RDP). The Company announced details in current report no. [RB-14-2014](#) ([RB-14-2014ENG](#)) dated the 19<sup>th</sup> of May, 2014, and no. [RB-4-2015](#) ([RB-4-2015ENG](#)) dated the 15<sup>th</sup> of January, 2015. The Management Board of Comarch S.A. maintains its position, that calculation of these penalties has neither justification nor grounds in the provisions of the contract. Comarch S.A. announces also that, despite the dispute concerning the charged contractual penalties, Comarch S.A. still providing services under the Contract in accordance with the requirements of the SLA. In opinion of the Management Board of Comarch S.A. the reserves already created for potential claims resulting from contractual penalties in connection with the performance of the contract, in the amount of total gross salary for the providing services in the period July - December 2013 year (i.e. in the amount of PLN 2,277 thousand) fully cover the risk of financial burden of Comarch S.A. with the above-mentioned title.

Krakow, 31<sup>st</sup> of August, 2017

<b>Name and surname</b>	<b>Position</b>	<b>Signature</b>
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	

## Comarch S.A.

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**The Management Board's statement regarding the independent auditor**

The Management Board of Comarch S.A. states that the entity entitled to audit financial statements, Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., that reviewed the condensed interim consolidated financial statement and the condensed interim financial statement for the six months ended the 30<sup>th</sup> of June, 2017, was selected compliant with the law and that the entity and expert auditors who reviewed these statements perform under conditions to provide an unbiased and independent opinion on the reviewed financial statements, compliant with the binding law and the standards for performance of the expert auditor profession.

Krakow, 31<sup>st</sup> of August, 2017

**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

**The Management Board's statement regarding the reliability of the condensed financial statements**

The Management Board of Comarch S.A. states that to the best of our knowledge, the condensed interim consolidated financial statement and the condensed interim financial statement for the six months ended the 30<sup>th</sup> of June, 2017, and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the Capital Group and the company, and the financial results. Furthermore, the report regarding the Capital Group's activities truly describes the development image and achievements as well as the Capital Group's situation including basic threats and risk.

Krakow, 31<sup>st</sup> of August, 2017

**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

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Vice-President of the Management Board

**Marcin Warwas**  
Vice-President of the Management Board