

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report Qsr ... 3 / 2017

quarter / year

(pursuant to §82 sec.2 and §83 sec. 1 of the Regulation issued by the Minister of Finance on 19 Feb. 2009 - Journal of Laws No. 33 Item 259)
for issuers of securities managing production, construction, trade or services activities

for ... 3 ... quarter of financial year ... 2017	from 2017-01-01 to 2017-09-30
including consolidated financial statement according to	International Financial Reporting Standards (IFRS)
in currency	PLN
and summary of financial statement according to	Act on Accounting (Journal of Laws 13.47.330)
in currency	PLN
date of publication	2017-11-17

COMARCH SA	
(full name of an issuer)	
COMARCH	Information Technology (IT)
(abbreviated name of issuer)	(sector according to WSE classification)
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SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	751,569	740,390	176,566	169,473
II. Operating profit (loss)	2,853	45,695	670	10,459
III. Profit before income tax	20,663	44,349	4,854	10,151
IV. Net profit attributable to shareholders of parent company	7,229	21,037	1,698	4,815
V. Net cash flows from operating activities	34,639	34,205	8,138	7,829
VI. Net cash flows from investing activities	-92,631	-84,959	-21,762	-19,447
VII. Net cash flows from financing activities	29,480	11,586	6,926	2,652
VIII. Change in net cash flows	-28,512	-39,168	6,698	-8,965
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings (losses) per single share (PLN/EURO)	0.89	2.59	0.21	0.59
XI. Diluted earnings (losses) per single share (PLN/EURO)	0.89	2.59	0.21	0.59
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	508,269	499,735	119,407	114,388
XIII. Profit (loss) on operating activities	10,847	43,160	2,548	9,879
XIV. Gross profit (loss)	18,224	29,546	4,281	6,763
XV. Net profit (loss)	14,563	25,074	3,421	5,739
XVI. Net cash flows from operating activities	34,286	16,849	8,055	3,857
XVII. Net cash flows from investing activities	-52,468	-38,829	-12,326	-8,888
XVIII. Net cash flows from financing activities	17,841	-3,089	4,191	-707
XIX. Total net cash flow	-341	-25,069	-80	-5,738
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	4.31	3.53	1.01	0.81

XXII. Diluted earnings (losses) per single share (PLN/EURO)	4.31	3.53	1.01	0.81
EQUITIES	30.09.2017	31.12.2016	30.09.2017	31.12.2016
XXIII. Equity attributable to shareholders (consolidated)	834,357	847,423	193,627	191,551
XXIV. Equity (parent company)	777,548	771,742	180,443	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 30.09.2017: 4.2566;
- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2016 to 30.09.2016: 4.3688;

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

- 30.09.2017: 4.3091;
- 31.12.2016: 4.4240.

Values of equities (positions XXIII, XXIV) were presented as at the end of first three quarters 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 quarter 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
Qsr_3_2017.pdf	Qsr 3 2017

SIGNATURES			
Date	Name and surname	Position	Signature
2017-11-17	Konrad Tarański	Vice-President of the Management Board	
2017-11-17	Maria Smolińska	Proxy	



**Comarch Capital Group Consolidated
Financial Statement for the period from
1 January 2017 to 30 September 2017**

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

Krakow, 17th of November 2017

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**PLN 49.3
million of
EBITDA**

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

**PLN 752
million of
revenue**

**Over
5,475
specialists
employed**

**52
subsidiaries
and branches
worldwide**

**PLN 1.45 billion
of market
capitalization of
Comarch S.A. on
WSE**

**59% share of
foreign sales in
revenue from
sales**

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 9 MONTHS 2017

I. Consolidated Balance Sheet

ASSETS	Note	At 30 September 2017	At 31 December 2016
NON-CURRENT ASSETS			
Property, plant and equipment	3.2	555,874	501,111
Investment real estates	3.3	15,516	15,626
Goodwill	3.4	42,197	40,735
Other intangible assets	3.5	64,373	61,343
Non-current prepayments		3,899	1,118
Investments in associates	3.6	12,170	14,395
Other assets at fair value – derivative financial instruments	3.7a	2,624	492
Other investments		112	106
Deferred income tax assets	3.8	36,297	35,007
Other receivables		6,004	3,914
		739,066	673,847
CURRENT ASSETS			
Inventories	3.9	95,871	76,555
Trade and other receivables	3.10	304,050	406,721
Current income tax receivables		1,611	5,210
Long-term contracts receivables	3.11	63,556	39,960
Available-for-sale financial assets	3.12	-	-
Other financial assets at fair value – derivative financial instruments	3.7a	7,146	1,149
Interest and shares		-	1
Cash and cash equivalents		199,408	235,834
		671,642	765,430
Assets available-for-sale		-	5,598
TOTAL ASSETS		1,410,708	1,444,875

LIABILITIES	Note	At 30 September 2017	At 31 December 2016
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	<u>3.13</u>	8,133	8,133
Other capitals		143,041	143,041
Exchange differences		10,429	18,524
Net profit (loss) for the current period		7,229	73,034
Retained earnings		665,525	604,691
		834,357	847,423
Minority interest		16,848	14,641
TOTAL EQUITY		851,205	862,064
LIABILITIES			
Non-current liabilities			
Credit and loans	<u>3.14</u>	186,127	146,331
Other liabilities		6,878	5,278
Financial liabilities at fair value – derivative financial instruments	<u>3.7b</u>	1,116	2,537
Other financial liabilities	<u>3.15</u>	500	631
Provision for deferred income tax	<u>3.8</u>	45,378	42,144
Provisions for other liabilities and charges	<u>3.16</u>	-	-
		239,999	196,921
Current liabilities			
Trade and other payables	<u>3.17</u>	144,981	154,493
Current income tax liabilities		4,919	16,800
Long-term contracts liabilities	<u>3.11</u>	25,685	40,044
Credit and loans	<u>3.14</u>	38,521	28,469
Financial liabilities at fair value – derivative financial instruments	<u>3.7b</u>	225	2,350
Other financial liabilities	<u>3.15</u>	175	6,530
Provisions for other liabilities and charges	<u>3.16</u>	104,998	137,204
		319,504	385,890
TOTAL LIABILITIES		559,503	582,811
TOTAL EQUITY AND LIABILITIES		1,410,708	1,444,875

II. Consolidated Income Statement

	Note	Q3 2017	9 months ended 30 September 2017	Q3 2016	9 months ended 30 September 2016
Revenue		260,504	751,569	223,965	740,390
Cost of sales		(202,636)	(603,146)	(176,424)	(542,813)
Gross profit		57,868	148,423	47,541	197,577
Other operating income		1,434	17,498	27,129	35,538
Sales and marketing costs		(27,159)	(90,397)	(28,338)	(91,335)
Administrative expenses		(22,340)	(66,672)	(21,551)	(62,342)
Other operating expenses		(2,648)	(5,999)	(14,295)	(33,743)
Operating profit		7,155	2,853	10,486	45,695
Finance revenue - net		(4,671)	20,270	9,305	5,268
Share of profit / (loss) of associates		(477)	(2,460)	(2,041)	(6,614)
Profit before income tax		2,007	20,663	17,750	44,349
Income tax expense		(5,546)	(11,228)	(7,012)	(19,658)
Net profit / (loss) for the period		(3,539)	9,435	10,738	24,691
Attributable to:					
<i>Shareholders of the parent company</i>		<i>(3,550)</i>	<i>7,229</i>	<i>8,281</i>	<i>21,037</i>
<i>Interests not entitled to control</i>		<i>11</i>	<i>2,206</i>	<i>2,457</i>	<i>3,654</i>
		(3,539)	9,435	10,738	24,691
Earnings per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)					
– basic	3.22		0.89		2.59
– diluted	3.22		0.89		2.59

III. Total Income Consolidated Statement

	Q3 2017	9 months ended 30 September 2017	Q3 2016	9 months ended 30 September 2016
Net profit / (loss) for the period	(3,539)	9,435	10,738	24,691
Other total income				
Exchange differences from recalculation of subsidiaries	1,968	(8,094)	(6,484)	2,916
Total other total income	1,968	(8,094)	(6,484)	2,916
Sum of total income for the period	(1,571)	1,341	4,254	27,607
Attributable to the parent company shareholders	(1,581)	(866)	1,835	23,953
Attributable to the interests not entitled to control	10	2,207	2,419	3,654

**) Data for the third quarter of 2017 were calculated by subtraction of the data presented by the Group in the report for the first 6 months of 2017 from the data for the first 9 months of 2017.*

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		
Balance at 1 January 2016	8,133	148,226	6,509	79,651	525,040	13,022	780,581
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⁽¹⁾</i>	-	-	2,916	-	-	-	2,916
<i>Profit (loss) for the period⁽²⁾</i>	-	-	-	21,037	-	3,654	24,691
Total income recognised in equity ⁽¹⁺²⁾	-	-	2,916	21,037	-	3,654	27,607
Balance at 30 September 2016	8,133	148,226	9,425	21,037	604,691	16,676	808,188
Balance at 1 January 2017	8,133	143,041	18,524	73,034	604,691	14,641	862,064
Transferring result for 2016	-	-	-	(73,034)	73,034	-	-
Increase in share capital	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Profit of subsidiaries dedicated to general partners outside Group	-	-	-	-	-	-	-
Capital from valuation of the managerial option	-	-	-	-	-	-	-
<i>Currency translation differences⁽¹⁾</i>	-	-	(8,095)	-	-	1	(8,094)
<i>Profit (loss) for the period⁽²⁾</i>	-	-	-	7,229	-	2,206	9,435
Total income recognised in equity ⁽¹⁺²⁾	-	-	(8,095)	7,229	-	2,207	1,341
Balance at 30 September 2017	8,133	143,041	10,429	7,229	665,525	16,848	851,205

Pursuant to the resolution of the Comarch S.A. Annual General Meeting hold at the 27th 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 11th of August, 2017. As at the 30th of September, 2017, there is no basis for paying dividends to the entities outside Group.

V. Consolidated Cash Flow Statement

	9 months ended 30 September 2017	9 months ended 30 September 2016
Cash flows from operating activities		
Net profit	9,435	24,691
Total adjustments	39,716	26,309
Share in profits (losses) of subsidiaries valued using the equity method	2,460	6,614
Depreciation	46,483	47,452
Profit (loss) from foreign exchange differences	3,350	6,985
Interest and profit sharing (dividends)	2,243	(2,434)
Profit (loss) on investing activities	(10,244)	(3,552)
Change in inventories	(16,056)	(17,962)
Change in receivables	55,989	92,337
Change in liabilities and provisions excluding credits and loans	(44,509)	(102,479)
Other adjustments	-	(652)
Net profit less total adjustments	49,151	51,000
Income tax paid	(14,512)	(16,795)
Net cash generated (used) in operating activities	34,639	34,205
Cash flows from investing activities		
Purchases of property, plant and equipment	(99,361)	(77,285)
Proceeds from sale of property, plant and equipment	10,926	445
Purchases of intangible assets	(15,702)	(14,977)
Proceeds from disposal of investment in real estate and intangible assets	10,603	11,155
Expenses for purchase of financial assets	(6,310)	(7,856)
Expenses for investment in real estates	(1,010)	(4,628)
Granted loans	(374)	(60)
Paid loans	90	6,185
Interest	212	466
Other proceeds from financial assets	8,386	1,629
Other expenses for financial assets	(1)	-
Other investment proceeds	48	75
Other investment expenses	(138)	(108)
Net cash generated (used) in investing activities	(92,631)	(84,959)
Cash flows from financing activities		
Proceeds from credits and loans	76,508	39,794
Dividends and other payments to owners	(12,200)	-
Repayments of credits and loans	(26,024)	(25,272)
Interest on credit	(2,291)	(1,983)
Proceeds from paid loans	-	114
Proceeds from interest on loans	-	14
Other financial liabilities	(6,450)	(1,000)
Expenses due to profit sharing but other than those to owners	-	-
Net proceeds from shares and other financial instruments issue	-	-
Payment of liabilities under finance lease agreements	(127)	(66)
Other financial proceeds	434	-
Other financial expenses	(370)	(15)
Net cash generated (used) in financing activities	29,480	11,586
Net change in cash, cash equivalents and bank overdrafts	(28,512)	(39,168)
Cash, cash equivalents and bank overdrafts at beginning of the period	235,825	221,781
Positive (negative) exchange differences in cash and bank overdrafts	(7,910)	1,424

Cash, cash equivalents and bank overdrafts at end of the period

- including limited disposal

199,403

184,037

3,552

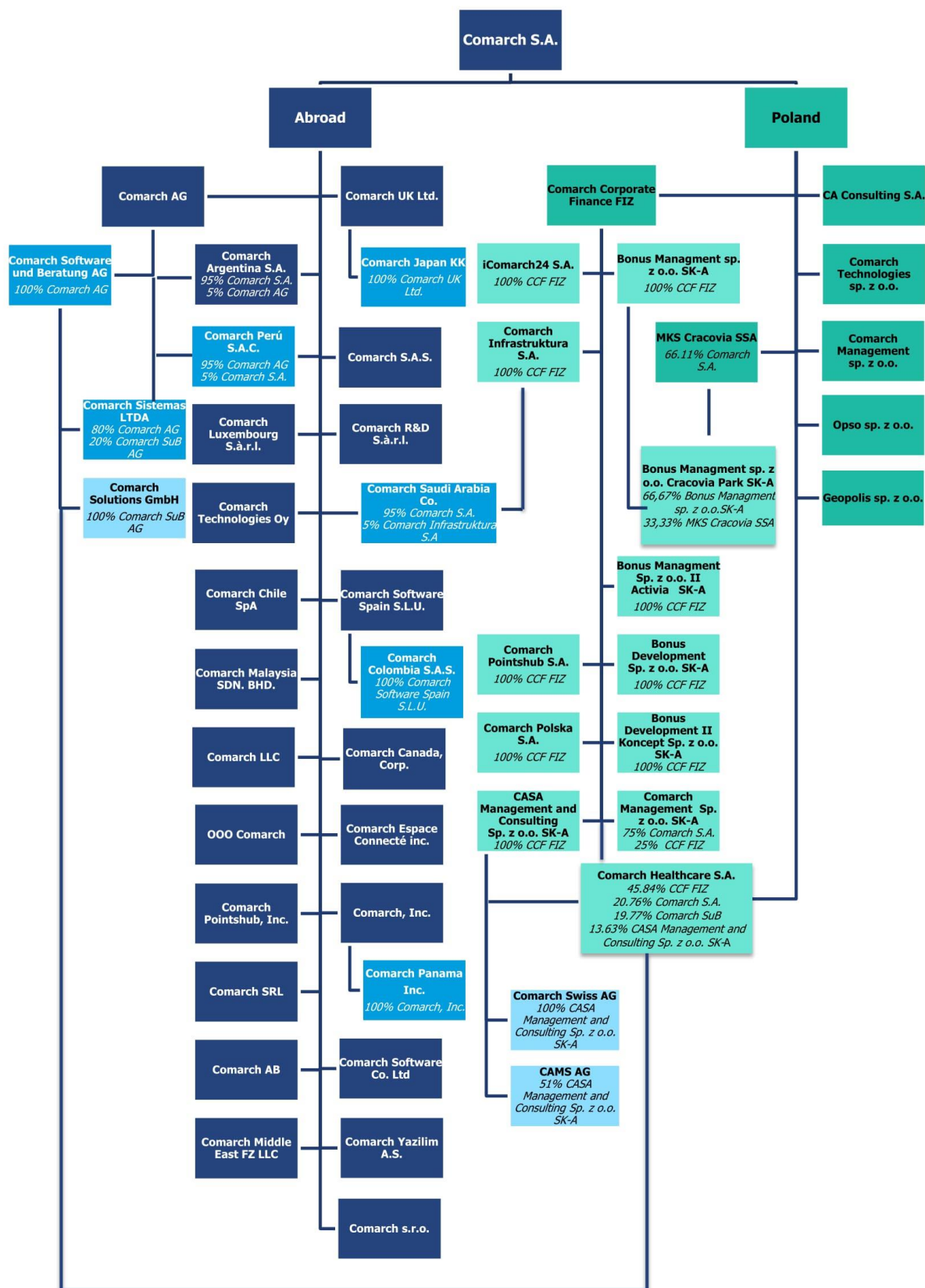
5,334

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 30th of September, 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. and Comarch Software (Shanghai) Co. Ltd., Comarch Saudi Arabia Co. and Comarch Japan KK 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,
- 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 Q3 2017

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

On the 24th of July, 2017, a share capital increase of Comarch Healthcare S.A. from the amount of PLN 8,114,806.00 to PLN 10,114,806.00 (i.e. increase by PLN 2 million) was registered in the National Court.

On the 10th of April, 2017, the Extraordinary General Shareholders Meeting of Geopolis Sp. z o.o. adopted a resolution on the increase of share capital from PLN 50,000 to PLN 450,000 through the issue of 800 new interests with a nominal value of PLN 500 each. New interests were acquired in full by Comarch S.A., the only shareholder of Geopolis Sp. z o.o.. On the 31st of August, 2017, the capital increase was registered. The share capital consists of 900 shares and is worth PLN 450,000.

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

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

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

On the 27th of October, 2017, Comarch SRL has adopted a resolution about the increase of the share capital to the amount of EUR 900,000. The increase of share capital in amount of EUR 200,000 was paid by Comarch S.A., the only shareholder of the company. The surplus of shares sold above their nominal value in the amount of EUR 853,386.50 was allocated to covering the losses of Comarch SRL for the year 2016 and 2017. Until the date of publication of this report the capital increase has not been registered.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 9 months ended the 30th of September, 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 9 months ended the 30th of September, 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 1st of January, 2016 until the 30th of September, 2016 ("the Interim IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the 9 months ended the 30th of September, 2017 does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the period from the 1st of January, 2016 until the 31st of December, 2016 (the notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2016).

The Interim Consolidated Financial Statement for the period from 1st of January, 2017 until the 30th of September, 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 1st of January, 2017 until the 30th of September, 2017 is prepared in thousands of Polish zloty ("PLN") and was authorised for issuance by the Management Board on the 17th of November, 2017.

Changes to standards applied in the financial statement for 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 22nd of September, 2016 (effective for annual periods beginning on or after 1st of January, 2016),
- **Amendments to IFRS 11 "Joint Arrangements "** - Accounting for the acquisition of shares in joint operations - approved by the EU on the 24th of November, 2015 (effective for annual periods beginning on or after the 1st of January, 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - The initiative in relation to disclosures - approved by the EU on the 18th of December, 2015 (effective for annual periods beginning on or after the 1st 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 2nd of December, 2015 (effective for annual periods beginning on or after the 1st of January, 2016),

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants - approved by the EU on the 23rd of November, 2015 (effective for annual periods beginning on or after the 1st of January, 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - approved by the EU on the 17th of December, 2014 (effective for annual periods beginning on or after the 1st of February, 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity method in the separate financial statements - approved by the EU on the 18th of December, 2015 (effective for annual periods beginning on or after the 1st 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 17th of December, 2014 (effective for annual periods beginning on or after the 1st 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 15th of December, 2015 (effective for annual periods beginning on or after the 1st 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 Q1-Q3 2017.

New 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 22nd of November, 2016 (effective for annual periods beginning on or after the 1st 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 22nd of September, 2016 (effective for annual periods beginning on or after 1st of January, 2016).

New 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 31st 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 1st 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 1st 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 1st 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 1st 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 1st 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 1st 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 1st of January, 2017),
- **Amendments to IAS 40 "Investment Estates"** - Transfer of investment properties (effective for annual periods beginning on or after 1st 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 1st of January, 2017, amendments to IFRS 1 and IFRS 28 effective for annual periods beginning on or 1st of January, 2018),
- **Interpretation of IFRIC 22 "Transactions in foreign currencies and advanced payments"** (effective for annual periods beginning on or after 1st 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 9 months ended the 30th of September, 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 Japan KK	Subsidiary	Full	100% held by Comarch UK Ltd
Comarch Technologies sp. z o.o.	Subsidiary	Full	100%
CA Consulting S.A.	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.
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 9 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.

9 months ended 30 September 2016	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment-sales to external clients	417,223	166,981	160,265	892	30,175	5,660	-	781,196
<i>including:</i>								
Revenues from sales	398,716	163,530	151,921	239	19,794	6,190	-	740,390
<i>To customers in Telecommunication, Media, IT sector</i>	<i>82,384</i>	<i>47,730</i>	<i>51,369</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>181,483</i>
<i>To customers in Finance and Banking sector</i>	<i>85,818</i>	<i>5,503</i>	<i>10,616</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>101,937</i>
<i>To customers in Trade and services sector</i>	<i>45,019</i>	<i>6,993</i>	<i>71,637</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>123,649</i>
<i>To customers in Industry&Utilities</i>	<i>63,053</i>	<i>13,987</i>	<i>14,625</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>91,665</i>
<i>To customers in Public sector</i>	<i>43,130</i>	<i>5,635</i>	<i>3,661</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>52,426</i>
<i>To customers in Small and Medium Enterprises sector</i>	<i>72,972</i>	<i>83,679</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>156,651</i>
<i>To customers in Medicine sector</i>	<i>4,439</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>6,190</i>	<i>-</i>	<i>10,629</i>
<i>To other customers</i>	<i>1,901</i>	<i>3</i>	<i>13</i>	<i>239</i>	<i>19,794</i>	<i>-</i>	<i>-</i>	<i>21,950</i>
<i>Other operating revenue</i>	<i>13,647</i>	<i>4,365</i>	<i>7,578</i>	<i>139</i>	<i>9,809</i>	<i>-</i>	<i>-</i>	<i>35,538</i>
<i>Finance revenue</i>	<i>4,860</i>	<i>(914)</i>	<i>766</i>	<i>514</i>	<i>572</i>	<i>(530)</i>	<i>-</i>	<i>5,268</i>
Revenues per segment - sales to other segments	148,956	25,314	24,911	2,101	6,748	1,258	(209,288)	-
Revenues per segment - total*	566,179	192,295	185,176	2,993	36,923	6,918	(209,288)	781,196
Costs per segment relating to sales to external clients	379,396	154,262	166,293	1,989	19,388	8,905	-	730,233
Costs per segment relating to sales to other segments	148,956	25,314	24,911	2,101	6,748	1,258	(209,288)	-
Costs per segment - total*	528,352	179,576	191,204	4,090	26,136	10,163	(209,288)	730,233
Current taxes	(3,319)	(1,536)	(4,111)	(68)	-	-	-	(9,034)
Assets for the tax due to investment allowances and other tax relief	(1,577)	(2,388)	(5,364)	26	(1,321)	-	-	(10,624)
Share of segment in the result of parties valued using the equity method of accounting	(146)	-	(6,468)	-	-	-	-	(6,614)
Net result	32,785	8,795	(21,971)	(1,139)	9,466	(3,245)	-	24,691
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	<i>32,785</i>	<i>8,343</i>	<i>(21,971)</i>	<i>(1,133)</i>	<i>6,258</i>	<i>(3,245)</i>	<i>-</i>	<i>21,037</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>452</i>	<i>-</i>	<i>(6)</i>	<i>3,208</i>	<i>-</i>	<i>-</i>	<i>3,654</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 30th of September, 2016, as well as investment expenditures and depreciation in during 9 months of 2016:

30 September 2016 / 9 months ended 30 September 2016

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	684,384	192,476	179,763	137,673	54,774	7,438	1,256,508
Liabilities	273,547	69,764	51,753	29,739	18,137	5,380	448,320
Investment expenditures	39,352	9,438	14,228	33,767	7,324	805	104,914
Depreciation	29,202	11,819	2,111	601	1,531	2,188	47,452

9 months ended 30 September 2017	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment-sales to external clients	394,154	187,937	168,840	2,737	27,601	8,068	-	789,337
<i>including:</i>								
Revenues from sales	375,547	185,250	166,268	371	16,653	7,480	-	751,569
<i>To customers in Telecommunication, Media, IT sector</i>	74,206	48,546	51,512	-	-	-	-	174,264
<i>To customers in Finance and Banking sector</i>	98,534	25,362	11,357	-	-	-	-	135,253
<i>To customers in Trade and services sector</i>	24,499	10,562	81,711	-	-	-	-	118,772
<i>To customers in Industry&Utilities</i>	57,176	19,877	19,226	-	-	-	-	96,279
<i>To customers in Public sector</i>	31,066	5,266	2,449	-	-	-	-	38,781
<i>To customers in small and medium enterprises sector</i>	82,925	75,636	-	-	-	-	-	158,561
<i>To customers in Medicine sector</i>	3,302	-	-	-	-	7,480	-	10,782
<i>To other customers</i>	1,839	1	13	371	16,653	-	-	18,877
<i>Other operating revenue</i>	752	2,560	2,131	784	10,857	414	-	17,498
<i>Finance revenue</i>	17,855	127	441	1,582	91	174	-	20,270
Revenues per segment - sales to other segments	163,364	25,845	19,204	5,107	6,640	1,522	(221,682)	-
Revenues per segment - total*	557,518	213,782	188,044	7,844	34,241	9,590	(221,682)	789,337
Costs per segment relating to sales to external clients	380,901	179,982	173,971	(112)	20,907	10,565	-	766,214
Costs per segment relating to sales to other segments	163,364	25,845	19,204	5,107	6,640	1,522	(221,682)	-
Costs per segment - total*	544,265	205,827	193,175	4,995	27,547	12,087	(221,682)	766,214
Current taxes	(1,784)	(2,990)	(3,686)	(274)	(549)	-	-	(9,283)
Assets for the tax due to investment allowances and other tax relief	(2,438)	2,093	(1,925)	(9)	334	-	-	(1,945)
Share of segment in the result of parties valued using the equity method of accounting	(59)	-	(2,401)	-	-	-	-	(2,460)
Net result	8,972	7,058	(13,143)	2,566	6,479	(2,497)		9,435
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	8,972	7,058	(13,143)	2,556	4,283	(2,497)	-	7,229
<i>Result attributable to minority interest</i>	-	-	-	10	2,196	-	-	2,206

*) 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 30th of September, 2017, as well as investment expenditures and depreciation in during 9 months of 2017

30 September 2017 / 9 months ended 30 September 2017

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	808,329	174,609	214,803	146,059	58,599	8,309	1,410,708
Liabilities	352,647	65,826	82,803	35,720	19,217	3,290	559,503
Investment expenditures	76,655	14,633	25,920	2,052	3,485	151	122,896
Depreciation	29,843	8,224	2,135	1,256	2,919	2,106	46,483

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

Revenues from basic sales - activities location

	9 months ended 30 September 2017		9 months ended 30 September 2016	
		%		%
Poland	400,051	53.2	424,939	57.4
DACH region	185,250	24.7	163,530	22.1
Other countries	166,268	22.1	151,921	20.5
Total	751,569	100.0	740,390	100.0

Assets - activities location

	30 September 2017		30 September 2016	
		%		%
Poland	1,021,296	72.4	884,072	70.4
DACH region	174,609	12.4	192,476	15.3
Other countries	214,803	15.2	179,960	14.3
Total	1,410,708	100.0	1,256,508	100.0

Investment expenditures – activities location

	9 months ended 30 September 2017	%	12 months ended 31 December 2016	%	9 months ended 30 September 2016	%
Poland	82,343	65.9	107,234	77.8	81,248	77.4
DACH region	14,633	11.9	12,366	9.0	9,438	9.0
Other countries	25,920	22.2	18,285	13.2	14,228	13.6
Total	122,896	100.0	137,885	100.0	104,914	100.0

3.2. Property, Plant and Equipment

	30 September 2017	31 December 2016
Lands and buildings	334,994	300,202
Means of transport and machinery	110,555	88,859
Property, plant and equipment under construction	96,919	99,204
Others	13,324	12,767
Advance money for property, plant and equipment under construction	82	79
Total	555,874	501,111

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 30th of September, 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 (including office building at 9,906.20 square metres of the total space, opened for use in 2017), 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 30th of September, 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 30th of September, 2017, the book value of this equipment amounted to PLN 3,903 thousand.

The office building that was purchased by Comarch SAS in Lille is the new office of the company. On the 15th of March, 2016, Comarch S.A.S., a subsidiary of Comarch S.A. signed an agreement with SNC-LAVALIN S.A.S., for the realization of the construction investment in Lille, France. The subject of the contract is the alteration of the warehouse building at 17 Rue Paul Langevin in Lezennes in the data centre. The value of this agreement amounts to EUR 7,553 thousand net, i.e. PLN 32,547 thousand (exchange rate at the 30th of September, 2017). Investment expenditures incurred in connection with the above-mentioned agreement until the 30th of September, 2017, amounted to EUR 7,079 thousand, i.e. PLN 30,504 thousand, at the exchange rate at the 30th of September, 2017. The planned completion

date of this investment is the fourth 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 18th 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 m². The contract value is PLN 69,704 thousand net. Capital expenditures incurred in connection with the above mentioned contract until the 30th of September, 2017, amounted to PLN 54,563 thousand. On the 30th of October, 2017, amendments to the aforementioned agreement was signed (current report no. [RB-20-2017](#), ENG: [RB-20-2017](#)), where completion date was extended to 31st of December, 2017.

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

3.3. Investment Real Estate

	30 September 2017	30 September 2016
Lands	2,875	8,058
Buildings	12,641	7,643
Total	15,516	15,711

As at the 30th of September, 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 September 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 st of December, 2012)	8,413	8,413
Geopolis Sp. z o.o.	1,462	-
Total	42,197	40,735

On the 31st 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. The subsequent test for loss in value regarding goodwill will be ran as at the 31st of December, 2017.

3.5. Other Intangible Assets

	30 September 2017	31 December 2016
Costs of finished development works	394	642
Perpetual usufruct right	39,335	38,757
Licences and software	15,294	14,152
Other	9,279	7,792
Advance money for intangible assets	71	-
Total	64,373	61,343

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 9,279 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 30th of September, 2017, the Group had shares in associates.

At 1 January 2016	23,177
Share in profit of Sointeractive S.A.	66
Acquiring shares in and share in profit of Metrum Capital S.A.	(212)
Repayment of a loan to SoInteractive S.A.	(497)
Acquiring shares in and share in profit of Thanks Again LLC	(6,416)
At 30 September 2016	16,118
Share in profit of Sointeractive S.A.	(20)
Acquiring shares in and share in profit of Metrum Capital S.A.	4
Repayment of a loan to SoInteractive S.A.	(30)
Acquiring shares in and share in profit of Thanks Again LLC	(1,677)
At 31 December 2016	14,395
At 1 January 2017	14,395
Share in profit of Sointeractive S.A.	(47)
Share in profit of Metrum Capital S.A.	(12)
Granting and repayment of a loan to SoInteractive S.A.	235
Share in profit of Thanks Again LLC	(2,401)
At 30 September 2017	12,170

As at the 30th of September, 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 399 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 11,326 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 445 thousand.

3.7. Derivative Financial Instruments

a) Assets

	30 September 2017	31 December 2016
Forward foreign exchange contracts – held-for-trading	9,770	1,641
Transaction on change of IRS	-	-
	9,770	1,641
<i>Current portion</i>	<i>7,146</i>	<i>1,149</i>
<i>Non-current portion</i>	<i>2,624</i>	<i>492</i>

b) Liabilities

	30 September 2017	31 December 2016
Forward foreign exchange contracts – held-for-trading	255	3,038
Transaction on change of IRS	1,086	1,849
	1,341	4,887
<i>Current portion</i>	<i>225</i>	<i>2,350</i>
<i>Non-current portion</i>	<i>1,116</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 30th of September, 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 30th of September, 2017 amounted to EUR 33,577 thousand, USD 9,415 thousand and RUB 24,000 thousand. After the balance sheet date, the Comarch Group concluded forward contracts for sales of USD 1,000 thousand.

On the 24th of October, 2013, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 30th 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 31st of October, 2018. As at the 30th of September, 2017, valuation of the IRS transaction amounted to minus PLN 113 thousand.

On the 27th of June, 2014, Comarch S.A. concluded a transaction on change of IRS for nonrevolving credit taken on the 4th 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 28th of June, 2019. As at the 30th of September, 2017, valuation of IRS transaction amounted to minus PLN 118 thousand.

On the 9th 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 29th of July, 2024. As at the 30th of September, 2017, valuation of the IRS transaction amounted to minus PLN 502 thousand.

On the 23rd of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4th of December, 2013, 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 30th of November, 2023. As at the 30th of September, 2017, valuation of the IRS transaction amounted to minus PLN 306 thousand.

On the 20th 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 30th of September, 2019. As at the 30th of September, 2017, valuation of the IRS transaction amounted to minus PLN 8 thousand.

On the 20th 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 29th of February, 2028. As at the 30th of September, 2017, valuation of the IRS transaction amounted to minus PLN 39 thousand.

3.8. Deferred Income Tax

	30 September 2017	31 December 2016
Deferred income tax assets		
Temporary differences	12,950	14,094
Asset due to a tax loss	13,411	10,977
Asset due to activities in Special Economic Zone ("SEZ")	9,936	9,936
Total	36,297	35,007
<i>Charged to financial result</i>	<i>36,297</i>	<i>35,007</i>

During the first 9 months of 2017, the parent company did not dissolve an asset due to activities in the SEZ and established as at 31st of December, 2016 due to the fact that there was no tax-exempt income. This asset will be dissolved in fourth quarter of 2017. At the same time, an asset will be recognized in the amount of tax-exempt income planned to reach in 2018.

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 31st of December, 2017;
- b) obtained in 2007, at first with a period of validity until the 31st of December, 2017, at present, pursuant to the Decision of the 18th of October, 2017, of the Ministry of Development and Finance, its validity term has not been specified;
- 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 23rd 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 31st 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 19,942 thousand as at the 30th of September, 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 30th of September, 2017 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2016 amounted to approx. PLN 17,040 thousand as at the 30th of September, 2017 (after discounting at the permit date). As this investment has not been finished yet, the limit of the investment tax relief will be changed.

During the first three quarters of 2017, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2016, and worth PLN 4,954 thousand as well as an asset due to temporary differences was recognized in the amount of PLN 3,810 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 2,434 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 1,290 thousand.

	30 September 2017	31 December 2016
Provision for deferred income tax		
Temporary differences	16,317	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	23,631	22,825
Total	45,378	42,144
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>39,948</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 806 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 4,662 and dissolved in the amount of PLN 2,234 thousand. The total effect of the all above-mentioned operations on the net result of 9 months of 2017 was minus PLN 3,234 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 1,944 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 September 2017	31 December 2016
Raw materials	955	815
Work in progress	83,423	69,850
Goods	9,986	5,326
Finished products	141	38
Advance due to finished products	1,366	526
Total	95,871	76,555

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 242,639 thousand (9 months ended the 30th of September, 2017), PLN 307,617 thousand (12 months ended the 31st of December, 2016), PLN 232,556 thousand (9 months ended the 30th of September, 2016).

During the first 9 months of 2017, Comarch Group created write-offs that revaluated goods and materials in the amount of PLN 5 thousand. Comarch Group did not resolve write-offs, which had been created in the previous years.

3.10. Trade and Other Receivables

	30 September 2017	31 December 2016
Trade receivables - net	255,104	366,275
<i>Trade receivables</i>	<i>281,983</i>	<i>393,968</i>
<i>Write-off revaluating receivables</i>	<i>(26,879)</i>	<i>(27,693)</i>
Other receivables	22,000	23,617
Short-term prepayments	15,060	11,946
Other prepayments	2,186	1,835
Loans	7,530	1,027
Trade receivables and other receivables from related parties - net	2,170	2,021
<i>Trade receivables and other receivables from related parties</i>	<i>5,111</i>	<i>5,092</i>
<i>Write-off revaluating receivables</i>	<i>(2,941)</i>	<i>(3,071)</i>
Total	304,050	406,721
<i>Current portion</i>	<i>304,050</i>	<i>406,721</i>

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 9 months of 2017, the Group recognized a write-off due to loss in value of its trade receivables that was worth PLN 3,264 thousand and dissolved previously created write-offs worth PLN 3,036 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

	9 months ended 30 September 2017	9 months ended 30 September 2016
Revenues from completed contracts recognized in the reporting period	47,621	37,287
Revenues from contracts not completed recognized in the reporting period	87,895	87,295
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IAS 11	37,955	25,505
Revenues due to long-term contracts recognized in the reporting period	173,471	150,087

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 valued in accordance with the degree of work progress.

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 30th of September, 2016, and the 30th of September, 2017, are presented below:

	30 September 2017	30 September 2016
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	468,443	627,894
Issued invoices	(430,572)	(596,125)
Total	37,871	31,769

	Long-term contracts receivables	Long-term contracts liabilities	Net
Revenues from long-term contracts included in the reporting period			
Value at 1 January 2016	32,440	(26,176)	6,264
Value at 30 September 2016	51,618	(19,849)	31,769
Change	19,178	6,327	25,505
Value at 1 January 2017	39,960	(40,044)	(84)
Value at 30 September 2017	63,556	(25,685)	37,871
Change	23,596	14,359	37,955

3.12. Available-for-Sale Financial Assets

Within the 9 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
At 1 January 2016	8,133,349	8,133,349	-	8,133,349
At 30 September 2016	8,133,349	8,133,349	-	8,133,349
At 31 December 2016	8,133,349	8,133,349	-	8,133,349
At 30 September 2017	8,133,349	8,133,349	-	8,133,349

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 18th 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 27th of June, 2017, General Shareholders Meeting of Comarch S.A. changed the company's articles of association by adding a new letter d) in In art. 8 sec. 4:

„d) disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law (“Structure”) controlled, within the meaning of art. 8 sec 5 of the company’s articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure (“Contributing Shareholder”) or (jointly) controlled only by the Contributing Shareholder’s relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned above (“Related Person or Related Persons”) and the Contributing Shareholder jointly (“Controlled Structure”) and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure.” (current report no. [RB-13-2017](#), ENG: [RB-13-2017](#) dated at 27th of June, 2017).

The written consent of the Management Board is required to dispose of registered shares. The sale of shares without the permission of the Management Board is possible on the condition that it is stated in Comarch S.A.’s articles of association.

Every ordinary bearer share entitles its holder to one vote at the AGM. The conversion of bearer shares into registered shares is not permitted.

3.13.1. Changes in Share Capital in Q3 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 September 2017	31 December 2016
Non-current		
Non-revolving credits	177,814	137,814
Revolving credits	-	-
Loans	8,313	8,517
	186,127	146,331
Current		
Non-revolving credits	32,742	25,863
Revolving credits	3,118	708
Loans	2,661	1,898
	38,521	28,469
Total credits and loans	224,648	174,800

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.

During the three quarters of 2017, the value of drawdown credits and loans granted to entities outside the Group amounted to PLN 76,509 thousand (including non-revolving credits and loans amounted to PLN 73,061 thousand and revolving credits and loans amounted to PLN 3,448 thousand) the value of paid principal instalments of non-revolving bank credits and loans from entities outside the Group

amounted to PLN 26,025 thousand (including non-revolving credits and loans amounted to PLN 25,005 thousand, and revolving credits and loans amounted to PLN 1,020 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
At 31 December 2016					
Credits and loans	13,585	15,515	99,740	46,591	175,431
Interest	(631)	-	-	-	(631)
Total	12,954	15,515	99,740	46,591	174,800
At 30 September 2017					
Credits and loans	17,244	21,772	120,313	65,814	225,143
Interest	(495)	-	-	-	(495)
Total	16,749	21,772	120,313	65,814	224,648

The maturity of non-current bank credits, loans and financial liabilities	30 September 2017	31 December 2016
Between 1 and 2 years	35,275	31,148
Between 2 and 5 years	85,038	68,592
Over 5 years	65,814	46,591
	186,127	146,331

Currency structure of the balance sheet values of credits, loans and financial liabilities	30 September 2017	31 December 2016
In Polish currency (PLN)	13,795	14,935
In EUR (equivalence in PLN)	210,853	159,865
	224,648	174,800

Effective interest rates at the balance sheet date	30 September 2017	31 December 2016
Bank credits	1.50%	1.62%
Loans	3.66%	3.61%

3.14.1. Non-Revolving Credits

The companies of the Comarch Group use the following non-revolving credits and loans:

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	BGŻ BNP Paribas Bank Polska S.A.	office buildings SSE4 in Krakow	44,000	PLN	4,337	EUR	18,690	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	office buildings SSE5 in Krakow - refinancing	4,126	EUR	2,106	EUR	9,075	PLN	EURIBOR1M + bank margin IRS till the 31 st of October, 2018	29 th of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA	Bank Zachodni WBK S.A.	nonrevolving operating credit	7,400	EUR	3,183	EUR	13,715	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA	Bank Polska Kasa Opieki S.A.	office buildings SSE6 in Krakow	13,323	EUR	10,270	EUR	44,254	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	4 th of December, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch SA	Bank Handlowy w Warszawie S.A.	office buildings SSE7 in Krakow	13,333	EUR	7,898	EUR	34,034	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	15 th of May, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement

Comarch SA	Bank Handlowy w Warszawie S.A.	Nonrevolving, long-term credit	2,508	EUR	2,508	EUR	10,808	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	16 th of December, 2019	Power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch SA	DNB Bank Polska S.A.	Non-current assets - equipment of Internet of Things laboratory in Krakow	2,531	EUR	2,218	EUR	9,557	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement
Comarch Healthcare SA	Bank Polska Kasa Opieki S.A.	Non-current assets - medical equipment for Medical Center iMed24 in Krakow	15,889	PLN			2,837	PLN	WIBOR1M + bank margin	31 st of December, 2018	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, surety granted by Comarch S.A., power of attorney to manage Comarch Healthcare S.A. and Comarch S.A. bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch AG	BGŻ BNP Paribas Bank Polska S.A.	Office building in Dresden - refinancing	6,000	EUR	931	EUR	4,012	PLN	EURIBOR3M + bank margin	15 th of May, 2018	The mortgage and cession of rights in the office building in Dresden insurance policy, Surety granted by Comarch S.A., Comarch S.A. declaration of submission to enforcement
Bonus Development Sp. z o.o. SK-A	Bank Polska Kasa Opieki S.A.	Office building in Lodz	9,262	EUR	8,150	EUR	35,119	PLN	EURIBOR1M + bank margin	31 st of May, 2030	The mortgage on the office building in Lodz, power of attorney to manage Bonus Development Sp. z o.o. SK-A bank accounts in the Bank Polska Kasa Opieki S.A., Bonus Development Sp. z o.o. SK-A declaration of submission to enforcement, cession of rights in the building insurance policy cession of rights in the bank guarantee for contract good performance and for warranty obligations, cession of rights under the lease agreement concluded between the

												borrower and Comarch S.A., surety granted by Comarch S.A. together with a declaration of submission to execution and power of attorney to accounts of Comarch S.A. conducted by PEKAO S.A.
Comarch S.A.S, Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A.	Data center in Lille in France	8,000	EUR	6,734	EUR	29,016	PLN	EURIBOR3M + bank margin	18 th of September, 2023		The conventional mortgage established on the second place on the property belonging to Comarch S.A. located at ul. prof. Michała Życzkowskiego 23, Cracow (the SSEIV building), a statement of Comarch S.A. of submission to enforcement, power of attorney to accounts of Comarch S.A. maintained in bank BGŻ BNP Paribas S.A., cession of rights in the insurance policy of SSEIV building
Comarch SA	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	12,980	PLN			10,803	PLN	fixed	1 st of March, 2022	-	

3.14.2. Current Credit Lines

The companies of the Comarch Group have the following credit limits in current account:

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	Alior Bank S.A (dawniej (BPH S.A.))	Financing operating activities	10,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	31 st of October, 2017	A blank promissory note and an authorization to manage Comarch S.A.'s accounts in Alior Bank S.A.

Comarch SA	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2018	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement
Comarch S.A.S, Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A	Financing operating activities	1,300	EUR	724	EUR	3,118	PLN	EURIBOR1M + bank margin	31 st of May, 2018	An authorisation to manage Comarch S.A.'s accounts in bank BGŻ BNP Paribas S.A. and a declaration of submission to enforcement

	30 September 2017	31 December 2016
Credit lines in the current account and revolving credits, including:	45,602	45,751
Used at the balance sheet date	3,118	708
Available at the balance sheet date	42,484	45,043

3.15. Other Financial Liabilities

	30 September 2017	31 December 2016
Liabilities due to finance lease	675	835
<i>Current portion</i>	175	204
<i>Non-current portion</i>	500	631
Liabilities due to dividend	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities for fees for acquired shares	-	6,326
<i>Current portion</i>	-	6,326
<i>Non-current portion</i>	-	-
Total	675	7,161

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 30th of September, 2017 value of these liabilities amounted to PLN 675 thousand.

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
Current						
At 1 January 2016	4,630	21,692	16,214	22,378	82,833	147,747
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)
At 31 December 2016	4,380	13,407	20,776	26,751	71,890	137,204
At 1 January 2017	4,380	13,407	20,776	26,751	71,890	137,204
Change:	3,321	2,939	(725)	2,246	(39,987)	(32,206)
<i>Provisions created</i>	15,946	14,413	3,038	14,988	32,686	81,071
<i>Provisions used and dissolved</i>	(12,625)	(11,474)	(3,763)	(12,742)	(72,673)	(113,277)
At 30 September 2017	7,701	16,346	20,051	28,997	31,903	104,998

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

3.17. Trade and Other Payables

	30 September 2017	31 December 2016
Trade payables	34,430	56,218
Advance payments received due to services	996	264
Trade payables and other liabilities to related parties	1,530	3,087
Liabilities due to social insurance and other tax charges	33,135	41,909
Investments liabilities	9,551	23,148
Revenues from the future periods	35,365	25,496
Other payables	27,520	2,605
Other accruals	-	-
Special funds (Social Services Fund and Residential Fund)	2,454	1,766
Total	144,981	154,493

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

3.18. Liabilities due to Operating Lease

	Up to 1 year	Up to 5 years	Total
At 31 December 2016			
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
Total	24,353	53,867	78,220
At 30 September 2017			
Liabilities due to lease of usable space	23,208	44,666	67,874
Liabilities due to lease agreements for electronic equipment and means of transport	1,522	1,296	2,818
Total	24,730	45,962	70,692

The above-presented 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 30th of September, 2017, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 2,818 thousand (PLN 3,336 thousand as at the 31st of December, 2016).

3.19. Contingent Liabilities

On the 30th of September, 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 66,814 thousand, whereas it was PLN 37,671 thousand on the 31st of December, 2016.

On the 30th of September, 2017, the value of bank guarantees issued by banks on order from Comarch Polska S.A. in reference to executed agreements and participation in tender proceedings was PLN 0 thousand, whereas it was also PLN 19 thousand on the 31st of December, 2016.

On the 30th of September, 2017, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,688 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,734 thousand on the 31st of December, 2016.

On the 30th of September, 2017, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 69 thousand, whereas it was EUR 16 thousand, i.e. PLN 71 thousand on the 31st of December, 2016.

On the 30th of September, 2017, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 82 thousand.

Comarch S.A. declared a possibility to grant a financial support ("letters of comfort") for its subsidiaries: MKS Cracovia SSA (valid till the 31st of December, 2017) and Comarch Healthcare S.A. (valid till the 31st of December, 2018), Comarch Malaysia SDN. BHD. (valid till the 31st of December, 2017 and for an indefinite period), Comarch Argentina S.A. (valid for an indefinite period), and Comarch R&D S.à r.l. (valid for an indefinite period).

	30 September 2017	31 December 2016
Granted credit lines for financing of current activities		
(guarantees, letters of credit, credit lines in current account)		
Credit lines*	173,696	173,902
	173,696	173,902

* 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 83,114 thousand. Provisions for part of these claims were presented in the balance sheet as at the 30th of September, 2017 and are worth PLN 11,142 thousand. They include provisions for claims recognized in 2017 and worth PLN 1,794 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 41,455 thousand. Provisions for part of these claims were presented in the balance sheet as at the 30th of September, 2017 and 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 new write-offs that reevaluate receivables in the amount of PLN 301 thousand. Due to the matters in disputes, in 2017 the Comarch Group did not create write-offs that reevaluate 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

	9 months ended 30 September 2017	9 months ended 30 September 2016
Revenues from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenues from sales of services		
SoInteractive S.A.	593	614
Thanks Again LLC	820	5,241
Metrum Capital S.A.	2	-
	1,415	5,855
	1,415	5,855

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

	9 months ended 30 September 2017	9 months ended 30 September 2016
Purchases of goods		
SoInteractive S.A.	188	1,410
Thanks Again LLC	-	-
	188	1,410
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	3,962	2,699
<i>Included in other costs</i>	2,331	2,070
	6,293	4,769
Thanks Again LLC		
<i>Included in generation costs</i>	4,905	-
<i>Included in other costs</i>	-	-
	4,905	-
Total	11,386	6,179

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

	30 September 2017	31 December 2016
Receivables from related parties		
SoInteractive S.A.	398	586
Thanks Again LLC	1,080	907
Metrum Capital S.A.	1	-
	1,479	1,493
Payables from related parties		
SoInteractive S.A.	1,017	2,829
Thanks Again LLC	513	-
	1,530	2,829

3.21.4. Transactions with Associates and Personally Related Entities

	9 months ended 30 September 2017	9 months ended 30 September 2016
Purchases from personally related entities	1,487	2,011
Sales to personally related entities	149	129
Loans and interest on loans repaid by personally related entities	100	6,439
Loans and interest on loans granted to personally related entities	6,466	1,000
Purchases from associates	11,386	6,179
Sales to associates	1,415	5,855
Loans and interest on loans repaid by associates	-	128
Loans and interest on loans granted to associates	21	5

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

	30 September 2017	31 December 2016
Trade receivables from personally related parties	1	10
Loans receivables from personally related parties	6,993	605
Trade payables to personally related parties	361	477
Liabilities due to loans from personally related parties	-	-

3.22. Earnings per Share

	9 months ended 30 September 2017	9 months ended 30 September 2016
Net profit for the period attributable to equity holders of the Company	7,229	21,037
Weighted average number of shares in issue	8,133,349	8,133,349
Basic earnings per share (PLN)	0.89	2.59
Diluted number of shares	8,133,349	8,133,349
Diluted earnings per share (PLN)	0.89	2.59

Basic earnings per share in the column "9 months ended 30 September 2017" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 30th of September, 2017, by the weighted average number of shares in issue between the 1st of January, 2017, to the 30th of September, 2017, where the number of days is the weight. Basic earnings per share in the column "9 months ended 30 September 2016" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2016, to the 30th of September, 2016, by the weighted average number of shares in

issue between the 1st of January, 2016, to the 30th of September, 2016, where the number of days is the weight.

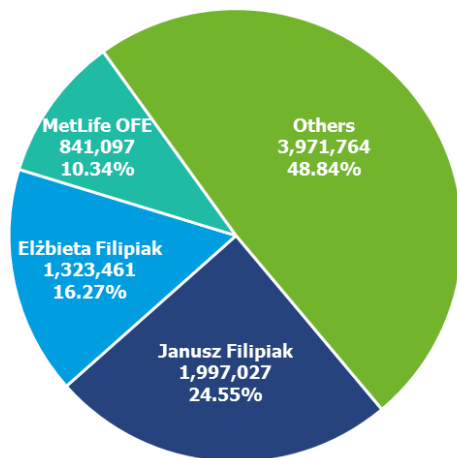
Diluted earnings per share in the column "9 months ended 30 September 2017" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 30th of September, 2017, by the sum of the weighted average number of shares in issue between the 1st of January, 2017, to the 30th of September, 2017, where the number of days is the weight. Diluted earnings per share in the column "9 months ended 30 September 2016" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2016, to the 30th of September, 2016, by the sum of the weighted average number of shares in issue between the 1st of January, 2016, to the 30th of September, 2016, where the number of days is the weight.

4. Additional Notes

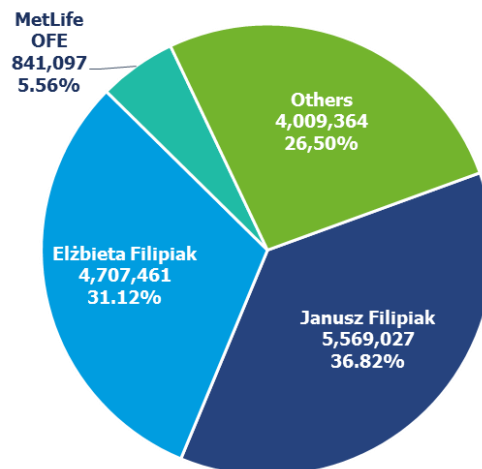
4.1. Information About Shareholders Holding at least 5% of the Total Number of Votes at Comarch S.A. General Meeting and Shares Held by Members of the Management Board and the Board of Supervisors

4.1.1. 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 17 of November, 2017

Shareholders by number of shares



Shareholders by number of votes



4.1.2. Changes in the Total Number of Votes at Comarch S.A.

None present.

4.1.3. Changes in Significant Holdings of Comarch S.A. Shares between 31 August 2017 and 17 November 2017

Entity	At 17 November 2017				At 31 August 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

4.1.4. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Persons between 31 August 2017 and 17 November 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 H1 2017 was published, i.e. on the 31st of August, 2017, and on the 17th of November, 2017, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 17 November 2017		At 31 August 2017	
		Shares	% in votes	Shares	% in votes
Janusz Filipiak	President of the Management 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	-	-	-	-
Paweł Prokop	Vice-President of the Management Board	37,539	0.50	37,539	0.50
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-	-	-
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
Number of issued shares		8,133,349	100.00	8,133,349	100.00

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

4.2.1. Deferred Income Tax Assets and Provisions

Over three quarters of 2017, the Group settled in part a deferred tax asset related to temporary differences that was established on 31st of December, 2016, and worth PLN 4,954 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 3,810 thousand. An asset due to tax loss was recognized and dissolved in the amount of PLN 2,434 thousand. 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 806 thousand. At the same time, a deferred tax provision due

to temporary differences was recognised in the amount of PLN 4,662 and dissolved in the amount of PLN 2,234 thousand. The total effect of the all above-mentioned operations on the net result of 9 months of 2017 was minus PLN 3,234 thousand. Total changes in deferred tax resulted in a decrease in net profit by PLN 1,944 thousand. Details are described in point [3.8](#).

4.2.2. 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 30th of September, 2017, decreased revenue and operating profit of Comarch Group by PLN 12,023 thousand (while during the corresponding period in 2016 increased by PLN 4,908 thousand). Exchange rate differences from other activities increased the result of Comarch Group in 9 months of 2017 by PLN 1,110 thousand (while in 9 months of 2016 decreased by PLN 2,738 thousand). The valuation of financial instruments and realized transactions (mostly forward contracts), as well as provision for deferred income tax in reference to the valuation of the financial instruments increased the Group's net result by PLN 18,459 thousand (while in the corresponding period of 2016 decreased by PLN 910 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of the Comarch Group in 9 months of 2017 amounted to plus PLN 7,546 thousand (plus PLN 1,260 thousand in 9 months of 2016).

4.3. Other events in Q3 2017

None present.

4.4. Events after the Balance Sheet Date Not Included in the Financial Statement

4.4.1. Forward Contracts Concluded after the Balance Sheet Statement

Between the 1st of October, 2017, and the 17th of November, 2017, the Comarch Group concluded forward contracts for sales of USD 1,000 thousand. The total net value of open forward contracts as of the 17th of November, 2017, amounted to EUR 31,577 thousand, USD 7,015 thousand and RUB 16,000 thousand. The open forward contracts as of the 17th of November, 2017, were valued at PLN 10,783 thousand (increase of PLN 1,268 thousand in comparison to balance sheet valuation is due to strengthening of the Polish zloty against the Euro). The contracts will be settled within 28 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 the Comarch Group's companies, in which the remuneration is set in a foreign currency, as well as to protect the cash flows from the running credit granted in EUR.

4.4.2. Debit Note from Tauron Dystrybucja S.A.

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

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

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

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

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

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

This information was considered as inside information due to the high value of the submitted claim.

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

In relation to the current report no. [RB-3-2016](#), ENG: [RB-3-2016](#) dated the 18th of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, the Management Board of Comarch S.A. announced in the current report no. [RB-20-2017](#), ENG: [RB-20-2017](#), that on the 30th of October, 2017, they signed amendment to the above-mentioned contract. As a consequence, the planned completion date of this investment has been extended to the 31st of December, 2017.

4.5. The Management Board's Position on the Execution of Previously-Published Forecasts for the Current Year, in the Bright of Results Presented in the Quarterly Report

The Management Board did not forecast any results neither for the third quarter 2017, nor for full year 2017.

4.6. Significant Legal, Arbitration or Administrative Proceedings

None present.

4.7. Information about Transactions with Related Parties on Terms Different from Market Conditions

None present.

4.8. Information about Suretyships, as well as Guarantees Provided by the Issuer and Its Subsidiaries

- a) Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A.

- granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- b) Due to conclusion of a contract with a customer by Comarch AG, a subsidiary of Comarch S.A., for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
 - 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 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
 - 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 30th 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 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
 - 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. The surety has been renewed and is valid till the 31st of May, 2018, and the total amount of granted surety is PLN 100 thousand.
- 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 surety has been renewed and is valid till the 31st of May, 2018, and the total amount of granted surety is PLN 50 thousand.
- 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 is valid 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 EUR 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development sp z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.
- 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 30th of August, 2018.

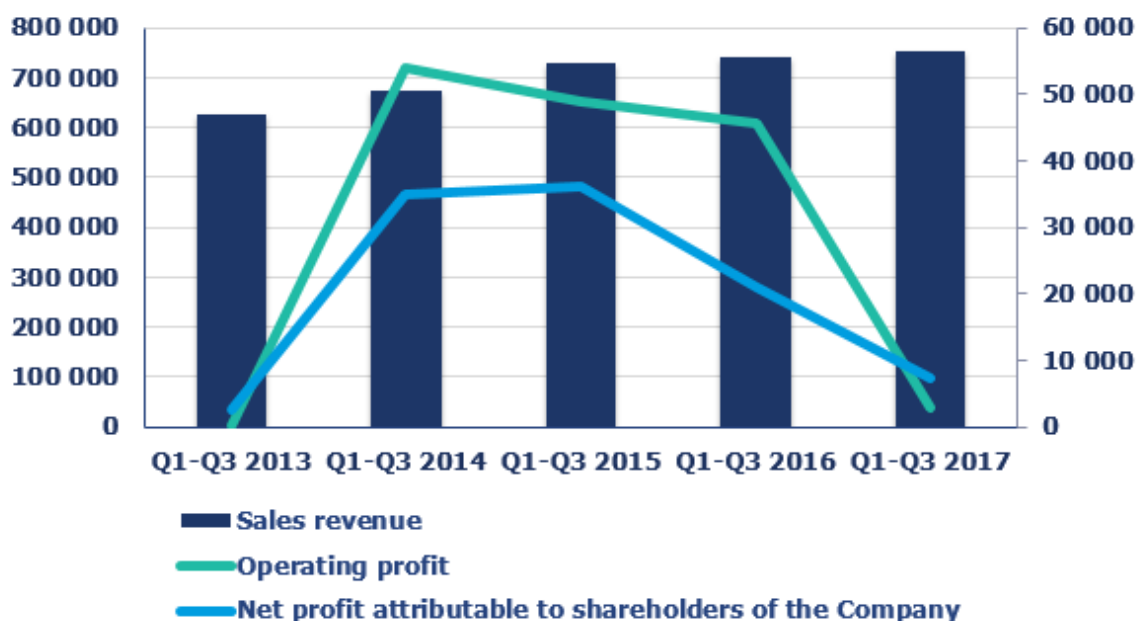
- v) Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and is valid until the 14th of September, 2019, and was granted up to the amount of PLN 10 thousand.
- 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 for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch SAS was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- ff) Due to granting the credit line for Geopolis Sp. z o.o., a surety for liabilities of Geopolis sp. z o.o. was granted to the amount of PLN 160 thousand and is valid till the 31st of December, 2017.

4.9. 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.

5. Significant Achievements and Failures as well as Factors and Events with Considerable Impact on the Financial Results of the Comarch Group in the Third Quarter of 2017 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter

5.1. Revenues and Financial Results



In the third quarter of 2017, the Comarch Group generated sales revenue in the amount of PLN 260.5 million. They were higher by PLN 36.5 million, i.e. 16.3% compared to sales revenue achieved in Q3 2016. Operating profit amounted to PLN 7.2 million and was lower by PLN 3.3 million than in Q3 2016. Net result attributable to the shareholders of the parent company was minus PLN 3.6 million and was lower by PLN 11.9 million compared to the third quarter of 2016. EBIT margin was +2.7%, and net margin amounted to -1.4%.

During the 3 quarters of 2017, the Comarch Group generated sales revenue in the amount of PLN 751.6 million. They were higher by PLN 11.2 million, i.e. 1.5% compared to the corresponding period in the previous year. Operating result amounted to PLN 2.9 million and was lower by PLN 42.8 million than result achieved during the three quarters of 2016. Net result attributable to the shareholders of the parent company was PLN 7.2 million and was lower by PLN 13.8 million compared to the three quarters of 2016. The EBIT margin was +0.38%, and net margin amounted to +0.96%. The Comarch Group generated EBITDA in the amount of PLN 49.3 million and was lower by PLN 43.8 million compared to the corresponding period in the previous year.

After the two quarters, when the financial results had been lower, in Q3 2017, the Group reported a significant increase of revenue from sales and a satisfactory level of operating profit, in spite of the negative net result. This was affected by, among other things:

- significant increase in revenue from export sales (of PLN 34.4 million, i.e. 28.3%) compared to that achieved in Q3 2016, mainly due to an increase in revenue from sales in the TMT sector outside Europe, which resulted in an increase in gross profit from PLN 47.5 million in Q3 2016 to PLN 57.9 million in Q3 2017;

- significantly lower effect of result from other operating activities: in Q3 2017 it was –PLN 1,214 thousand, while in Q3 2016 it was +PLN 12,834 thousand (it was related to, among other things, dissolution of provisions for bad debts and sales of intangible assets by MKS Cracovia SSA);
- occurrence of realised positive exchange rate differences and from the balance sheet valuation of receivables and liabilities, that increased operating result in the described period by PLN 1.7 million (while in Q3 2016, they decreased it by PLN 5 million);
- negative result from financing activities in the amount of PLN 4.7 million, achieved mostly due to a change in the balance sheet valuation of financial instruments hedging the Group's exchange rate risk, resulted from weakening PLN versus EUR in Q3 2017 (in Q3 2016 result from financing activities was positive and amounted to PLN +9.3 million);
- continued stagnation in the public procurement market, which resulted in the low level of revenue from sales to customers in the public and medical sectors;
- relatively high level of current income tax (PLN 3.2 million), resulting from profitable activities in some foreign subsidiaries;
- increase in operating costs, as a consequence of salary pressure in IT sector – in Q3 2017, the fund of basic salaries increased approx. by 5.0% compared to Q3 2016;
- change in the value of deferred tax assets and provisions, which resulted in a reduction in net profit of PLN 2.3 million.

During the first 3 quarters of 2017, revenue from sales was higher by 1.5% compared to that achieved in the previous year, in spite of a decreased EBIT margin and net margin. There are the results of, among other things:

- decrease in sales of proprietary software of PLN 23.4 million, i.e. 20.5%. This is the result of current projects situation and growth in demand for delivery of IT solutions in a services model;
- occurrence of realised negative exchange rate differences and the balance sheet valuation of receivables and liabilities, related to a significant strengthening of PLN against foreign currencies, that decreased the operating result in the described period by PLN 12 million (by PLN 4.9 million in 2016);
- positive result on financial activities in the amount of PLN 20.3 million, achieved mainly as a result of the balance sheet valuation of the financial instruments hedging the Group's exchange rate risk and credits and loans, as well as positive result on the closed transactions (during the first 9 months of 2016, this result amounted to plus PLN 5.3 million);
- continued stagnation in the public procurement market, which resulted in the low level of revenue from sales to customers in the public and medical sectors in the three quarters of 2017;
- decrease in revenue from sales to customers in the TMT sector and the Small and Medium-Sized Enterprises sector in DACH region;
- increase in operating costs, as a consequence of salary pressure in IT sector – during the first three quarters of 2017, the fund of basic salaries increased approx. by 7.0% compared to the corresponding period in 2016;
- change in the value of deferred tax assets and provisions, which resulted in a reduction in net profit of PLN 1.9 million.

Situation in the public procurement market and costs associated with software development in the field of e-Health, telemedicine devices and new generation of loyalty solutions will have a significant impact on the financial result of the Comarch Group in subsequent periods.

During the three quarters of 2017, employment level in the Comarch Group increased by 3.2%, mainly due to carrying out a summer internship program for students. As at the 30th of September, 2017, the Comarch Group (excluding MKS Cracovia SSA) hired 5,475 persons, i.e. 171 persons more than as at the 31st of December, 2016.

The 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 the weaker financial result in 9 months of 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. The Group is aware of incurring high costs for development of new products and activities on foreign markets in order to further enhancement of the Group's future competitive edge.

In subsequent periods the Comarch Group intends to continue strategy assuming:

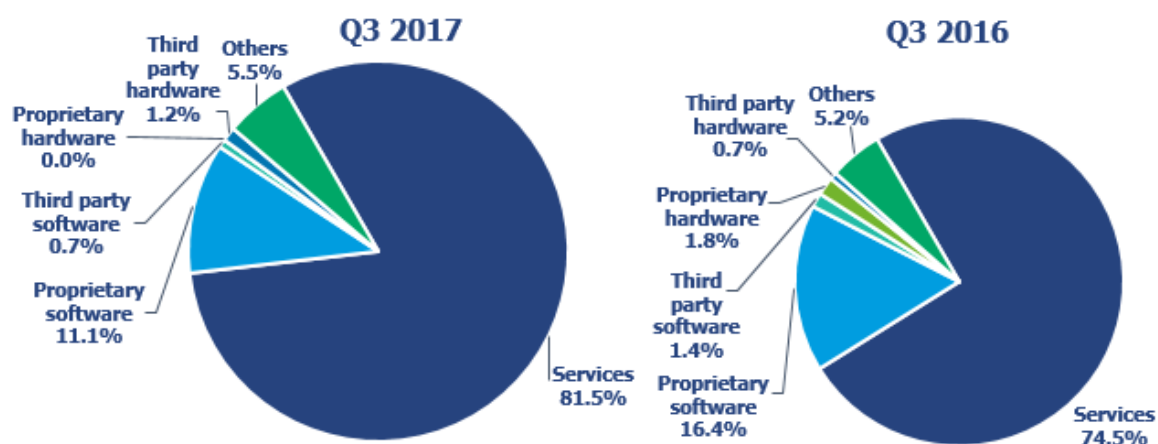
- sales of IT solutions, most of which are developed in-house;
- sales development on international markets, especially in Western Europe, Asia and both Americas,
- stable improvement of operational performance through the ongoing improvement of procedures and cost rationalization;
- development of new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

5.2. Sales Structure

Products Sales Structure

Products sales structure	Q3 2017	%	Q3 2016	%	Change in PLN	Change in %
Services	212,310	81.5	166,689	74.4	45,621	27.4
Proprietary software	28,797	11.1	36,731	16.5	-7,934	-21.6
Third-party software	1,756	0.7	3,118	1.4	-1,362	-43.7
Proprietary hardware	63	0.0	4,122	1.8	-4,059	-98.5
Third party hardware	3,244	1.2	1,671	0.7	1,573	94.1
Others	14,334	5.5	11,634	5.2	2,700	23.2
Total	260,504	100.0	223,965	100.0	36,539	16.3

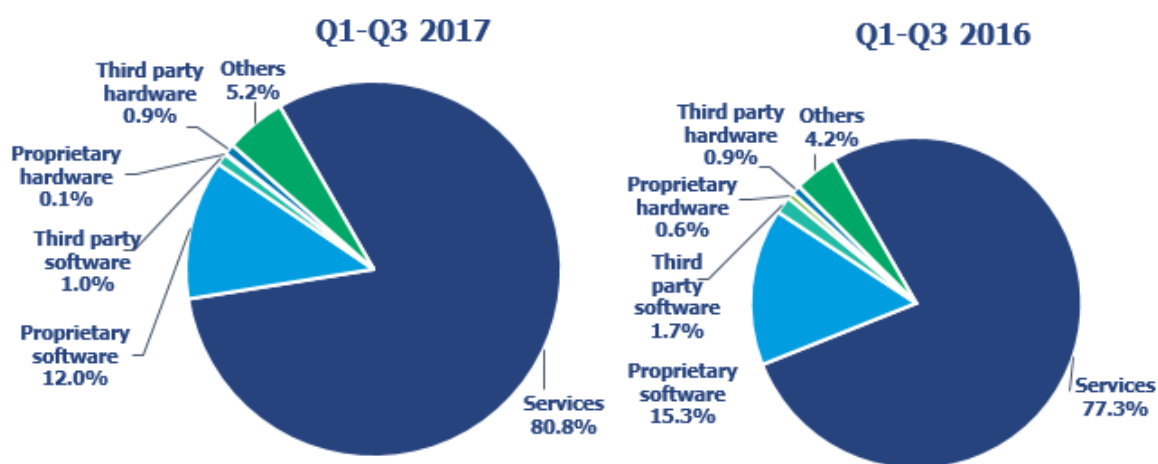
In the third quarter of 2017, the Group's products sales structure changed significantly compared to the same period in the previous year. The Group focused on sales of services in this period, revenue from sales increased by PLN 45.6 million, i.e. 27.4% compared to the previous year. Sales of proprietary software amounted to PLN 28.8 million and were lower by PLN 7.9 million (i.e. 21.6%) than in Q3 2016.



During the first 9 months of 2017, sales of proprietary software amounted to PLN 90.5 million and were lower by PLN 23.4 million, i.e. 20.5% than sales achieved in the corresponding period in 2016. Sales of services increased by PLN 35.3 million, i.e. 6.2%. Sales of proprietary hardware decreased by PLN 3.5 million, i.e. 84.3% and had a low value approx. PLN 0.7 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's strategy of focusing on the sale of proprietary Comarch solutions. Revenue from sales of third-party software decreased by PLN 5.4 million, i.e. 42.4%, while third-party hardware increased by PLN 0.1 million, i.e. 1.2%. Other sales increased by PLN 8.0 million, i.e. 26.2%, as a consequence of

commencement of delivery of goods (rewards) as part of comprehensive operator service for maintenance of loyalty systems.

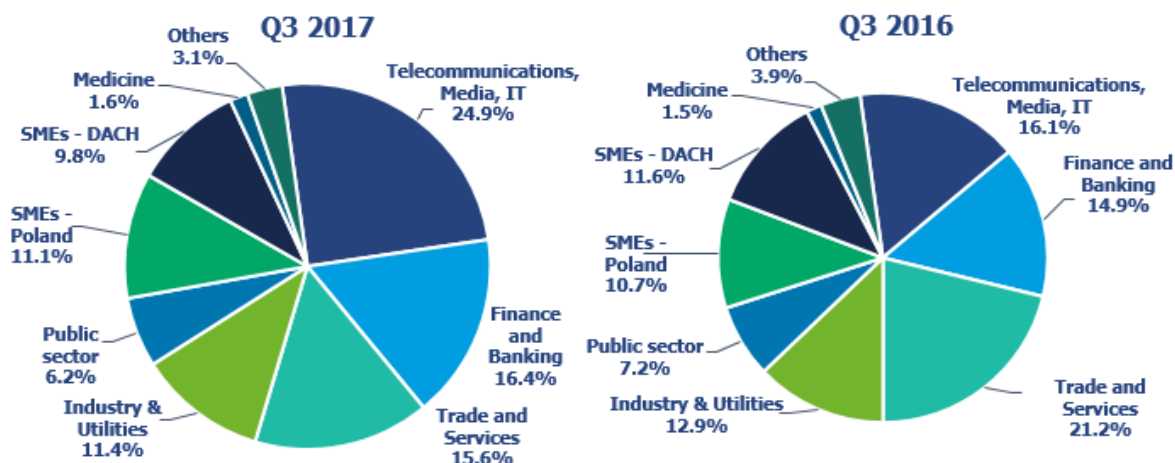
Products sales structure	9 months ended 30 September 2017	%	9 months ended 30 September 2016	%	Change in PLN	Change in %
Services	607,577	80.8	572,231	77.3	35,346	6.2
Proprietary software	90,504	12.0	113,901	15.3	-23,397	-20.5
Third-party software	7,301	1.0	12,681	1.7	-5,380	-42.4
Proprietary hardware	660	0.1	4,194	0.6	-3,534	-84.3
Third party hardware	6,605	0.9	6,529	0.9	76	1.2
Others	38,922	5.2	30,854	4.2	8,068	26.2
Total	751,569	100.0	740,390	100.0	11,179	1.5



Market Sales Structure

Market sales structure	Q3 2017	%	Q3 2016	%	Change in PLN	Change in %
Telecommunications, Media, IT	64,866	24.9	36,064	16.1	28,802	79.9
Finance and Banking	42,598	16.4	33,309	14.9	9,289	27.9
Trade and Services	40,707	15.6	47,559	21.2	-6,852	-14.4
Industry & Utilities	29,819	11.4	28,835	12.9	984	3.4
Public sector	16,166	6.2	16,106	7.2	60	0.4
Small and Medium-Sized Enterprises - Poland	28,857	11.1	23,881	10.7	4,976	20.8
Small and Medium-Sized Enterprises - DACH	25,416	9.8	26,088	11.6	-672	-2.6
Medicine	4,106	1.6	3,349	1.5	757	22.6
Others	7,969	3.1	8,774	3.9	-805	-9.2
Total	260,504	100.0	223,965	100.0	36,539	16.3

In Q3 2017, revenues from sales of the Comarch Group to customers in the TMT sector amounted to PLN 64.9 million, which represents an increase of PLN 28.8 million (i.e. 79.9%) compared to Q3 2016, which is mainly due to increased sales of services to customers in countries outside Europe.

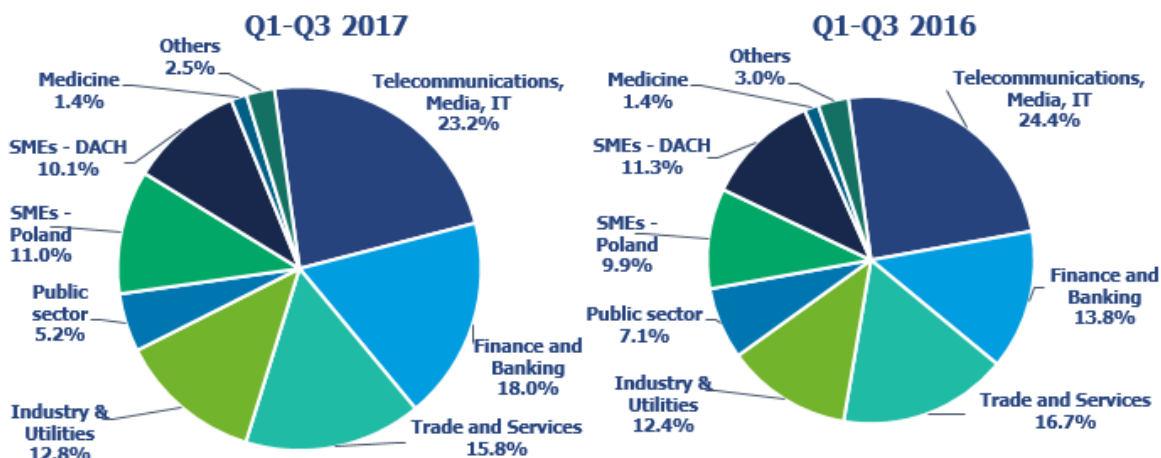


In Q3 2017, customers in the Finance and Banking sector bought products and services worth PLN 42.6 million, i.e. more about PLN 9.3 million (+27.9%) compared to that achieved in the corresponding period of the previous year, as a consequence of new contracts in domestic and international market. There were increases in sales to customers in the Small and Medium-sized Enterprises sector in Poland (an increase of PLN 5 million, i.e. 20.8%) and sales to customers in the Industry and Utilities sector (an increase of PLN 1 million, i.e. 3.4%). Revenue from sales to customers in the Trade and Services sector decreased by PLN 6.9 million, i.e. 14.4%. In Q3 2017, stagnation in the public procurement market has continued, revenue from sales remained at a low and similar level to that of Q3 2016 and amounted to PLN 16.2 million. Revenue from sales to customers in the Medicine sector increased by PLN 0.8 million, i.e. 22.6%. There was an insignificant decrease in the Small and Medium-sized Enterprises sector in the DACH region (a decrease by PLN 0.7 million, i.e. 2.6%). Revenue from sales to other customers decreased by PLN 0.8 million, i.e. 9.2%.

Business situation in the third quarter of 2017 confirms, that maintaining the diversification of revenue sources and offer, the Comarch Group has secured the opportunity to sustain stable business development.

Market sales structure	9 months ended 30 September 2017	%	9 months ended 30 September 2016	%	Change in PLN	Change in %
Telecommunications, Media, IT	174,264	23.2	181,483	24.4	-7,219	-4.0
Finance and Banking	135,253	18.0	101,937	13.8	33,316	32.7
Trade and Services	118,772	15.8	123,649	16.7	-4,877	-3.9
Industry & Utilities	96,279	12.8	91,665	12.4	4,614	5.0
Public sector	38,781	5.2	52,426	7.1	-13,645	-26.0
Small and Medium-Sized Enterprises - Poland	82,925	11.0	72,972	9.9	9,963	13.6
Small and Medium-Sized Enterprises - DACH	75,636	10.1	83,679	11.3	-8,043	-9.6
Medicine	10,782	1.4	10,629	1.4	153	1.4
Others	18,877	2.5	21,950	3.0	-3,073	-14.0
Total	751,569	100.0	740,390	100.0	11,179	1.5

During the first 9 months of 2017, the Comarch Group's revenue from sales to customers from the TMT sector amounted to PLN 174.3 million, which represents a decrease of PLN 7.2 million, i.e. 4.0% compared to that achieved in 9 months of 2016. This is due to decreased sales of services to customers in the Western Europe, which was mainly covered by an increase in sales in countries outside Europe. Customers in the Finance and Banking sector bought products and services worth PLN 135.3 million, i.e. more about PLN 33.3 million (+32.7%) to that achieved in the corresponding period of the previous year, as a consequence of new contracts acquired on domestic and international markets. There were increases in sales to customers in the Industry and Utilities sector (an increase of PLN 4.6 million, i.e. 5.0%) and sales to customers in the Small and Medium-sized Enterprises sector in Poland (an increase of PLN 10 million, i.e. 13.6%).

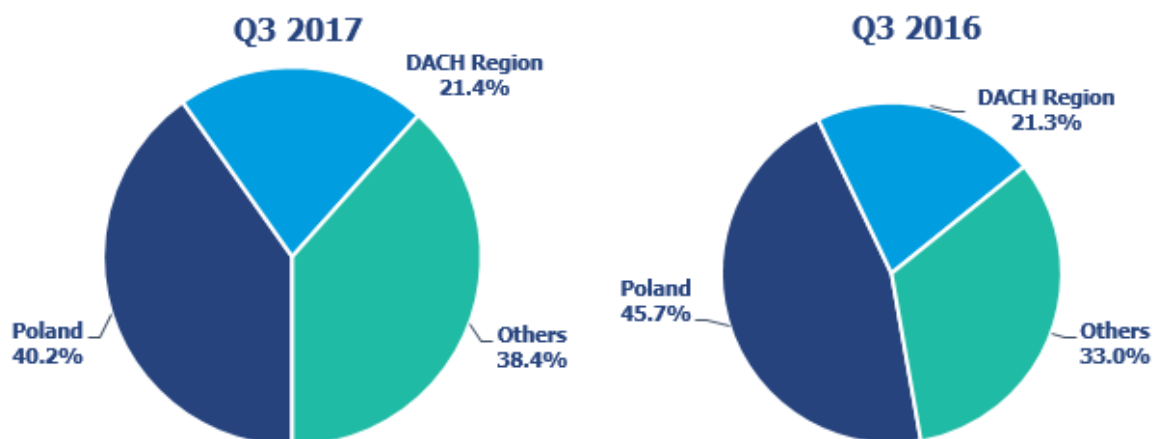


During the first 9 months of 2017, there was a decrease in revenue from sales to customers in the Trade and Services sector (a decrease of PLN 4.9 million, i.e. 3.9%). Revenue from sales to customers in the Public sector was lower by PLN 13.6 million, i.e. 26%, as a consequence of continuous stagnation in the public procurement market. There were also decreases in sales to customers in the Small and Medium-sized Enterprises sector in DACH region (a decrease by PLN 8.0 million, i.e. 9.6%) and sales to other customers (a decrease of PLN 3.1 million, i.e. 14.0%). The decrease in sales in the DACH region is temporary and it is the result of other projects situation in the current year, and strengthening of the Polish zloty in 2017. Revenue from sales to customers in the Medicine sector remained at a similar level to that achieved in the previous year and amounted to PLN 10.8 million.

Business situation in the first 9 months of 2017 confirms, that maintaining the diversification of revenue sources and offer, the Comarch Group has secured the opportunity to sustain stable business development.

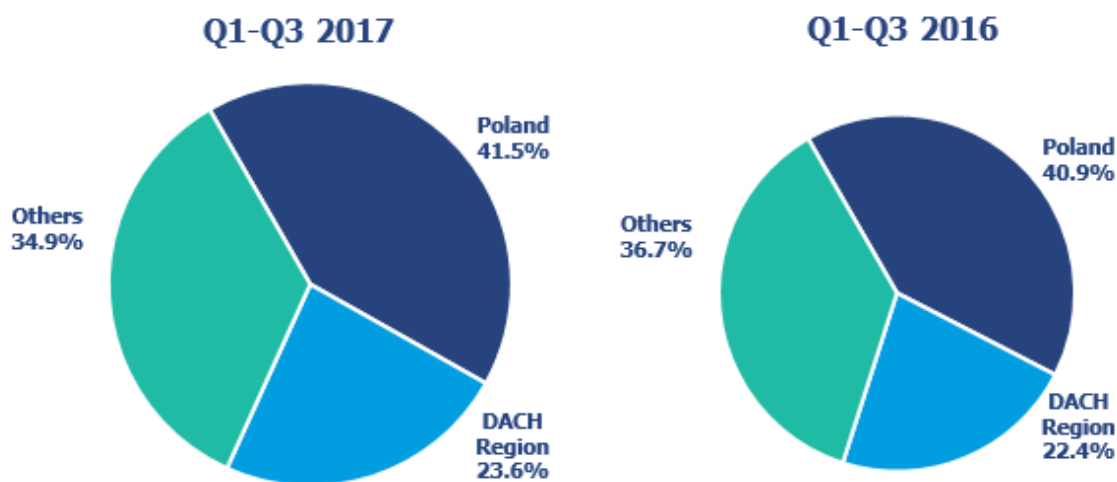
Geographical sales structure

Geographical sales structure	Q3 2017	%	Q3 2016	%	Change in PLN	Change in %
Domestic (Poland)	104,413	40.1	102,297	45.7	2,116	2.1
Export	156,091	59.9	121,668	54.3	34,423	28.3
Total	260,504	100.0	223,965	100.0	36,539	16.3



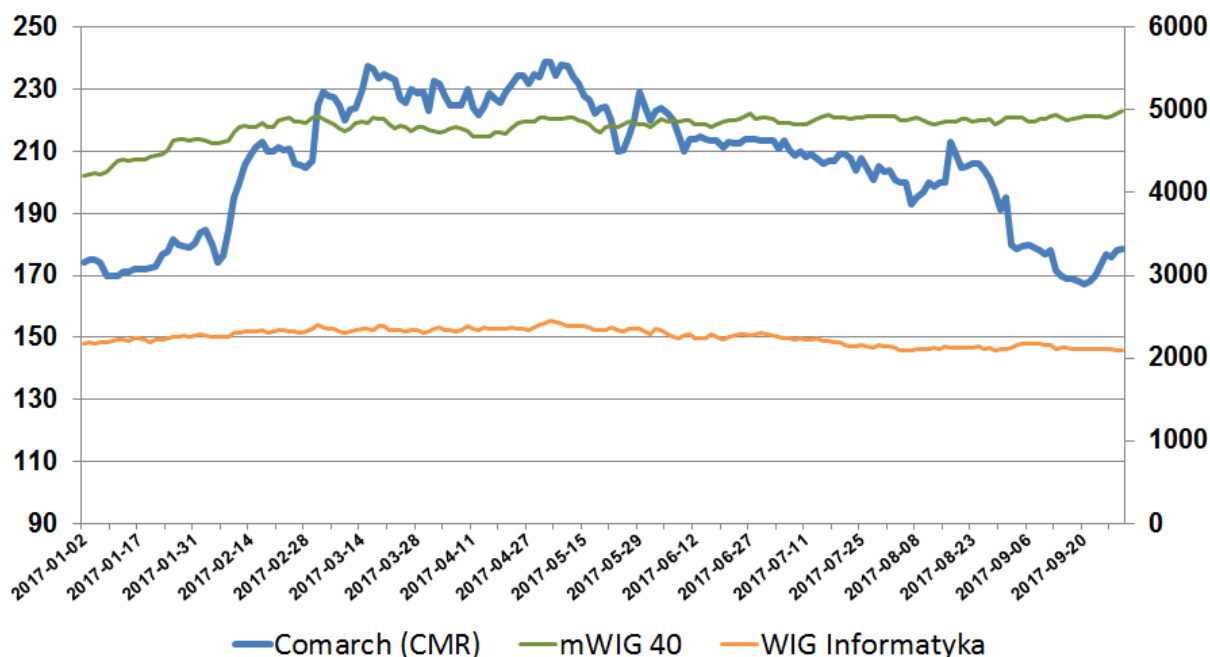
In Q3 2017, the Group's export sales amounted to PLN 156.1 million and decreased by PLN 34.4 million, i.e. 28.3% compared to those in Q3 2016, which is mainly due to the increased sales to customers in the TMT sector on the markets outside Europe. Domestic sales were higher by PLN 2.1 million, i.e. 2.1% compared to that achieved in Q3 2016. Share of export sales in total Group's sales amounted to 59.9%.

Geographical sales structure	9 months ended 30 September 2017	%	9 months ended 30 September 2016	%	Change in PLN	Change in %
Domestic (Poland)	311,588	41.5	302,913	40.9	8,675	2.9
Export	439,981	58.5	437,477	59.1	2,504	0.6
Total	751,569	100.0	740,390	100.0	11,179	1.5



The Comarch Group covered the decreases in sales on foreign markets in H1 2017 through good export sales in Q3 2017. During the first 9 months of 2017, the Comarch Group generated revenue from export sales in the amount of PLN 440 million. They were higher by PLN 2.5 million, i.e. 0.6% compared to sales revenue achieved in the first three quarters of 2016. Domestic sales were higher by PLN 8.7 million, i.e. 2.9% compared to the corresponding period in the previous year, which is mainly due to the increased sales to customers in the finance sector. During the 9 months of 2017, share of export sales in total sales amounted to 58.5%.

5.3. Comarch S.A. Stock Price Performance



On the 30th of September, 2017, the closing rate of Comarch S.A. shares in the Warsaw Stock Exchange amounted to PLN 178.50 and increased by 2.5% compared to PLN 174.00 on the 30th of December, 2016. The Group's results and Comarch S.A. stock price in the next quarters will depend in large part on the development of sales of Comarch proprietary products and services, shaped by economic and political conditions on the Polish and the European markets and on the financial situation of medium-sized and large enterprises (which constitute the Group's clients base). Currency exchange rates (EUR/PLN, USD/PLN, GBP/PLN, BRL/PLN) and the rate of increase in the remuneration of IT employees will also have significant impact on the Group's results and Comarch S.A. stock price.

	9 months ended 30 September 2017 / 30 September 2017	9 months ended 30 September 2016 / 30 September 2016
Closing price at the balance sheet date	178.50	189.55
Average price during the reporting period	206.04	141.45
MIN price during the reporting period	167.00	103.70
MAX price during the reporting period	239.00	189.90
Average volume during the reporting period	4,429	6,855
Capitalization at the balance sheet date	1,451,802,797	1,541,676,303
<i>Ratios for unconsolidated data</i>		
P/E at the balance sheet date	99.69	61.49
P/BV at the balance sheet date	1.87	2.11
P/S at the balance sheet date	2.86	2.06
<i>Ratios for consolidated data</i>		
P/E at the balance sheet date	200.83	73.28
P/BV at the balance sheet date	1.74	1.95
P/S at the balance sheet date	1.93	2.08

5.4. Events in the Third Quarter of 2017 that Greatly Impacted the Current Activities of the Comarch Group

5.4.1. Opening of the Offers Presented in the Limited Offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS"

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

5.5. Events after the Balance Sheet Date that Greatly Impacted the Current Activities of the Comarch Group

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

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

5.5.2. Announcement of the Tender Results in the Limited Offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS"

The Comarch S.A.'s Management Board informed in the current report no. [RB-21-2017](#), ENG: [RB-21-2017](#), dated the 14th of November, 2017, that on the 14th of November, 2017, tender results in the limited offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS", organized by Zakład Ubezpieczeń Społecznych w Warszawie (the Polish Social Insurance Institution in Warsaw; ZUS), were announced. The Issuer's offer with total value of 242,033,004 gross received the most points and was chosen as the most advantageous.

QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE THIRD QUARTER OF 2017

I. Balance Sheet

ASSETS	30 September 2017	30 June 2017	31 December 2016	30 September 2016
I. NON-CURRENT ASSETS	753,707	742,807	701,603	691,319
1. Intangible assets	12,910	13,511	8,506	8,517
2. Property, plant and equipment	334,274	326,192	296,496	280,985
3. Non-current investments	396,664	394,694	388,998	394,090
3.1. Non-current financial assets	369,522	367,221	360,783	365,504
a) in related parties	366,471	362,901	359,931	363,205
b) in other entities in which the Company holds equity interests	427	420	360	390
c) in other entities	2,624	3,900	492	1,909
3.2 Real estates	27,099	27,430	28,172	28,543
3.3 Other non-current investment	43	43	43	43
4. Non-current prepayments	9,859	8,410	7,603	7,727
4.1 Deferred income tax assets	6,027	5,698	6,510	6,100
4.2 Other accruals	3,832	2,712	1,093	1,627
II. CURRENT ASSETS	415,627	427,866	460,642	370,203
1. Inventories	60,616	63,141	43,273	42,897
2. Current receivables	246,495	262,347	324,572	229,067
2.1 from related parties	134,966	152,902	181,062	125,468
2.2 from other entities in which the Company holds equity interests	408	487	587	466
2.3 from other entities	111,121	108,958	142,923	103,133
3. Current investments	61,389	54,753	55,488	48,178
3.1 Current financial assets	61,389	54,753	55,488	48,178
a) in related parties	334	322	351	241
b) in other entities in which the Company holds equity interests	140	159	204	172
c) in other entities	7,146	8,634	1,150	2,352
- interest and shares	-	1	1	1
- granted loans	-	-	-	-
- other current financial assets	7,146	8,633	1,149	2,351
d) cash and cash equivalents	53,769	45,638	53,783	45,413
4. Short-term prepayments	47,127	47,625	37,309	50,061
TOTAL ASSETS	1,169,334	1,170,673	1,162,245	1,061,522

EQUITY AND LIABILITIES	30 September 2017	30 June 2017	31 December 2016	30 September 2016
I. EQUITY	777,548	780,071	771,107	749,018
1. Share capital	8,133	8,133	8,133	8,133
2. Supplementary capital	653,363	653,363	619,975	619,975
3. Revaluation reserve	100,744	100,161	97,301	95,091
4. Other reserve capitals	745	745	745	745
5. Previous years' profit (loss)	-	-	-	-
6. Net profit (loss)	14,563	17,669	44,953	25,074
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	391,786	390,602	391,415	312,504
1. Provisions for liabilities	94,437	101,909	126,189	97,932
1.1 Provision for deferred income tax	26,206	26,661	23,830	23,681
1.2 Other provisions	68,231	75,248	102,359	74,251
a) current	68,231	75,248	102,359	74,251
2. Non-current liabilities	148,699	131,993	121,363	115,765
2.1 to related parties	19,759	14,586	16,520	17,456
2.2 to other entities in which the Company holds equity interests	-	-	-	-
2.3 to other entities	128,940	117,407	104,843	98,309
3. Current liabilities	132,316	144,226	125,060	85,226
3.1 to related parties	37,126	35,630	20,211	20,310
3.2 to other entities in which the Company holds equity interests	593	1,735	2,108	1,523
3.3 to other entities	92,379	104,200	101,174	61,411
3.4 Special funds	2,218	2,661	1,564	1,982
4. Accruals	16,334	12,474	18,803	13,581
4.1 Other accruals	16,334	12,474	18,803	13,581
a) current	16,334	12,474	18,803	13,581
TOTAL EQUITY AND LIABILITIES	1,169,334	1,170,673	1,162,522	1,061,522
Book value	777,548	780,071	771,107	749,018
Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
Book value per single share (PLN)	95.60	95.91	94.81	92.09
Diluted number of shares	8,133,349	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	95.60	95.91	94.81	92.09

II. Income Statement

For period 01.01 – 30.09.2017 and 01.01 – 30.09.2016	Q3 2017	9 months ended 30 September 2017	Q3 2016	9 months ended 30 September 2016
I. Net revenues from sales of products, goods and materials, including:	163,659	508,269	154,865	499,735
- revenues from related parties	56,784	150,960	43,295	132,443
1. Net revenues from sales of products	155,964	476,486	141,998	464,091
2. Net revenues from sales of goods and materials	7,695	31,783	12,867	35,644
II. Costs of products, goods and materials sold, including:	135,521	413,627	120,198	369,381
- to related parties	7,697	25,013	6,580	20,390
1. Manufacturing cost of products sold	129,482	384,843	108,194	337,151
2. Value of products, goods and materials sold	6,039	28,784	12,004	32,230
III. Gross profit (loss) on sales	28,138	94,642	34,667	130,354
IV. Costs of sales	13,638	45,516	13,075	44,247
V. Administrative expenses	11,912	33,023	10,825	31,145
VI. Profit (loss) on sales	2,588	16,103	10,767	54,962
VII. Other operating revenues	437	1,978	214	880
1. Profit on disposal of non-financial non-current assets	241	270	108	196
2. Other operating revenues	196	1,708	106	684
VIII. Other operating costs	3,117	7,234	(5,274)	12,682
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Cost of works financed in part with subsidies	1,630	4,598	1,996	7,619
3. Revaluation of non-financial assets	-	-	6	6
4. Other operating costs	1,487	2,636	(7,276)	5,057
IX. Profit (loss) on operating activities	(92)	10,847	16,255	43,160
X. Financial revenues	(106)	20,486	4,162	6,902
1. Interest, including:	66	339	217	798
- from related parties	35	146	191	612
2. Dividends and share in profits	-	107	285	542
- from related parties	-	107	285	542
3. Profit on disposal of investment	2,912	8,385	1,569	1,569
4. Revaluation of financial assets	(51)	(26)	3,993	3,993
5. Other	(3,033)	11,681	(1,902)	-
XI. Finance costs	2,242	13,109	12,648	20,516
1. Interest	659	2,164	379	1,509
- from related parties	182	538	94	162
2. Revaluation of investments	-	-	11,580	17,492
3. Loss on disposal of investments	-	-	(247)	-
4. Other	1,583	10,945	936	1,515
XII. Profit (loss) on business activities	2,440	18,224	7,769	29,546
XIII. Gross profit (loss)	2,440	18,224	7,769	29,546
XIV. Income tax	666	3,661	2,235	4,472
XV. Net profit (loss)	(3,106)	14,563	5,534	25,074
Net profit (loss) (annualised)		35,077		28,677
Weighted average number of shares		8,133,349		8,133,349
01.10.2016 – 30.09.2017				
Earnings (losses) per single share (PLN)		4.31		3.53
Diluted weighted average number of shares		8,133,349		8,133,349
01.10.2016 – 30.09.2017				
Diluted earnings (losses) per single share (PLN)		4.31		3.53

III. Changes in Equity

	Q3 2017	9 months ended 30 September 2017	12 months ended 31 December 2016	9 months ended 30 September 2016
I. Opening balance of equity	762,402	771,742	731,905	731,905
a) changes to adopted accounting principles (policies)	-	-	-	-
I. a. Opening balance of equity after adjustments	762,402	771,742	731,905	731,905
1. Opening balance of share capital	8,133	8,133	8,133	8,133
1.1 Changes in share capital	-	-	-	-
a) increases (due to)	-	-	-	-
- shares issue	-	-	-	-
1.2 Closing balance of share capital	8,133	8,133	8,133	8,133
2. Opening balance of supplementary capital	653,363	619,975	562,292	562,292
2.1 Changes in supplementary capital	-	33,388	57,683	-
a) increases (due to)	-	33,388	57,683	-
- profit-sharing for the previous years	-	33,388	57,683	-
2.2 Closing balance of supplementary capital	653,363	653,363	619,975	562,292
3. Opening balance of revaluation reserve	100,161	97,301	103,052	103,052
3.1 Changes in revaluation reserve	583	3,443	(5,751)	(7,961)
a) increases (due to)	720	4,250	1,349	1,867
- provision for deferred income tax due to certificates valuation	-	-	1,349	1,867
- balance sheet valuation of investment certificates	720	4,250	-	-
b) decreases (due to)	137	807	7,100	9,828
- balance sheet valuation of investment certificates	-	-	7,100	9,828
- provision for deferred income tax due to certificates valuation	137	807	-	-
3.2 Closing balance of revaluation reserve	100,744	100,744	97,301	95,091
4. Opening balance of capital from merger	-	-	-	-
4.1. Closing balance of capital from merger	-	-	-	-
5. Opening balance of other reserve capitals	745	745	745	745
5.1 Closing balance of other reserve capitals	745	745	745	745
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 capital	-	33,388	57,683	57,683
- payment of dividend	-	12,200	-	-
6.2 Closing balance of previous years' profit	-	-	-	-
7. Result for H1 2017 (opening balance)	17,669	-	-	-
7.1 Net result for the period	(3,106)	14,563	45,588	25,074
7.2. Net result	14,563	14,563	45,588	25,074
II. Closing balance of equity	777,548	777,548	771,742	749,018
III. Equity including proposed profit-sharing (loss coverage)	777,548	777,548	771,742	749,018

IV. Cash Flow Statement

For period 01.01 – 30.09.2017 and 01.01 – 30.09.2016	Q3 2017	9 months ended 30 September 2017	Q3 2016	9 months ended 30 September 2016
A. Cash flows from operating activities				
I. Net profit (loss)	(3,106)	14,563	5,534	25,074
II. Total adjustments	32,852	19,723	22,996	(8,225)
1. Depreciation	10,114	28,288	9,181	26,776
2. Exchange gains (losses)	(472)	(354)	(23)	(35)
3. Interest and profit sharing (dividends)	621	1,654	(562)	532
4. (Profit) loss on investing activities	(241)	(270)	11,153	16,755
5. Change in provisions	(7,610)	(31,017)	(9,059)	(40,870)
6. Change in inventories	2,766	(16,850)	(5,450)	(15,150)
7. Change in receivables	15,202	61,781	26,892	59,830
8. Change in current liabilities, excluding credits and loans	9,562	(7,287)	(10,273)	(45,324)
9. Change in prepayments and accruals	2,910	(13,433)	1,137	(10,739)
10. Change in deferred income	-	(2,789)	-	-
11. Other adjustments	-	-	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	29,746	34,286	28,530	16,849
B. Cash flows from investing activities				
I. Inflows	10,715	34,064	37,829	43,952
1. Disposal of property, plant and equipment and intangible assets	1,314	1,920	522	1,337
2. From financial assets, including:	9,401	32,144	37,307	42,615
a) in related parties	6,488	23,758	35,738	41,046
- repaid loans	80	5,381	18,570	23,281
- repaid interest on loans	-	-	1,374	1,374
- received loans	6,381	18,127	15,509	15,849
- interest received on paid loans	27	143	-	-
- received dividends	-	107	285	542
b) in other entities	2,913	8,386	1,569	1,569
- interest	-	-	-	-
- other proceeds from financial assets	2,913	8,386	1,569	1,569
3. Other investment proceeds	-	-	-	-
II. Outflows	(31,055)	(86,532)	(48,997)	(82,781)
1. Purchase of property, plant and equipment and intangible assets	(26,616)	(75,108)	(20,590)	(40,972)
2. Expenses for investment in real estates	-	-	(1)	(5)
3. For financial assets, including:	(4,439)	(11,424)	(28,406)	(41,804)
a) in related parties	(4,439)	(11,424)	(28,653)	(41,804)
- purchase of financial assets	(2,546)	(7,559)	(21,000)	(28,674)
- granted non-current loans	(420)	(767)	(6,349)	(11,147)
- repayment of loans from related parties	(1,423)	(3,048)	(1,304)	(1,726)
- repayment of interest on loans	(50)	(50)	-	(257)
b) in other entities	-	-	247	-
4. Other investment expenses	-	-	-	-
III. Net cash used in investing activities (I-II)	(20,340)	(52,468)	(11,168)	(38,829)
C. Cash flows from financing activities				
I. Inflows	16,003	47,009	11,679	18,067
1. Credits and loans	16,003	46,601	11,665	18,030

2. Net proceeds from shares issue	-	-	-	-
3. Repaid loans	-	-	10	30
4. Interest received on paid loans	-	-	4	7
5. Other financial inflows	-	408	-	-
II. Outflows	(17,750)	(29,168)	(5,801)	(21,156)
1. Dividends and other payments to owners	(13,015)	(13,015)	-	-
2. Repayment of loans and credits	(4,136)	(14,298)	(5,326)	(19,501)
3. Interest	(599)	(1,855)	(475)	(1,655)
4. Other financial expenses	-	-	-	-
III. Net cash (used in)/generated from financing activities (I-II)	(1,747)	17,841	5,878	(3,089)
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	7,659	(341)	23,240	(25,069)
E. Balance sheet change in cash and cash equivalents, including:	8,135	(13)	23,224	(24,972)
- change in cash and cash equivalents due to exchange differences	476	328	(16)	97
F. Cash and cash equivalents opening balance	45,633	53,781	22,187	70,383
H. Closing balance of cash and cash equivalents (F+/-E), including:	53,768	53,768	45,411	45,411
- limited disposal	(212)	1,500	(2,233)	3,892

V. Additional Information and Commentary

1. Adopted Accounting Policies

This financial statement was prepared according to the Act passed on the 29th of September, 1994, on Accounting (unified text - Journal of Laws, 2016, pos. 1,047 and subsequent changes) and the requirements specified in the Regulation issued by the Minister of Finance on the 19th of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (unified text - Journal of Laws, 2014, pos. 133 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 1st of January, 2016, until the 31st of December, 2016. If this financial statement for the 9 months ended 30th of September, 2017, was prepared according to IFRS, the financial results would amount to PLN 14,494 thousand.

Earnings according to Act on Accounting	14,563
Depreciation of perpetual usufruct	(69)
Assets due to activity in the SEZ	0
Profit according to IFRS	14,494

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 Asset Items

On the 30th of September, 2017, Comarch S.A. created write-offs that revaluated goods, materials and finished products in the amount of PLN 5 thousand. The Company didn't dissolve write-offs, which had been created in the previous years.

No hedges were made on inventories owned by the Company.

As at the 30th of September, 2017, in relation with payments of receivables, Comarch S.A. dissolved revaluating write-offs worth PLN 2,985 thousand and recognized write-offs worth PLN 1,669 thousand that revaluated bad debts. As at the 30th of September, 2017 Comarch S.A. did not create write-off for impairment of long-term financial assets (shares, stock).

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 realized 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 realized 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 958 thousand was recognized. a tax asset worth PLN 1,441 thousand, recognized as at the 31st of December, 2016, was dissolved in part. A provision for deferred income tax due to temporary differences was recognized in the amount of PLN 1,603 thousand and was dissolved in the amount of PLN 33 thousand. The total effect of these operations on the result of 2017 was minus PLN 2,053 thousand.

Provision for deferred income tax related to valuation of investment certificates in CCF FIZ was higher by PLN 806 thousand. This provision as well as valuation of certificates are settled with revaluation reserve.

3. Selected Note to the Summary Financial Statement

3.1. Non-current Financial Assets

	30 September 2017	30 June 2017	31 December 2016	30 September 2016
a) in subsidiaries and correlated parties	366,471	362,901	359,931	363,205
- interest or shares	236,801	234,304	229,711	236,043
- loans granted	3,754	3,403	8,553	8,589
- other securities	125,939	125,218	121,688	118,457
- other non-current financial assets, including:	(23)	(24)	(21)	116
- interest on granted loans	(23)	(24)	(21)	116
b) in other entities in which the Company holds equity interests	427	420	360	390
- interest or shares	150	150	150	150
- loans granted	270	270	210	240
- other non-current financial asset, including	7	-	-	-
- interest on granted loans	7	-	-	-
c) in other entities	2,624	3,900	492	1,909
- other non-current financial assets (types)	2,624	3,900	492	1,909
- Forward contracts	2,624	3,900	492	1,909
Total	369,522	367,221	360,783	365,504

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

	Q3 2017	9 months ended 30 September 2017	Q3 2016	9 months ended 30 September 2016
a) Opening balance	367,221	360,783	363,473	382,917
- interests or shares	234,454	229,861	226,883	230,552
- loans granted	3,673	8,763	15,099	23,052
- other securities	125,218	121,688	120,096	128,284
- other non-current assets, including interest on granted loans	(24)	(21)	980	950
- others	3,900	492	415	79
b) increases (due to)	2,452	14,610	28,377	36,609
- purchases of shares in related parties	2,546	7,560	20,890	23,133
- loans granted to related parties	421	421	-	4,798
- change in the nature of loans on short-term (other entities in which the Company holds equity interests)	-	140	-	-
- due interest to non-current loans	40	106	164	587
- balance sheet valuation of non-current loans	-	-	(409)	11
- balance sheet and adjusted valuation of interest on loans	-	-	18	30
- valuation of forward contracts	(1,276)	2,132	1,494	1,830
- balance sheet valuation of investment certificates	721	4,251	-	-
- dissolving revaluation write-offs on loans	-	-	6,220	6,220
c) decreases (due to)	151	5,871	26,346	54,022
- repayment of related entities' loans	81	5,040	12,220	16,931
- repayment of other entities' loans	-	-	30	30
- repayment of related parties' interest on loans	27	82	1,033	1,376
- change in the nature of loans on short-term (related entities)	-	-	20	241
- change in the nature of loans on short-term (other entities in which the Company holds equity interests)	-	80	60	60
- valuation of participation units in CCF FIZ	-	-	1,639	9,827
- revaluation of shares	-	-	11,580	17,492
- redemption of loans in related parties	-	-	-	664
- redemption of interest on loans in related parties	-	-	-	12
- balance sheet valuation of shares	49	470	-	-
- balance sheet and adjusted valuation of interest on loans	(1)	4	-	-
- balance sheet valuation of loans and exchange differences realized in relation to repaid loans and from the balance sheet valuation	(32)	208	(159)	-
- creating revaluation write-offs on loans to related parties	21	(28)	(90)	7,326
- creating revaluation write-offs on interest on loans to related parties	6	15	13	63
d) Closing balance	369,522	369,522	365,504	365,504

3.3. Current Financial Assets

	30 September 2017	30 June 2017	31 December 2016	30 September 2016
a) in related parties	334	322	351	241
- granted loans	321	322	322	241
- other financial assets	13	-	29	-
b) in other entities in which the Company holds equity interests	140	159	204	172
- granted loans	140	140	200	170
- other financial assets	-	19	4	2
c) in other entities	7,146	8,634	1,150	2,352
- granted loans	-	1	1	1
- interest or shares	-	-	-	-
- other current financial assets, including:	7,146	8,633	1,149	2,351
- forward contracts	7,146	8,633	1,149	2,351
d) cash and cash equivalents	53,769	45,638	53,783	45,413
- cash in hand and at banks	53,768	45,633	53,781	45,411
- other monetary assets	1	5	2	2
Total	61,389	54,753	55,488	48,178

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

During the first three quarters of 2017, Comarch S.A. reached PLN 508.3 million in revenue from sales, what constitutes an increase of 1.7% as compared to the previous year. Net sales of products constituted 93.7% of total Company's sales and were higher by PLN 12.4 million compared to those in 2016. In the first 9 months of 2017, the Company's operating profit amounted to PLN 10.8 million and net profit was PLN 14.6 million. EBIT margin amounted to 2.1% and net margin was 2.9%.

In Q3 2017, Comarch S.A. reached PLN 163.7 million in revenue from sales, what constitutes an increase of PLN 8.8 million, i.e. 5.7% as compared to the previous year. Net sales of products constituted 95.3% of total Company's sales and were higher by PLN 14.0 million compared to those in 2016. In the third quarter of 2017, the Company's operating result amounted to minus PLN 0.1 million and net result was minus PLN 3.1 million.

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

Except for the ones described in [point 2](#) of the financial statement, foreign exchange rate differences and financial instruments based on exchange rates had an impact on the financial result. Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of September, 2017, decreased revenue and operating profit of Comarch S.A. by PLN 10,252 thousand (while during the corresponding period in 2016 decreased by PLN 724 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 409 thousand (while during the corresponding period in 2016 decreased by PLN 443 thousand). The valuation of financial instruments and realised transactions (mostly forward contracts), as well as provision for deferred income tax in reference to the valuation of the financial instruments, increased

Comarch S.A.'s net result by PLN 18,407 thousand (while in the corresponding period of 2016 they increased it by PLN 5,418 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of Comarch S.A. in the first 9 months of 2017 amounted to plus PLN 8,155 thousand (plus PLN 4,251 thousand in the first 9 months of 2016).

6. Discussion of Seasonality 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

During the first 9 months of 2017, Comarch S.A. created write-offs that revaluated goods and materials and finished products in the amount of PLN 5 thousand. The Company didn't 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 of	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
At 1 January 2016	57,639	2,875	-	-	60,514
Change:	17,492	-	-	-	17,492
- creation	17,492	-	-	-	17,492
- dissolution	-	-	-	-	-
At 30 September 2016	75,131	2,875	-	-	78,006
At 1 January 2016	57,639	2,875	-	-	60,514
Change:	24,973	(2,875)	-	-	22,098
- creation	24,973	-	-	-	24,973
- dissolution	-	(2,875)	-	-	(2,875)
At 31 December 2016	82,612	-	-	-	82,612
At 1 January 2017	82,612	-	-	-	82,612
Change:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
At 30 September 2017	82,612	-	-	-	82,612

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
At 1 January 2016	17,674	9,264	16,202	72,117	115,257
Change:	(1,984)	36	2,041	(41,099)	(41,006)
- creation	5,484	178	10,298	24,615	40,575
- dissolution	(7,468)	(142)	(8,257)	(65,714)	(81,581)
At 30 September 2016	15,690	9,300	18,243	31,018	74,251
At 1 January 2016	17,674	9,264	16,202	72,117	115,257
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)
At 31 December 2016	12,290	9,508	18,473	60,545	100,816
At 1 January 2017	12,290	9,508	18,473	60,545	100,816
Change:	1,408	1,137	1,172	(36,302)	(32,585)
- creation	7,531	1,137	10,128	25,995	44,791
- dissolution	(6,123)	-	(8,956)	(62,297)	(77,376)
At 30 September 2017	13,698	10,645	19,645	24,243	68,231

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

	Asset due to deferred income tax	Provision due to deferred income tax
At 1 January 2016	7,348	25,412
Creation in Q1-Q3 2016	1,106	314
Dissolution in Q1-Q3 2016	(2,354)	(2,045)
At 30 September 2016	6,100	23,681
At 1 January 2016	7,348	25,412
Creation in Q1-Q4 2016	1,608	-
Dissolution in Q1-Q4 2016	(2,446)	(1,582)
At 31 December 2016	6,510	23,830
At 1 January 2017	6,510	23,830
Creation in Q1-Q3 2017	958	2,409
Dissolution in Q1-Q3 2017	(1,441)	(33)

At 30 September 2017

6,027

26,206

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

During the reporting period, Comarch S.A. purchased computer hardware for the amount of PLN 35,375 thousand, technical devices and equipment related to them for the amount of PLN 4,596 thousand, as well as intangible assets for the amount of PLN 8,131 thousand. The Company also incurred expenditures for the construction of an office building in the amount of PLN 36,670 thousand.

As at the 30th of September, 2017, revenue from sales of property, plant and equipment amounted to PLN 2,070 thousand.

12. Information about Liability in Relation to Purchase of Property, Plant and Equipment

As at the 30th of September, 2017, Comarch S.A. holds an investment liabilities amounted to PLN 5,587 thousand related to the construction of an office building SSE7, liability due to purchase of computer hardware in the amount of PLN 1,717 thousand, liability due to purchase of car fleet in the amount of PLN 956 thousand, as well as liability due to purchase of intangible assets in the amount of PLN 2,124 thousand.

Comarch S.A. also has liability due to acquisition of shares in the increased capital in its subsidiary, Comarch Pointshub Inc., in the amount of PLN 3,250 thousand. Settlement of this obligation is provided for the 31st 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 Recognized 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 8th of May, 2017, in current report no. [RB-6-2017](#), ENG: [RB-6-2017](#) The Management Board of Comarch S.A. announced, that they shall recommend to the company's General Shareholders' Meeting the following distribution of the net profit of PLN 45, 588,464.11 achieved by Comarch S.A. 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 15th of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#), ENG: [RB-8-2017](#) of the 15th of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016.

On the 27th of June, 2017, company's General Shareholders' Meeting adopted the resolution no. 9 related to distribution of the net profit for a period from 1st of January, 2016 to 31st of December, 2016, according to the details above ([RB-14-2017](#), ENG: [RB-14-2017](#) of the 27th of June, 2017). The dividend was paid at the 11th 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

On the 30th of September, 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 66,814 thousand, whereas it was PLN 37,671 thousand on the 31st of December, 2016.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 76,282 thousand. Provisions for part of these claims were presented in the balance sheet as of the 30th of September, 2017, and are worth PLN 9,069 thousand (while provisions for claims relating to the court proceedings created in 2017 amounted to PLN 1,130 thousand). Comarch S.A is the party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 30,246 thousand. There were no provisions for these claims as at the balance sheet date.

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

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

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