

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr1 / 2018

quarter / year

(pursuant to §60 sec.2 and §62 sec. 1 of the Regulation regarding current and periodical information)
for issuers of securities managing production, construction, trade or services activities

for1... quarter of financial year ...2018 from 2018-01-01 to 2018-03-31
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 2018.395)
in currency PLN
date of publication 2018-05-18

COMARCH SA	
(full name of an issuer)	
COMARCH	Information Technology (IT)
(abbreviated name of issuer)	(sector according to WSE classification)
31-864	Kraków
(postal code)	(city)
Al. Jana Pawła II	39A
(street)	(number)
012 646 10 00	012 646 11 00
(telephone number)	(fax number)
IR@comarch.pl	www.comarch.pl
(e-mail)	(www)
677-00-65-406	350527377
(NIP)	(REGON)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1 2018	Q1 2017	Q1 2018	Q1 2017
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	271,989	255,621	65,094	59,598
II. Operating profit (loss)	568	2,100	136	490
III. Profit before income tax	-3,240	21,804	-775	5,084
IV. Net profit attributable to shareholders of parent company	-6,240	18,204	-1,493	4,244
V. Net cash flows from operating activities	36,484	87,163	8,732	20,322
VI. Net cash flows from investing activities	-26,706	-36,152	-6,391	-8,429
VII. Net cash flows from financing activities	11,203	13,631	2,681	3,178
VIII. Change in net cash flows	20,981	64,642	5,021	15,071
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings (losses) per single share (PLN/EURO)	-0.77	2.24	-0.18	0.52
XI. Diluted earnings (losses) per single share (PLN/EURO)	-0.77	2.24	-0.18	0.52
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	182,500	171,897	43,677	40,078
XIII. Profit (loss) on operating activities	402	5,658	96	1,319
XIV. Gross profit (loss)	-1,994	14,459	-477	3,371
XV. Net profit (loss)	-3,041	11,648	-728	2,716
XVI. Net cash flows from operating activities	1,947	45,079	466	10,510
XVII. Net cash flows from investing activities	-14,341	-4,534	-3,432	-1,057
XVIII. Net cash flows from financing activities	14,711	10,941	3,521	2,551
XIX. Total net cash flow	2,317	51,486	555	12,004
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	3.03	4.89	0.73	1.14
XXII. Diluted earnings (losses) per single share (PLN/EURO)	3.03	4.89	0.73	1.14

EQUITIES				
XXIII. Equity attributable to shareholders (consolidated)	829,890	835,062	197,194	200,211
XXIV. Equity (parent company)	792,702	796,984	188,357	191,082

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 01.01.2018 to 31.03.2018: 4.1784;

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2017 to 31.03.2017: 4.2891;

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

- 31.03.2018: 4.2085;

- 31.03.2017: 4.1709.

Values of equities (positions XXIII, XXIV) were presented as at the end of four 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_1_2018.pdf	Qsr 1 2018

SIGNATURES

Date	Name and surname	Position	Signature
2018-05-18	Konrad Tarański	Vice-President of the Management Board	
2018-05-18	Maria Smolińska	Proxy	



**COMARCH CAPITAL GROUP
CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD
FROM 1ST OF JANUARY 2018
TO 31ST OF MARCH 2018**

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

Krakow, 18th of May 2018

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 3 MONTHS 2018	7
I. Consolidated Balance Sheet.....	7
II. Consolidated Income Statement.....	9
III. Total Income Consolidated Statement	10
IV. Consolidated Statement of Changes in Shareholders' Equity	11
V. Consolidated Cash Flow Statement.....	12
VI. Supplementary information.....	13
1. Information about Group Structure and Activities	13
1.1. Organizational Structure of Comarch Group	14
1.2. Activities Structure in the Comarch Group	15
1.3. Changes in Ownership and Organisational Structure in Q1 2018	16
1.4. Changes in Ownership and Organisational Structure after the Balance Sheet Date	16
2. Description of the Applied Accounting Principles	16
3. Notes to the Consolidated Financial Statement	22
3.1. Segment Information	22
3.2. Property, Plant and Equipment.....	27
3.3. Investment Real Estate	28
3.4. Goodwill	29
3.5. Other Intangible Assets	29
3.6. Investment in Associates	30
3.7. Derivative Financial Instruments	30
3.8. Deferred Income Tax	32
3.9. Inventories	33
3.10. Trade and Other Receivables	34
3.11. Long-term Contracts	34
3.12. Available-for-Sale Financial Assets.....	36
3.13. Share Capital	36
3.14. Credits and Loans	37
3.15. Other Financial Liabilities	42
3.16. Provisions for Other Liabilities and Charges.....	43
3.17. Trade and Other Payables	43
3.18. Liabilities due to Operating Lease.....	44
3.19. Contingent Liabilities	44
3.20. Managerial Option Program for Members of the Management Board and Other Key Employees.....	45
3.21. Related-Party Transactions	45
3.22. Earnings per Share.....	47

4.	Additional Notes	48
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	48
4.2.	Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results	49
4.3.	Other events in Q1 2018	50
4.4.	Events after the Balance Sheet Date Not Included in the Financial Statement	51
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	51
4.6.	Significant Legal, Arbitration or Administrative Proceedings	51
4.7.	Information about Transactions with Related Parties on Terms Different from Market Conditions	51
4.8.	Information about Suretyships, as well as Guarantees Provided by the Issuer and Its Subsidiaries	51
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	54
5.	Significant Achievements and Failures as well as Factors and Events with Considerable Impact on the Financial Results of the Comarch Group in the First Quarter of 2018 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter	55
5.1.	Revenues and Financial Results	55
5.2.	Sales Structure	56
5.3.	Comarch S.A. Stock Price Performance	59
5.4.	Events in the First Quarter of 2018 that Greatly Impacted the Current Activities of the Comarch Group	60
5.5.	Events after the Balance Sheet Date that Greatly Impacted the Current Activities of the Comarch Group	60
	QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE FIRST QUARTER OF 2018	62
I.	Balance Sheet	62
II.	Income Statement	64
III.	Changes in Equity	65
IV.	Cash Flow Statement	66
V.	Additional Information and Commentary	67
1.	Adopted Accounting Policies	67
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	67
3.	Selected Notes to the Summary Financial Statement	68
3.1.	Non-current Financial Assets	68

3.2. Changes in Non-current Financial Assets (Types)	68
3.3. Current Financial Assets	69
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	70
5. An Amount and Type of Positions of Unusual Nature due to Type, Value or Frequency with Significant Effects on the Assets, Liabilities, Equity, Net Result and Cash Flows	70
6. Discussion of Seasonality of the Issuer's Business in the Period Presented	70
7. Information about Write-Offs that Revaluated Inventories at the Net Realizable Value and Reversal Referred to Them	70
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	71
9. Information about Creation, Increasing, Using and Dissolution of Provisions	71
10. Information about Provisions and Assets in Reference to Deferred Income Tax	72
11. Information about Significant Transactions of Purchase and Sale of Property, Plant and Equipment	72
12. Information about Liability in Relation to Purchase of Property, Plant and Equipment	72
13. Information about Significant Settlements in Reference to Court Proceedings	72
14. Corrections of Mistakes from the Previous Periods	72
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)	73
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	73
17. Information about One or More Transactions Concluded by the Issuer or Its Subsidiary with Related Parties, if are Concluded on Terms Different from Market Conditions	73
18. In Case of Financial Instruments Valuated in Fair Value – Information about Changes in Method of Its Establishment	73

19.	Information Related to Changes in Classification of Financial Assets as a Result of Changes in Their Purpose or Using of These Assets	73
20.	Information on any Issue, Repurchase or Repayment of Debt and Equity Securities	73
21.	Information on any Dividend Paid Out or Declared, Including Its Total and per Share Value, Separately for Ordinary and Preference Shares	73
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	73
23.	Information on any Changes in Contingent Liabilities or Contingent Assets which Have Occurred since the End of the Last Financial Year	73
24.	Other Information with Significant Effects on the Financial Condition Assessment and the Achieved Financial Results of the Issuer	74

**PLN 16.7
million of
EBITDA**

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

**PLN 272
million of
sales
revenue**

**52
subsidiaries
worldwide**

**Over
5,500
professionals
employed**

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

**PLN 1.1
billion of
Comarch S.A.
capitalisation
on WSE**

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 3 MONTHS 2018

I. Consolidated Balance Sheet

ASSETS	Note	At 31 March 2018	At 31 December 2017
NON-CURRENT ASSETS			
Property, plant and equipment	3.2	557,444	556,838
Investment real estates	3.3	15,206	15,357
Goodwill	3.4	42,197	42,197
Other intangible assets	3.5	63,921	63,319
Non-current prepayments		3,099	3,321
Investments in associates	3.6	10,741	11,233
Other assets at fair value – derivative financial instruments	3.7a	1,973	2,904
Other investments		106	112
Deferred income tax assets	3.8	30,787	31,237
Other receivables		5,941	5,392
		731,415	731,910
CURRENT ASSETS			
Inventories	3.9	148,918	114,967
Trade and other receivables	3.10	333,961	392,153
Current income tax receivables		3,437	2,222
Long-term contracts receivables	3.11	78,297	46,886
Available-for-sale financial assets	3.12	-	-
Other financial assets at fair value – derivative financial instruments	3.7a	7,709	8,516
Interest and shares		-	-
Cash and cash equivalents		228,846	207,937
		801,168	772,681
Assets available-for-sale		-	3,861
TOTAL ASSETS		1,532,583	1,508,452

TOAL EQUITY AND LIABILITIES	Note	At 31 March 2018	At 31 December 2017
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.13	8,133	8,133
Other capitals		143,041	143,041
Exchange differences		5,237	4,169
Net profit for the current period		(6,240)	42,036
Retained earnings		679,719	665,525
Changes in retained earnings due to IFRS 15		-	(27,842)
		829,890	835,062
Minority interest		15,627	16,128
TOTAL EQUITY		845,517	851,190
LIABILITIES			
Non-current liabilities			
Credit and loans	3.14	186,701	185,596
Other liabilities		4,830	6,928
Financial liabilities at fair value – derivative financial instruments	3.7b	675	736
Other financial liabilities	3.15	412	446
Provision for deferred income tax	3.8	42,809	43,962
Provisions for other liabilities and charges	3.16	2	-
		235,429	237,668
Current liabilities			
Trade and other payables	3.17	181,903	177,320
Current income tax liabilities		3,693	4,942
Long-term contracts liabilities	3.11	73,035	65,133
Credit and loans	3.14	52,374	39,111
Financial liabilities at fair value – derivative financial instruments	3.7b	852	509
Other financial liabilities	3.15	151	165
Provisions for other liabilities and charges	3.16	139,629	132,414
		451,637	419,594
TOTAL LIABILITIES		687,066	657,262
TOTAL EQUITY AND LIABILITIES		1,532,583	1,508,452

II. Consolidated Income Statement

	Note	Q1 2018	Q1 2017
Revenue		271,989	255,621
Cost of sales		(215,447)	(200,368)
Gross profit		56,542	55,253
Other operating income		1,409	1,428
Sales and marketing costs		(27,393)	(31,877)
Administrative expenses		(22,014)	(20,225)
Other operating expenses		(7,976)	(2,479)
Operating profit		568	2,100
Finance revenue - net		(2,663)	20,889
Share of profit / (loss) of associates		(1,145)	(1,185)
Profit / (loss) before income tax		(3,240)	21,804
Income tax expense		(3,502)	(4,272)
Net profit / (loss) for the period		(6,742)	17,532
Attributable to:			
Shareholders of the parent company		(6,240)	18,204
<i>Interests not entitled to control</i>		<i>(502)</i>	<i>(672)</i>
		(6,742)	17,532
Earnings / (losses) per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)			
– basic	<u>3.22</u>	(0.77)	2.24
– diluted	<u>3.22</u>	(0.77)	2.24

III. Total Income Consolidated Statement

	Q1 2018	Q1 2017
Net profit / (loss) for the period	(6,742)	17,532
Other total income		
Exchange differences from recalculation of subsidiaries	1,069	(9,464)
Total other total income	1,069	(9,464)
 Sum of total income for the period	 (5,673)	 8,068
Attributable to the parent company shareholders	(5,172)	8,739
Attributable to the interests not entitled to control	(501)	(671)

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 2017	8,133	143,041	18,524	73,034	604,691	14,641	862,064
Transferring result for 2016	-	-	-	(73,034)	73,034	-	-
Changes in retained earnings due to IFRS 15*	-	-	-	-	(50,432)	-	(50,432)
Dividend paid	-	-	-	-	-	-	-
Currency translation differences ⁽¹⁾	-	-	(9,465)	-	-	1	(9,464)
Profit / (loss) for the period ⁽²⁾	-	-	-	18,204	-	(672)	17,532
Total income recognised in equity ⁽¹⁺²⁾	-	-	(9,465)	18,204	-	(671)	8,068
Balance at 31 March 2017	8,133	143,041	9,059	18,204	627,293	13,970	819,700
Balance at 1 January 2018	8,133	143,041	4,169	42,036	665,525	16,128	879,032
Changes in retained earnings due to IFRS 15*	-	-	-	-	(27,842)	-	(27,842)
Balance at 1 January 2018 after the changes in retained earnings due to IFRS 15	8,133	143,041	4,169	42,036	637,683	16,128	851,190
Transferring result for 2017	-	-	-	(42,036)	42,036	-	-
Dividend paid	-	-	-	-	-	-	-
Currency translation differences ⁽¹⁾	-	-	1,068	-	-	1	1,069
Profit / (loss) for the period ⁽²⁾	-	-	-	(6,240)	-	(502)	(6,742)
Total income recognised in equity ⁽¹⁺²⁾	-	-	1,068	(6,240)	-	(501)	(5,673)
Balance at 31 March 2018	8,133	143,041	5,237	(6,240)	679,719	15,627	845,517

As at the 31st of March, 2018, there is no basis for paying dividends to the entities outside Group.

*) From the 1st of January, 2018, the Group started to apply the principles resulting from IFRS 15. In connection with the above, the difference between revenues for previous years calculated in accordance with the principles applied previously and revenues for previous years calculated in accordance with the principles resulting from IFRS 15 was determined (recognized as a correction of the result for previous years in connection with interim settlement of revenues from long-term contracts). The following methodology was used to calculate the difference: contracts during the implementation as at the 31st of December, 2017, was identified, and revenues from these contracts were converted according to IFRS 15 for the entire period of their implementation, i.e. from the starting date to the 31st of December, 2017.

V. Consolidated Cash Flow Statement

	3 months ended 31 March 2018	3 months ended 31 March 2017
Cash flows from operating activities		
Net profit	(6,742)	17,532
Total adjustments	48,719	79,562
Share in profits (losses) of subsidiaries valued using the equity method	1,145	1,185
Depreciation	16,175	15,189
Profit (loss) from foreign exchange differences	1,088	(1,596)
Interest and profit sharing (dividends)	761	358
Profit (loss) on investing activities	91	849
Change in inventories	(31,111)	(12,018)
Change in receivables	13,456	79,984
Change in liabilities and provisions excluding credits and loans	47,099	(4,393)
Other adjustments	15	4
Net profit less total adjustments	41,977	97,094
Income tax paid	(5,493)	(9,931)
Net cash generated (used) in operating activities	36,484	87,163
Cash flows from investing activities		
Purchases of property, plant and equipment	(21,277)	(25,999)
Proceeds from sale of property, plant and equipment	1,172	74
Purchases of intangible assets	(6,081)	(4,722)
Proceeds from disposal of investment in real estate and intangible assets	3	-
Expenses for purchase of financial assets	(4,800)	(6,255)
Proceeds from sale of financial assets	-	-
Expenses for investment in real estates	(376)	(327)
Granted loans	-	-
Paid loans	2,005	30
Interest	44	61
Other proceeds from financial assets	2,609	986
Other investment proceeds	-	-
Other investment expenses	(5)	-
Net cash generated (used) in investing activities	(26,706)	(36,152)
Cash flows from financing activities		
Dividends and other payments to owners	-	-
Proceeds from credits and loans	25,192	22,140
Repayments of credits and loans	(12,830)	(8,106)
Interest on credit	(913)	(674)
Proceeds from paid loans	733	-
Proceeds from interest on loans	-	-
Granted loans	(1,123)	-
Payment of liabilities under finance lease agreements	-	(43)
Other financial proceeds	356	408
Other interest and financial expenses	(212)	(94)
Net cash generated (used) in financing activities	11,203	13,631
Net change in cash, cash equivalents and bank overdrafts	20,981	64,642
Cash, cash equivalents and bank overdrafts at beginning of the period	207,925	235,825

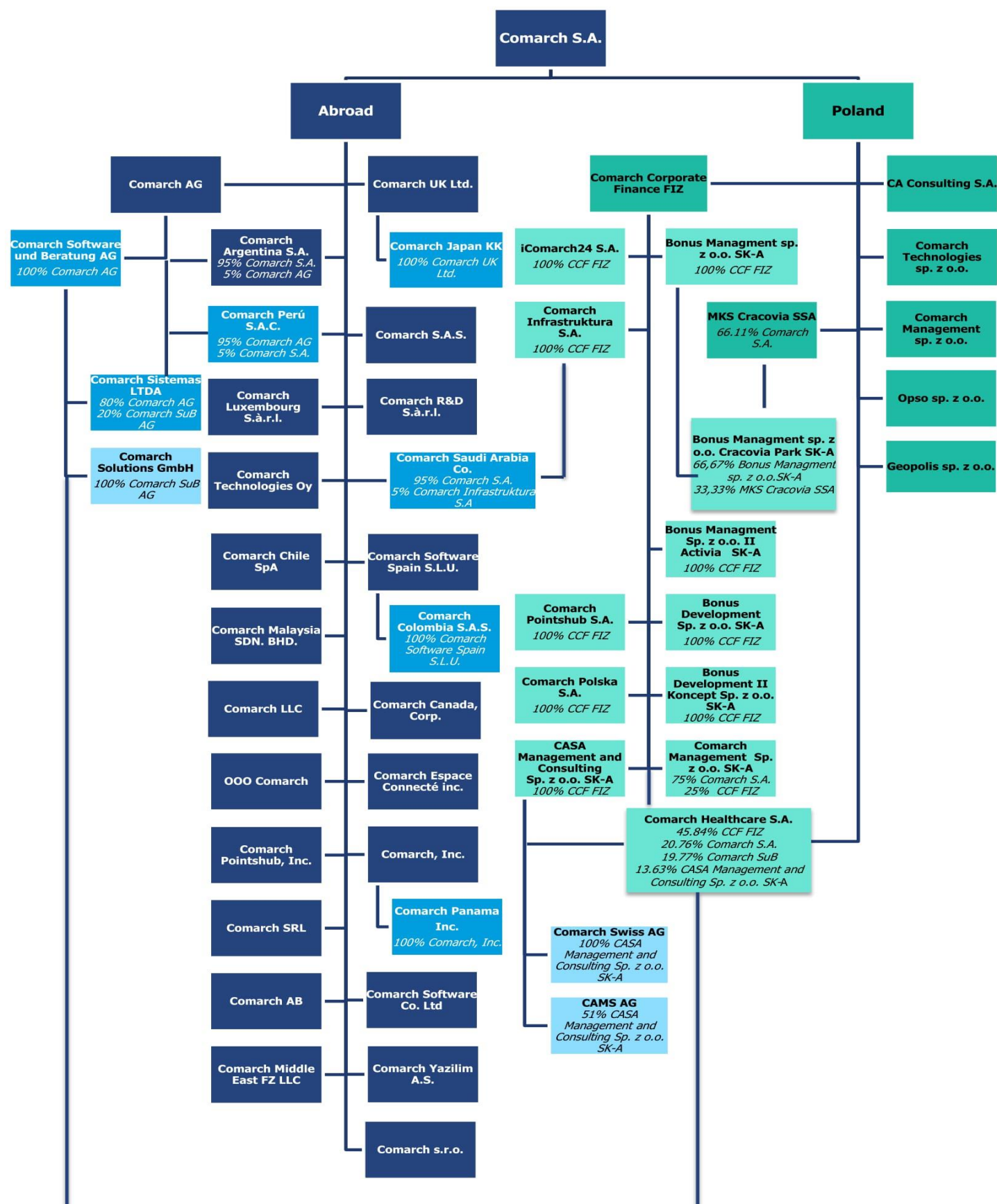
Positive (negative) exchange differences in cash and bank overdrafts	(64)	(5,603)
Cash, cash equivalents and bank overdrafts at end of the period	228,842	294,864
<i>- including limited disposal</i>	<i>2,954</i>	<i>9,263</i>

VI. Supplementary information

1. Information about Group Structure and Activities

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

1.1. Organizational Structure of Comarch Group



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

On the 31st of March, 2018, associates of the parent company were:

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

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

1.2. Activities Structure in the Comarch Group

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them;
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co. and Comarch Software (Shanghai) Co. Ltd. acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market;
- Comarch Polska S.A. acquires IT contracts in domestic 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. specializes in data communications relating to 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;
- The subject matter of activities of Comarch Pointshub S.A. are activities related to Smart City;
- Comarch Infrastruktura S.A. (formerly Infrasturktura24 S.A.) offers services related to Data Centre and IT services outsourcing;
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group;
- Geopolis sp. z o.o. implements integrated GIS system in public administration entities;
- MKS Cracovia SSA conducts sports activities and promotes physical education;
- "Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością" Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation;
- Opso sp. z o.o. provides catering services;
- Comarch s.r.o. is currently not operating.

1.3. Changes in Ownership and Organisational Structure in Q1 2018

On the 22nd of March, 2018, the Extraordinary General Shareholders Meeting of Comarch Healthcare S.A. adopted a resolution on the increase of share capital from PLN 10,114,806 to PLN 12,114,806 through the issue of 2,000,000 new interests with a nominal value of PLN 1.00 each. New interests were acquired and paid in full by Comarch Software und Beratung AG. Until the date of publication of this report the capital increase has not been registered.

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

On the 11th of May, 2018, a share capital increase of Comarch Management Sp. z o.o. from the amount of PLN 300 thousand to PLN 400 thousand (an increase of PLN 100 thousand) was registered.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the three months ended the 31st of March, 2018, 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 three months ended the 31st of March, 2018, 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 year ended the 31st of December, 2017 ("the IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the three months ended the 31st of March, 2018, does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the year ended the 31st of December, 2017 (notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2017), except of the rules for determining revenues resulting from the adoption for the first time IFRS 15 and IFRS 9 as at the 1st of January, 2018.

In connection with the above, as at the 1st of January, 2018, the difference between revenues for previous years calculated in accordance with the principles applied previously and revenues for previous years calculated in accordance with the principles resulting from IFRS 15 was determined (recognized as a correction of the result for previous years in connection with interim settlement of revenues from long-term contracts. The following methodology was used to calculate the difference:

- contracts during the implementation as at the 31st of December, 2017, were identified;
- revenues from these contracts were converted according to IFRS 15 for the entire period of their implementation, i.e. from the starting date to the 31st of December, 2017.

Revenues and results for the first quarter of 2018 are already compliant with the principles resulting from IFRS 15. For comparative purposes, financial data as at the 1st of January, 2018, and for the first quarter of 2017 were converted in accordance with IFRS 15.

In connection with the application of IFRS 9 for the first time as of 1st of January, 2018, the Group has made the following adjustments:

- a) in the scope of cash and cash equivalents

The Group estimated the write-offs for cash and cash equivalents, based on the possible insolvency of financial institutions in which cash and cash equivalents are stored. The probability was determined on the basis of external ratings of banks and available information of rating agencies. Based on the analysis, the Group did not create write-offs for cash and cash equivalents.

b) in the scope of receivables

The Group analysed trade receivables in the model of expected loss. For all trade receivables, an individual analysis was performed and based on it, the expected loss was determined for each receivable. No portfolio analysis of receivables based on historical insolvency rates was performed due to the inadequacy of this approach to the specific nature of the Group's receivables.

c) In the scope of granted loans to associates

The Group performed an analysis of the business model for granted loans to associates, in which it was stated that all loans meet the maintenance model for the purpose of debt recovery. After analysing the contractual terms of the loans, it was considered that the SPPI classification test was also met. The Group performed the analysis in the expected loss model, as a result of which the revaluation write-off was waived due to irrelevance.

d) In the scope of bank credits

As a result of the application of the requirements of IFRS 9, the Comarch Group did not find any significant changes in the measurement of financial liabilities in relation to the valuation performed under IAS 39.

The Interim Consolidated Financial Statement for the three months ended the 31st of March, 2018, 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 three months ended the 31st of March, 2018, is prepared in thousands of Polish zloty ("PLN") and was authorized for issuance by the Management Board on the 18th of May, 2018.

Interpretations to standards which will be applied in 2018 for the first time

- **IFRS 15 „Revenue from Contracts with Customers”** and subsequent changes **to IFRS 15 „Date of entry into force IFRS 15”** - approved by the UE on 22nd of September, 2016 (effective for annual periods beginning on or after 1st of January, 2016).

The Comarch Group applied IFRS 15 for the first time in preparing the financial report for the first quarter of 2018. Corrections in result for 2017 and for the previous years, resulting from the adoption of IFRS 15, were presented in the balance sheet as at the 31st of December, 2017, changes in equity and note [3.11](#). For comparative purposes, financial data as at the 31st of March, 2017, were converted in accordance with IFRS 15.

On the 8th of December, 2016, a slight improvements have been made to the following 3 standards, as a result of the review of IFRS:

- **IFRS 1 “First-time Adoption of International Financial Reporting Standards”** – deleted a few short-term exemptions, because they have now served their intended purpose,
- **IFRS 12 “Disclosure of Interests in Other Entities”** - specified the disclosure requirements in the standard regarding to interests, regardless of they are classified as held for sale, paid as a dividend or discontinued operation,
- **IFRS 28 “Investments in Associates and Joint Ventures”** – regarding to the moments, in which an investment entities (i.e. venture capital) can decide about the election to measure at fair value method of valuation of interests in associates or joint venture (not equity method).

They apply for annual periods beginning on or after 1st of January, 2018, (exception of amendments to IFRS 12, which are effective for annual periods beginning on or after 1st of January, 2017).

- **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),
- **Amendments to IFRS 2 "Share-based Payments"** - published on 20th of June, 2016, and is effective for annual periods beginning on or after 1st of January, 2018. The purpose of amendments to the standard was classification and measurement of share-based payment transactions.
- **Amendments to IFRS 4 "Insurance Contracts"** - Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Instruments" was published on 12th of September, 2016, and is effective for annual periods beginning on or after 1st of January, 2018.
- **Amendments to IAS 40 Transfer of investment properties** – published on 8th of December, 2016, and is effective for annual periods beginning on or after 1st of January, 2018.

The above mentioned amendments to standards did not have any material effect on the Group's financial report for Q1 2018.

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 16 "Leasing"** – published on the 13th of January, 2016, and is effective for annual periods beginning on or after 1st of January, 2019, with earlier adoption permitted (if IFRS 15 has also been applied),

The Group has not decided to apply these standards and interpretations earlier. The Group will apply them from the 1st of January, 2018.

The Management Board of the Parent Company informs that application of IFRS 16 will, in the future, impact the amounts and recognitions presented in the consolidated financial statement of the Capital Group. There is currently still no possibility of providing reliable estimates of the impact of IFRS 16 on the financial statement.

Standards and Interpretations adopted by IASB but not yet approved by the EU

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 date of publication of this report:

- **IFRS 14 "Deferred Balances from Regulated Activity"** (effective for annual periods beginning on or after 1st of January, 2016) - European Commission has decided not to initiate the process of approving this provisional standard for use within the EU until the final version of IFRS 14,
- **IFRS 17 "Insurance Contract"** – published on the 18th of May, 2017,
- **Amendments to IFRS 10 and IAS 28: Sale or transfer of assets between an investor and an associate or a joint venture** was published on the 11th of September, 2014 (the adoption of the change has been halted),
- **IFRIC 22 "Transactions in foreign currencies and advanced payments"** – published on the 8th of December, 2016,
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – published on the 7th of June, 2017,
- **Amendments to IFRS 9: Prepayment Features with Negative Compensation**, published on the 12th of October, 2017,

- **Amendments to IFRS 28: Long-term Interests in Associates and Joint Ventures**, published on the 12th of October, 2017,
- **Amendments to various standards adopted within the frame of annual improvements process to IFRS "Annual Improvements (period 2015-2017)"**, published on the 12th of December, 2017,
- **Amendments to IAS 19: Change, limitation and settlement of the program**, published on the 7th of February, 2018.

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 3 months ended the 31st of March, 2018, 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 Japan KK	Subsidiary	Full	100% held by Comarch UK Ltd.
Comarch Chile SpA	Subsidiary	Full	100%
Comarch Software Spain S.L.U.	Subsidiary	Full	100%
Comarch Colombia S.A.S.	Subsidiary	Full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	Subsidiary	Full	100%
Comarch SRL	Subsidiary	Full	100%
Comarch Malaysia SDN. BHD.	Subsidiary	Full	100%
Comarch s.r.o.	Subsidiary	Full	100%
Comarch Pointshub, Inc.	Subsidiary	Full	100%
Comarch AB	Subsidiary	Full	100%
Comarch Argentina S.A.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch Technologies sp. z o.o.	Subsidiary	Full	100%
CA Consulting S.A.	Subsidiary	Full	100%
Geopolis sp. z o.o.	Subsidiary	Full	100%
Comarch Management sp. z o.o.	Subsidiary	Full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	Subsidiary	Full	100% of 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. Cracovia Park SK-A	Subsidiary	Full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Bonus Development sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Management sp. z o.o. II Activia SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Development sp. z o.o. II 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 CASA, 169.77% held by Comarch Software und Beratung AG, 13.63% held by CASA Management and Consulting sp. z o.o. SK-A
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, 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:

- sales of IT systems and services, 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 to real estate investment, (hereinafter referred to as the "Investment Segment"),
- activity in relation to medical services (hereinafter referred to as the "Medicine 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 business division, the Comarch Group defines the following market segments: Poland, DACH region (Germany, Austria, Switzerland) and other countries. The Sport Segment, Medicine Segment and Investment Segment operate exclusively on Polish territory. Due to the fact that only the IT Segment operates abroad and, at the same time, costs incurred in the IT segment are largely common for export and domestic sales, it is pointless to define separate results for export and domestic activities.

The Group's sales is highly diversified and there is no dependency on a single customer. Within 3 months of 2018 the share of none of the customer exceeded 10% of total sales of the Comarch Group.

Over 2017, Comarch Group revenue structure was as follows: 22% of annual sales were achieved in the first quarter, 22% in the second quarter, 24% in the third quarter and 32% in the fourth quarter. Over 2018, the Group expects the distribution of sales revenue similar to that of 2017.

The Company notes that the comparative data for the first quarter of 2017 have been modified in connection with adoption of principles of IFRS 15 as at the 1st of January, 2018.

3 months ended 31 March 2017	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimina- tions	Total
	Polish market	DACH market	Other markets					
Revenues per segment- sales to external clients	155,308	59,700	52,550	2,486	4,335	3,559	-	277,938
<i>including:</i>								
Revenues from sales	138,247	58,598	51,903	135	4,308	2,430	-	255,621
<i>To customers in Telecommunication, Media, IT sector</i>	<i>31,571</i>	<i>9,778</i>	<i>14,498</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>55,847</i>
<i>To customers in Finance and Banking sector</i>	<i>32,103</i>	<i>9,514</i>	<i>4,318</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>45,935</i>
<i>To customers in Trade and services sector</i>	<i>15,524</i>	<i>5,075</i>	<i>25,052</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>45,651</i>
<i>To customers in Industry&Utilities</i>	<i>19,823</i>	<i>6,039</i>	<i>7,125</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>32,987</i>
<i>To customers in Public sector</i>	<i>8,895</i>	<i>1,801</i>	<i>906</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>11,602</i>
<i>To customers in small and medium enterprises sector</i>	<i>28,841</i>	<i>26,391</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>55,232</i>
<i>To customers in Medicine sector</i>	<i>933</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,430</i>	<i>-</i>	<i>3,363</i>
<i>To other customers</i>	<i>557</i>	<i>-</i>	<i>4</i>	<i>135</i>	<i>4,308</i>	<i>-</i>	<i>-</i>	<i>5,004</i>
<i>Other operating revenue</i>	<i>(157)</i>	<i>1,045</i>	<i>253</i>	<i>30</i>	<i>90</i>	<i>167</i>	<i>-</i>	<i>1,428</i>
<i>Finance revenue</i>	<i>17,218</i>	<i>57</i>	<i>394</i>	<i>2,321</i>	<i>(63)</i>	<i>962</i>	<i>-</i>	<i>20,889</i>
Revenues per segment - sales to other segments	44,103	8,378	6,456	1,449	2,208	438	(63,032)	-
Revenues per segment - total*	199,411	68,078	59,006	3,935	6,543	3,997	(63,032)	277,938
Costs per segment relating to sales to external clients	133,066	57,887	53,677	85	7,296	2,938	-	254,949
Costs per segment relating to sales to other segments	44,103	8,378	6,456	1,449	2,208	438	(63,032)	-
Costs per segment - total*	177,169	66,265	60,133	1,534	9,504	3,376	(63,032)	254,949
Current taxes	(60)	(520)	(861)	(7)	-	-	-	(1,448)
Assets for the tax due to investment allowances and other tax relief	(3,320)	229	(723)	48	942	-	-	(2,824)
Share of segment in the result of parties valued using the equity method of accounting	119	-	(1,304)	-	-	-	-	(1,185)
Net result	18,981	1,522	(4,015)	2,442	(2,019)	621	-	17,532
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	<i>18,981</i>	<i>1,522</i>	<i>(4,015)</i>	<i>2,430</i>	<i>(1,335)</i>	<i>621</i>	<i>-</i>	<i>18,204</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>12</i>	<i>(684)</i>	<i>-</i>	<i>-</i>	<i>(672)</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 31st of March, 2017, as well as investment expenditures and depreciation in during 3 months of 2017:

31 March 2017 / 3 months ended 31 March 2017

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	811,122	204,992	214,348	148,132	52,531	15,800	1,446,925
Liabilities	396,489	99,513	70,761	37,945	18,103	4,414	627,225
Investment expenditures	20,933	9,023	6,124	1,015	158	50	37,303
Depreciation	9,001	3,620	702	304	867	695	15,189

3 months ended 31 March 2018	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimina- tions	Total
	Polish market	DACH market	Other markets					
Revenues per segment- sales to external clients	141,515	66,377	55,206	(94)	5,212	2,519	-	270,735
<i>including:</i>								
Revenues from sales	143,078	66,181	55,040	181	4,769	2,740		271,989
<i>To customers in Telecommunication, Media, IT sector</i>	<i>23,548</i>	<i>19,848</i>	<i>21,660</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>65,056</i>
<i>To customers in Finance and Banking sector</i>	<i>32,908</i>	<i>8,093</i>	<i>3,038</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>44,039</i>
<i>To customers in Trade and services sector</i>	<i>13,678</i>	<i>6,619</i>	<i>23,159</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>43,456</i>
<i>To customers in Industry&Utilities</i>	<i>14,421</i>	<i>5,037</i>	<i>6,447</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>25,905</i>
<i>To customers in Public sector</i>	<i>13,624</i>	<i>2,172</i>	<i>729</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>16,525</i>
<i>To customers in small and medium enterprises sector</i>	<i>37,443</i>	<i>24,412</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>61,885</i>
<i>To customers in Medicine sector</i>	<i>6,354</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,740</i>	<i>-</i>	<i>9,094</i>
<i>To other customers</i>	<i>1,102</i>	<i>-</i>	<i>7</i>	<i>181</i>	<i>4,769</i>	<i>-</i>	<i>-</i>	<i>6,059</i>
<i>Other operating revenue</i>	<i>392</i>	<i>259</i>	<i>281</i>	<i>12</i>	<i>381</i>	<i>84</i>	<i>-</i>	<i>1,409</i>
<i>Finance revenue</i>	<i>(1,955)</i>	<i>(63)</i>	<i>(115)</i>	<i>(287)</i>	<i>62</i>	<i>(305)</i>	<i>-</i>	<i>(2,663)</i>
Revenues per segment - sales to other segments	61,485	8,029	6,494	1,888	2,216	526	(80,638)	-
Revenues per segment - total*	203,000	74,406	61,700	1,794	7,428	3,045	(80,638)	270,735
Costs per segment relating to sales to external clients	130,976	60,657	70,117	(35)	7,258	3,857	-	272,830
Costs per segment relating to sales to other segments	61,485	8,029	6,494	1,888	2,216	526	(80,638)	-
Costs per segment - total*	192,461	68,686	76,611	1,853	9,474	4,383	(80,638)	272,830
Current taxes	(1,689)	(1,382)	(1,039)	(94)	-	-	-	(4,204)
Assets for the tax due to investment allowances and other tax relief	(796)	31	924	(5)	548	-	-	702
Share of segment in the result of parties valuated using the equity method of accounting	(283)	-	(862)	-	-	-	-	(1,145)
Net result	7,771	4,369	(15,888)	(158)	(1,498)	(1,338)	-	(6,742)
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	<i>7,771</i>	<i>4,369</i>	<i>(15,888)</i>	<i>(157)</i>	<i>(997)</i>	<i>(1,338)</i>	<i>-</i>	<i>(6,240)</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(1)</i>	<i>(501)</i>	<i>-</i>	<i>-</i>	<i>(502)</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.

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 31st of March, 2018, as well as investment expenditures and depreciation in during 3 months of 2018:

31 March 2018 / 3 months ended 31 March 2018

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	854,657	222,910	243,516	138,981	58,063	14,456	1,532,583
Liabilities	432,664	97,216	101,001	33,797	19,410	2,978	687,066
Investment expenditures	17,994	4,739	2,413	5,206	2,166	21	32,539
Depreciation	9,029	3,992	821	494	1,115	724	16,175

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

Revenues from basic sales - activities location

	3 months ended 31 March 2018	%	3 months ended 31 March 2017	%
Poland	150,768	55.4	145,120	56.8
DACH region	66,181	24.3	58,598	22.9
Other countries	55,040	20.3	51,903	20.3
Total	271,989	100.0	255,621	100.0

Assets – activities location

	31 March 2018	%	31 December 2017	%
Poland	1,066,134	69.6	1,048,264	69.5
DACH region	222,910	14.5	202,412	13.4
Other countries	243,539	15.9	257,776	17.1
Total	1,532,583	100.0	1,508,452	100.0

Investment expenditures – activities location

	3 months ended 31 March 2018	%	12 months ended 31 December 2017	%	3 months ended 31 March 2017	%
Poland	25,387	78.0	111,187	72.4	22,156	59.4
DACH region	4,739	14.6	16,157	10.5	9,023	24.2
Other countries	2,413	7.4	26,384	17.1	6,124	16.4
Total	32,539	100.0	153,728	100.0	37,303	100.0

3.2. Property, Plant and Equipment

	31 March 2018	31 December 2017
Lands and buildings	374,014	324,518
Means of transport and machinery	126,875	109,000
Property, plant and equipment under construction	43,273	110,381
Others	13,174	12,760
Advance money for property, plant and equipment under construction	108	179
Total	557,444	556,838

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31st of December, 2018, the Group's property are seven office buildings in the Special Economic Zone in Krakow ("SEZ") at 83,500 square metres of the total space, two office buildings in Warsaw at 2,582 square metres of the total space and office 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 approx. 2.01 ha of the total area. As at the 31st of March, 2018, property, plant and equipment under construction comprise mostly expenditures related to an investments in the Special Economic Zone in Krakow, involving the additional works in office building SSE7 (an amount of PLN 1,052 thousand), expenditures related to modernization works of the storage building in Lille and adapting it to the function of the data centre (an amount of PLN 30,398 thousand), expenditures related to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA (an amount of PLN 5,555 thousand) and expenditures related to purchased but did put into use hardware.

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 31st of March, 2018, the book value of this equipment amounted to PLN 2,622 thousand.

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18th of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow

(SSE7). The subject of the contract was construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m². On the 30th of October, 2017, amendments to the aforementioned agreement were signed (current report no. [RB-20-2017](#), ENG: [RB-20-2017](#)), where completion date was extended to 31st of December, 2017. Works covered by the initial scope of the agreement were performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed (current report no. [RB-3-2018](#), ENG: [RB-3-2018](#)), which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721 thousand up to PLN 69,999 thousand and planned completion date of the works comprised by the amendment has been extended to the 30th of June, 2018. Investment expenditures incurred in connection with the initial scope of the agreement have been settled and the building was accepted for use in February, 2018. Currently, additional works in connection with the amendment were performed and investment expenditures incurred in connection with this amendment until the 31st of March, 2018, amounted to PLN 1,052 thousand. The office building that was purchased by Comarch S.A.S. in Lille is the new office of the company. On the 15th of March, 2016, Comarch S.A.S., a subsidiary of Comarch S.A. signed an agreement with SNC-LAVALIN S.A.S., for the realization of the construction investment in Lille, France. The subject of the contract is the alteration of the warehouse building at 17 Rue Paul Langevin in Lezennes in the data centre. The value of this agreement amounts to EUR 7,553 thousand net, i.e. PLN 31,787 thousand (exchange rate at the 31st of March, 2018). Investment expenditures incurred in connection with the above-mentioned agreement until the 31st of March, 2018, amounted to EUR 7,223 thousand, i.e. PLN 30,398 thousand, at the exchange rate at the 31st of March, 2018. The investment is financed by a long-term bank credit.

3.3. Investment Real Estate

	31 March 2018	31 December 2017
Lands	2,875	2,875
Buildings	12,331	12,482
Total	15,206	15,357

As at the 31st of March, 2018, 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:

	31 March 2018	31 December 2017
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	1,462
Total	42,197	42,197

The Group, did not run a test for loss in value regarding value as at 31st of March, 2018. A test for loss in value regarding goodwill was run as at the 31st of December, 2017, according to the methodology used and described in details in the annual financial statements for 2017. There was no loss in value.

3.5. Other Intangible Assets

	31 March 2018	31 December 2017
Costs of finished development works	287	335
Perpetual usufruct right	39,289	39,312
Licences and software	16,406	15,355
Other	7,920	8,317
Advance money for intangible assets	19	-
Total	63,921	63,319

Other intangibles include valuation of assets, classified as intangible assets, related to the right to use MKS Cracovia SSA players' cards in the amount of PLN 7,920 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 31st of March, 2018, the Group had shares in associates.

At 1 January 2017	14,395
Share in profit of Sointeractive S.A.	(111)
Acquiring shares in and share in profit of Metrum Capital S.A.	(14)
Repayment of loan by SoInteractive S.A.	(80)
Acquiring shares in and share in profit of Thanks Again LLC	(2,957)
At 31 December 2017	11,233
At 1 January 2018	11,233
Share in profit of Sointeractive S.A.	(269)
Acquiring shares in and share in profit of Metrum Capital S.A.	(1)
Repayment of loan by SoInteractive S.A.	(130)
Granting loan to SoInteractive SA	770
Share in profit of Thanks Again LLC	(862)
At 31 March 2018	10,741

As at the 31st of March, 2018, 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 50 thousand, shares in Thanks Again LLC (Comarch Pointshub, Inc. acquired 42.50% of shares, i.e. 42.50% of votes at the AGM, with total value of PLN 9,907 thousand - the nominal value of acquired shares PLN 30,831 thousand reduced by participation in 2015, 2016, 2017 and 2018 financial result and update of the value of shares), as well as loans granted to SoInteractive S.A. by Comarch Infrastruktura S.A. in the amount of PLN 770 thousand.

3.7. Derivative Financial Instruments

a) Assets

	31 March 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	9,397	11,316
Transaction on change of IRS	285	104
	9,682	11,420
<i>Current portion</i>	<i>7,709</i>	<i>8,516</i>
<i>Non-current portion</i>	<i>1,973</i>	<i>2,904</i>

b) Liabilities

	31 March 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	792	426
Transaction on change of IRS	735	819
	1,527	1,245
<i>Current portion</i>	<i>852</i>	<i>509</i>
<i>Non-current portion</i>	<i>675</i>	<i>736</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 31st of March, 2018, 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 31st of March, 2018, amounted to EUR 19,477 thousand and USD 5,785 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 31st of March, 2018, valuation of the IRS transaction amounted to minus PLN 60 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 31st of March, 2018, valuation of IRS transaction amounted to minus PLN 77 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 31st of March, 2018, valuation of the IRS transaction amounted to minus PLN 392 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 31st of March, 2018, valuation of the IRS transaction amounted to minus PLN 199 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 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 till the 30th of September, 2019. As at the 31st of March, 2018, valuation of the IRS transaction amounted to minus PLN 7 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 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 till the 29th of February, 2028. As at the 31st of March, 2018, valuation of the IRS transaction amounted to PLN 138 thousand.

On the 27th of November, 2017, Bonus Development Sp. z o.o. SKA concluded a transaction on change of IRS for an investment credit taken on the 29th of June, 2015, 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 till the 31st of May, 2030. As at the 31st of March, 2018, valuation of the IRS transaction amounted to PLN 147 thousand.

3.8. Deferred Income Tax

	31 March 2018	31 December 2017
Deferred income tax assets		
Temporary differences	13,445	12,591
Asset due to a tax loss	10,351	9,783
Asset due to activities in Special Economic Zone ("SEZ")	6,991	8,863
Total	30,787	31,237
<i>Charged to financial result</i>	<i>30,787</i>	<i>31,237</i>

In Q1 2018, the Group dissolved an asset due to activities in the SEZ that was worth PLN 1,872 thousand and established as at the 31st of December, 2017, in proportion to the generated tax-exempt income in this period. This asset will be gradually dissolved within 2018 in proportion to the generated tax-exempt income in this period.

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

- 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;
- obtained in 2013, its validity term has not been specified;
- obtained in February 2016, its validity term has not been specified;
- obtained in March 2016, its validity term has not been specified.

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

Pursuant to IAS 12, unused tax relief as at the 31st of March, 2018, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized (its period of validity was the 31st of December, 2017). Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 15,917 thousand as at the 31st of March, 2018 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 28,929 thousand as at the 31st of March, 2018 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in March 2016, regarding investment in the office building SSE7 in Cracow, amounted to approx. PLN 22,759 thousand as at the 31st of March, 2018 (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 quarter of 2018, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2017, and worth PLN 930 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 1,784 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 568 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 450 thousand.

	31 March 2018	31 December 2017
Provision for deferred income tax		
Temporary differences	15,291	16,152
Provision due to fair value valuation of assets recognised as a result of acquisition of the Comarch SuB, ESAProjekt sp. z o.o. and A-MEA Informatik AG and due to valuation of MKS Cracovia SSA's real estates	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	22,088	22,380
Total	42,809	43,962
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>37,379</i>	<i>38,532</i>

Due to valuation of net assets of CCF FIZ in Q1 2018, the Group dissolved in part a deferred tax provision, which was recognized in the previous years in the amount of PLN 292 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 1,558 thousand and dissolved in the amount of PLN 2,419 thousand. The total effect of the above-mentioned operations on the net result of Q1 2018 was plus PLN 1,153 thousand.

Total changes in the deferred income tax resulted in an increase in result of PLN 703 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 SSA, 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

	31 March 2018	31 December 2017
Raw materials	1,673	1,273
Work in progress	101,763	87,838
Goods	44,455	25,078
Finished products	168	150
Advance due to finished products	859	628
Total	148,918	114,967

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 116,143 thousand (3 months ended the 31st of March, 2018), PLN 80,531 thousand (3 months ended the 31st of March, 2017).

Over the first three months of 2018, Comarch Group has not created write-offs that revaluated goods, materials and finished products. The Group has not resolved write-offs which had been created in the previous years.

3.10. Trade and Other Receivables

	31 March 2018	31 December 2017
Trade receivables - net	278,017	347,254
<i>Trade receivables</i>	<i>310,311</i>	<i>376,110</i>
<i>Write-off revaluating receivables</i>	<i>(32,294)</i>	<i>(28,856)</i>
Other receivables	18,233	19,687
Short-term prepayments	20,989	13,593
Other prepayments	4,065	452
Loans	10,838	7,541
Trade receivables and other receivables from related parties - net	1,819	3,626
<i>Trade receivables and other receivables from related parties</i>	<i>6,380</i>	<i>6,511</i>
<i>Write-off revaluating receivables</i>	<i>(4,561)</i>	<i>(2,885)</i>
Total	333,961	392,153
<i>Current portion</i>	<i>333,961</i>	<i>392,153</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 3 months of 2018, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 6,005 thousand and dissolved previously created write-offs worth PLN 870 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

	3 months ended 31 March 2018	3 months ended 31 March 2017
Revenues from completed contracts recognized in the reporting period	6,334	3,671
Revenues from contracts not completed recognized in the reporting period	50,009	37,798
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IFRS 15	23,509	37,663
Revenues due to long-term contracts recognized in the reporting period	79,852	79,132

Due to the fact that the company applies the rule of determining the degree of work progress in proportion to the share of incurred costs in the entire costs of a contract, the sum of incurred costs and recognized results corresponds to revenues.

At the end of the reporting period, long-term contracts were evaluated in accordance with the degree of work progress. Changes in settlements due to long-term contracts recognized in assets and liabilities between the 31st of March, 2017, and the 31st of March, 2018, are presented below:

	31 March 2018	31 March 2017
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	667,031	280,098
Issued invoices	(661,769)	(292,951)
Total	5,262	(12,853)

	Long-term contracts receivables	Long-term contracts liabilities	Net
--	---------------------------------------	---------------------------------------	-----

Revenues from long-term contracts included in the reporting period

Value at 1 January 2017	39,960	(40,044)	(84)
Correction of the value at 1 January 2017 due to IFRS	882	(51,314)	(50,432)
Correction of the current period (reversal of the correction recognised in the opening balance sheet as at 1 January 2017)	982	16,344	17,326
Correction of the current period	11,248	9,091	20,339
Value at 31 March 2017	53,071	(65,924)	(12,853)

Change	12,229	25,434	37,663
---------------	---------------	---------------	---------------

Value at 1 January 2018 before correction of the value due to IFRS 15	40,349	(30,754)	9,595
Correction of the value at 1 January 2018 due to IFRS 15	6,537	(34,379)	(27,842)
Correction of the current period (reversal of the correction recognised in the opening balance sheet as at 1 January 2018)	(826)	3,898	3,072
Correction of the current period	32,236	(15,625)	16,611
Value at 31 March 2018	78,297	(73,035)	5,262

Change	31,411	(7,902)	23,509
---------------	---------------	----------------	---------------

From the 1st of January, 2018, the Comarch Group started to apply the principles resulting from IFRS 15. In connection with the above, as at the 1st of January, 2018, the difference between revenues for previous years calculated in accordance with the principles applied previously and revenues for previous years calculated in accordance with the principles resulting from IFRS 15 was determined (recognized as a correction of the result for previous years in connection with interim settlement of revenues from long-term agreements. The following methodology was used to calculate the difference:

- agreements during the implementation as at the 31st of December, 2017, was identified;
- revenues from these agreements were converted according to IFRS 15 for the entire period of their implementation, i.e. from the starting date to the 31st of December, 2017.

Changes in revenues due to long-term agreements, presented in note 3.11, includes:

- Value as at the 1st of January, 2018, according to previous principles;
- Difference in the opening balance sheet after conversion according IFRS 15;
- Effects of the change in revenues for previous years on the result of current period;
- Changes resulting from calculation of revenue from sales for the first quarter of 2018, according to IFRS 15.

3.12. Available-for-Sale Financial Assets

Within the 3 months of 2018, 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 31 December 2016	8,133,349	8,133,349	-	8,133,349
At 31 December 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.
- 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."

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 statute.

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 Q1 2018

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

3.13.2. Changes in Share Capital after the Balance Sheet Date

None present.

3.14. Credits and Loans

	31 March 2018	31 December 2017
Non-current		
Non-revolving credits	179,667	177,920
Revolving credits	-	-
Loans	7,034	7,676
	186,701	185,596
Current		
Non-revolving credits	35,331	33,739
Revolving credits	-	3,018
Loans	17,043	2,354
	52,374	39,111
Total credits and loans	239,075	224,707

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.

Over Q1 2018, the value of drawdown credits and loans granted from entities outside the Group amounted to PLN 25,192 thousand (it was only non-revolving credits and loans), the value of paid principal instalments of bank credits and loans from entities outside the Group amounted to PLN 12,830 thousand (including non-revolving credits and loans amounted to PLN 9,785 thousand and revolving credits and loans amounted to PLN 3,045 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 maturity of bank credits and loans	6 months or less	6-12 months	1-5 years	Over 5 years	Total
At 31 December 2017					
Credits and loans	18,636	20,969	118,365	67,231	225,201
Interest	(494)	-	-	-	(494)
Total	18,142	20,969	118,365	67,231	224,707
At 31 March 2018					
Credits and loans	28,137	24,680	121,213	65,488	239,518
Interest	(443)	-	-	-	(443)
Total	27,694	24,680	121,213	65,488	239,075

Currency structure of the balance sheet values of credits, loans and financial liabilities	31 March 2018	31 December 2017
In Polish currency (PLN)	25,772	12,484
In EUR (equivalence in PLN)	213,303	212,223
	239,075	224,707

Effective interest rates at the balance sheet date	31 March 2018	31 December 2017
Bank credits	1.66%	1.64%
Loans	2.14%	3.66%

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 S.A.	BGŻ BNP Paribas Bank Polska S.A.	office buildings SSE4 in Krakow	44,000	PLN	4,027 (4,182 as at the 31 st of December, 2017)	EUR	16,950 (17,444 as at the 31 st of December, 2017)	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 S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	office buildings SSE5 in Krakow - refinancing	4,126	EUR	1,848 (1,977 as at the 31 st of December, 2017)	EUR	7,778 (8,246 as at the 31 st of December, 2017)	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 S.A.	Bank Zachodni WBK S.A.	nonrevolving operating credit	7,400	EUR	2,705 (2,944 as at the 31 st of December, 2017)	EUR	11,386 (12,280 as at the 31 st of December, 2017)	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 S.A.	Bank Polska Kasa Opieki S.A.	office buildings SSE6 in Krakow	13,323	EUR	9,437 (9,854 as at the 31 st of December, 2017)	EUR	39,717 (41,098 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch S.A.	Bank Handlowy w Warszawie S.A.	office buildings SSE7 in Krakow	13,333	EUR	13,021 (11,286 as at the 31 st of December, 2017)	EUR	54,798 (47,075 as at the 31 st of December, 2017)	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 S.A.	Bank Handlowy w Warszawie S.A.	Nonrevolving, long-term credit	2,508	EUR	2,376 (2,508 as at the 31 st of December, 2017)	EUR	10,000 (10,461 as at the 31 st of December, 2017)	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 S.A.	DNB Bank Polska S.A.	Non-current assets - equipment of Internet of Things laboratory in Krakow	2,531	EUR	2,043 (2,130 as at the 31 st of December, 2017)	EUR	8,597 (8,885 as at the 31 st of December, 2017)	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 S.A.	Bank Polska Kasa Opieki S.A.	Non-current assets - medical equipment for Medical Center iMed24 in Krakow	15,889	PLN			1,702 (2,459 as at the 31 st of December, 2017)	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	310 (621 as at the 31 st of December, 2017)	EUR	1,306 (2,589 as at the 31 st of December, 2017)	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	7,828 (8,043 as at the 31 st of December, 2017)	EUR	32,945 (33,545 as at the 31 st of December, 2017)	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	7,199 (6,734 as at the 31 st of December, 2017)	EUR	30,298 (28,085 as at the 31 st of December, 2017)	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 S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	12,980	PLN			9,361 (9,983 as at the 31 st of December, 2017)	PLN	fixed	1 st of March, 2022	-
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	17,691	PLN			14,648 (0 as at the 31 st of December, 2017)	PLN	fixed	30 th of November, 2018	-

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			
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0 (0 as at the 31 st of December, 2017)	PLN	WIBOR1M + bank margin	12 th of December, 2018	An authorization to manage Comarch S.A.'s accounts in bank Powszechna Kasa Oszczędności Bank Polski S.A. and a declaration of submission to enforcement
Comarch S.A.	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0 (0 as at the 31 st of December, 2017)	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.	mBank S.A.	Financing operating activities	10,000	PLN	0	PLN	EURIBOR O/N + bank margin	14 th of March, 2019	An authorisation to manage Comarch S.A.'s accounts in bank mBank S.A. and a declaration of submission to enforcement

	31 March 2018	31 December 2017
Credit lines in the current account and revolving credits, including:	60,000	55,422
Used at the balance sheet date	-	3,018
Available at the balance sheet date	60,000	52,404

3.15. Other Financial Liabilities

	31 March 2018	31 December 2017
Liabilities due to finance lease	563	611
<i>Current portion</i>	151	165
<i>Non-current portion</i>	412	446
Liabilities due to dividend	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities for fees for acquired shares	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Total	563	611

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 31st of March, 2018, value of these liabilities amounted to PLN 563 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
At 1 January 2017	4,380	13,407	20,776	26,751	71,890	137,204
Change:	(453)	348	(1,119)	2,222	(5,788)	(4,790)
<i>Provisions created</i>	<i>20,506</i>	<i>24,109</i>	<i>4,909</i>	<i>19,608</i>	<i>81,407</i>	<i>150,539</i>
<i>Provisions used and dissolved</i>	<i>(20,959)</i>	<i>(23,761)</i>	<i>(6,028)</i>	<i>(17,386)</i>	<i>(87,195)</i>	<i>(155,329)</i>
At 31 December 2017	3,927	13,755	19,657	28,973	66,102	132,414
At 1 January 2017	3,927	13,755	19,657	28,973	66,102	132,414
Change:	7,509	(1,618)	(1,707)	7,001	(3,970)	7,215
<i>Provisions created</i>	<i>9,411</i>	<i>5,441</i>	<i>2,858</i>	<i>10,932</i>	<i>10,692</i>	<i>39,334</i>
<i>Provisions used and dissolved</i>	<i>(1,902)</i>	<i>(7,059)</i>	<i>(4,565)</i>	<i>(3,931)</i>	<i>(14,662)</i>	<i>(32,119)</i>
At 31 March 2018	11,436	12,137	17,950	35,974	62,132	139,629

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

3.17. Trade and Other Payables

	31 March 2018	31 December 2017
Trade payables	52,492	75,071
Advance payments received due to services	1,478	986
Trade payables and other liabilities to related parties	195	1,323
Liabilities due to social insurance and other tax charges	30,783	38,906
Investments liabilities	2,227	11,542
Liabilities due to remuneration	27,745	24,107
Revenues from the future periods	61,610	21,176
Other payables	2,273	2,365
Special funds (Social Services Fund and Residential Fund)	3,100	1,844
Total	181,903	177,320

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 2017			
Liabilities due to lease of usable space	21,718	45,097	66,815
Liabilities due to lease agreements for electronic equipment and means of transport	1,407	955	2,362
Total	23,125	46,052	69,177
At 31 March 2018			
Liabilities due to lease of usable space	20,916	42,487	63,403
Liabilities due to lease agreements for electronic equipment and means of transport	1,300	711	2,011
Total	22,216	43,198	65,414

Presented above, liabilities due to lease agreements for usage places comprise Group's liabilities, including those between Comarch Group's companies and related to leases of office spaces and company flats. Agreements including the given expiration date were directly recorded to the liabilities within 1 year or less, or within 5 years or less, respectively. However, most of the agreements have been concluded for an indefinite period, therefore the amounts of the liabilities were established by multiplying the amount of monthly rent by 12 months (column: 1 year or less) or by 60 months (column: 5 years or less).

As at the 31st of March, 2018, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 2,011 thousand (PLN 2,362 thousand as at the 31st of December, 2017).

3.19. Contingent Liabilities

On the 31st of March, 2018, 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 98,072 thousand, whereas it was PLN 65,876 thousand on the 31st of December, 2017.

On the 31st of March, 2018, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 82 thousand, whereas it was PLN 82 thousand on the 31st of December, 2017.

On the 31st of March, 2018, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,649 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,634 thousand on the 31st of December, 2017.

On the 31st of March, 2018, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 68 thousand, whereas it was EUR 16 thousand, i.e. PLN 67 thousand on the 31st of December, 2017.

Comarch S.A. declared a possibility to grant a financial support ("letters of comfort") for its subsidiaries: Comarch Healthcare S.A. (valid till the 31st of December, 2018), Comarch Malaysia SDN. BHD. (valid till the 31st of December, 2018 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).

	31 March 2018	31 December 2017
Granted credit lines for financing of current activities (guarantees, letters of credit, credit lines in current account)		
Credit lines*	219,249	190,450
	219,249	190,450

* they comprise credit lines at current account that are described in point [3.14.2](#)

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 50,406 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31st of March, 2018, and are worth PLN 10,542 thousand. They include provisions for claims recognized in Q1 2018 and worth PLN 57 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 41,606 thousand. There are no provisions for part of these claims presented in the balance sheet as at the 31st of March, 2018 (there were no provisions created in Q1 2018 for these claims). 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 the first quarter of 2018, the Comarch Group created write-offs that revalue receivables in the amount of PLN 94 thousand. Due to the matters in disputes, in Q1 2018 the Comarch Group didn't create write-offs that revalue receivables.

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

None present.

3.21. Related-Party Transactions

3.21.1. Revenues from Sales of Goods and Services

	3 months ended 31 March 2018	3 months ended 31 March 2017
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenues from sales of services		
SoInteractive S.A.	192	199
Thanks Again LLC	248	286
Metrum Capital S.A.	-	-
	440	485
	440	485

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

	3 months ended 31 March 2018	3 months ended 31 March 2017
Purchases of goods		
SoInteractive S.A.	-	142
Thanks Again LLC	-	-
	-	142
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	188	1,378
<i>Included in other costs</i>	952	88
	1,140	1,466
Thanks Again LLC		
<i>Included in generation costs</i>	19	-
<i>Included in other costs</i>	-	-
	19	-
Total	1,159	1,608

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

	31 March 2018	31 December 2017
Receivables from related parties		
SoInteractive S.A.	655	775
Thanks Again LLC	-	3,937
	655	4,712
Payables from related parties		
SoInteractive S.A.	194	1,322
Thanks Again LLC	1	1
	195	1,323

3.21.4. Transactions with Associates and Personally Related Entities

	3 months ended 31 March 2018	3 months ended 31 March 2017
Purchases from personally related entities	392	562
Sales to personally related entities	39	67
Loans and interest on loans repaid by personally related entities	2,005	35
Loans and interest on loans granted to personally related entities	5,159*	-
Purchases from associates	1,159	1,608
Sales to associates	440	485
Loans and interest on loans repaid by associates	453	-
Loans and interest on loans granted to associates	777	6

* The item contains a loan in the amount of PLN 2,000 thousand granted to the Chairman of the Supervisory Board of Comarch S.A. by Bonus Management sp. z o.o II Activa SK-A. Until the publication of the report, this loan was fully repaid. The item contains also a loan in the amount of PLN 358 thousand granted to the President of the Management Board of Comarch S.A. by Comarch S.A.

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

	31 March 2018	31 December 2017
Trade receivables from personally related parties	-	15
Loans receivables from personally related parties	8 453	7,012
Trade payables to personally related parties	380	792
Liabilities due to loans from personally related parties	-	-

3.22. Earnings per Share

	3 months ended 31 March 2018	3 months ended 31 March 2017
Net profit for the period attributable to equity holders of the Company	(6,240)	18,204
Weighted average number of shares in issue	8,131,349	8,131,349
Basic earnings per share (PLN)	(0.77)	2.24
Diluted number of shares	8,131,349	8,131,349
Diluted earnings per share (PLN)	(0.77)	2.24

Basic earnings per share in the column "3 months ended 31 March 2018" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2018, to the 31st of March, 2018, by the weighted average number of shares in issue between the 1st of January, 2018, to the 31st of March, 2018, where the number of days is the weight. Basic earnings per share in the column "3 months ended 31 March 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 31st of March, 2017, by the weighted average number of shares in issue between the 1st of January, 2017, to the 31st of March, 2017, where the number of days is the weight.

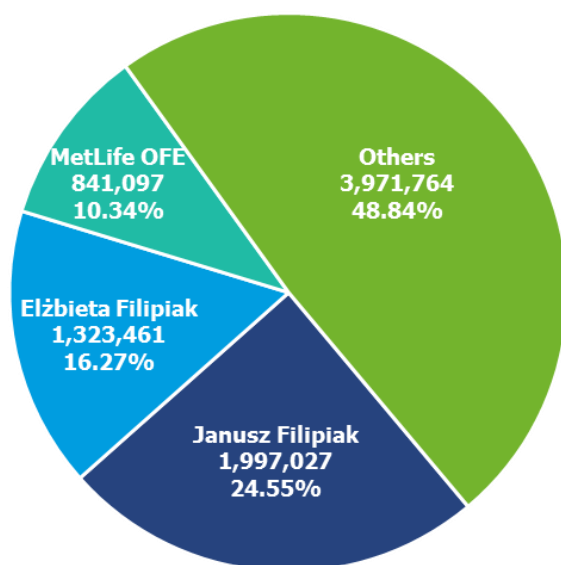
Diluted earnings per share in the column "3 months ended 31 March 2018" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2018, to the 31st of March, 2018, by the sum of the weighted average number of shares in issue between the 1st of January, 2018, to the 31st of March, 2018, where the number of days is the weight and diluted number of shares pursuant to IAS 33. Diluted earnings per share in the column "3 months ended 31 March 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 31st of March, 2017, by the sum of the weighted average number of shares in issue between the 1st of January, 2017, to the 31st of March, 2017, where the number of days is the weight.

4. Additional Notes

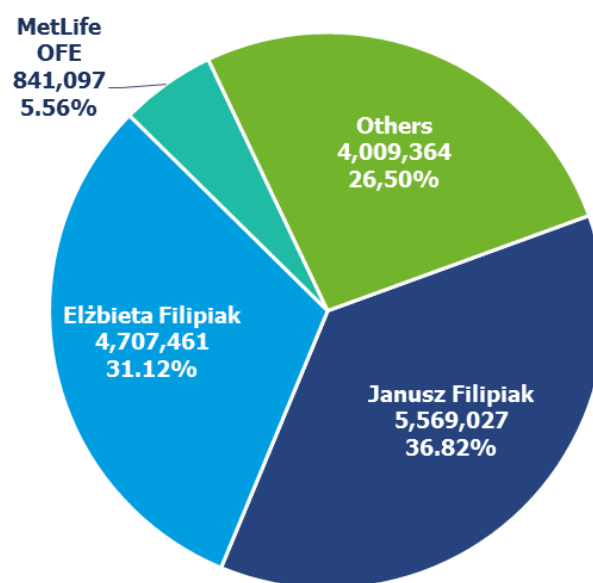
4.1. Information About Shareholders Holding at least 5% of the Total Number of Votes at Comarch S.A. General Meeting and Shares Held by Members of the Management Board and the Board of Supervisors

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 18 May, 2018

Shareholders by number of shares



Shareholders by number of votes



4.1.2. Change 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 27 April 2018 and 18 May 2018

Entity	At 18 May 2018				At 27 April 2018			
	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 27 April 2018 and 18 May 2018

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 2017 was published, i.e. on the 27th of April, 2018, and on the 18th of May, 2018, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 18 May 2018		At 27 April 2018	
		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	0	0.00	0	0.00
Paweł Prokop	Vice-President of the Management Board	30,000	0.45	30,000	0.45
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	32,930	0.22	32,930	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

In Q1 2018, the Group dissolved in part an asset due to activities in the SEZ that was worth PLN 1,872 thousand and established as at the 31st of December, 2017, in proportion to the generated tax-exempt income in this period. This asset will be gradually dissolved within 2018 in proportion to the generated tax-exempt income in this period. The Group settled in part deferred tax assets due to temporary differences in the amount of PLN 930 thousand and created the deferred tax assets due to temporary differences in the amount of PLN 1,784 thousand. An asset due to tax loss was recognized and settled

in the amount of PLN 568 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 450 thousand. Due to valuation of net assets of CCF FIZ, in Q1 2018, the Group decreased a deferred tax provision, which was recognised in the previous years and was worth PLN 292 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 1,558 thousand and dissolved in the amount of PLN 2,419 thousand. The total effect of the all above-mentioned operations on the net result of Q1 2018 was plus PLN 1,153 thousand. Total changes in deferred tax resulted in an increase in net profit by PLN 703 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 31st of March, 2018, decreased revenue and operating profit of Comarch Group by PLN 820 thousand (while in 3 months of 2017 decreased by PLN 7,762 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 2,397 thousand (while in 3 months of 2017 increased by PLN 6,178 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 662 thousand (while in Q1 2017 increased by PLN 11,444 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 3 months of 2018 amounted to minus PLN 2,555 thousand (plus PLN 9,860 thousand in Q1 2017).

4.3. Other events in Q1 2018

4.3.1. Dates of Periodical Financial Reports in 2018

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

Consolidated quarterly reports which include condensed consolidated financial statements and condensed financial statements:

- 1) Q4 2017 - on 1st of March, 2018;
- 2) Q1 2018 - on 18th of May, 2018;
- 3) Q3 2018 - on 16th of November, 2018.

ANNUAL AND HALF-YEAR REPORTS:

- 1) Annual report for 2017 - on 27th of April, 2018;
- 2) Consolidated annual report for 2017 - on 27th of April, 2018;
- 3) Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2018 - on 31st of August, 2018.

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

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

investment were performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed, which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721,000 and planned completion date of the works comprised by the amendment has been extended to the 30th of June, 2018.

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

4.4.1. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of April, 2018, and the 18th of May, 2018, the Comarch Group concluded new forward contracts for sale of EUR 11,200 thousand and USD 5,500 thousand. The total net value of open forward contracts as of the 18th of May, 2018, amounted to EUR 30,600 thousand and USD 12,800 thousand. The open forward contracts as of the 18th of May, 2018, were valued at PLN 5,000 thousand. The contracts will be settled within 33 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 Comarch Group, in which the remuneration is set in a foreign currency.

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 first quarter 2018, nor for full year 2018.

4.6. Significant Legal, Arbitration or Administrative Proceedings

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 50,406 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 41,606 thousand. Details are described in point [3.19](#).

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 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, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2018.
- n) 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.

- o) Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The total amount of granted surety is PLN 50 thousand. The surety has been renewed and is valid till the 31st of May, 2018.
- p) 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.
- q) 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.
- r) 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.
- s) 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.
- t) 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.
- u) Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety was granted up to the amount of PLN 10 thousand. The surety has been renewed and is valid until the 14th of September, 2019.
- v) 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.
- w) 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.
- x) 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.

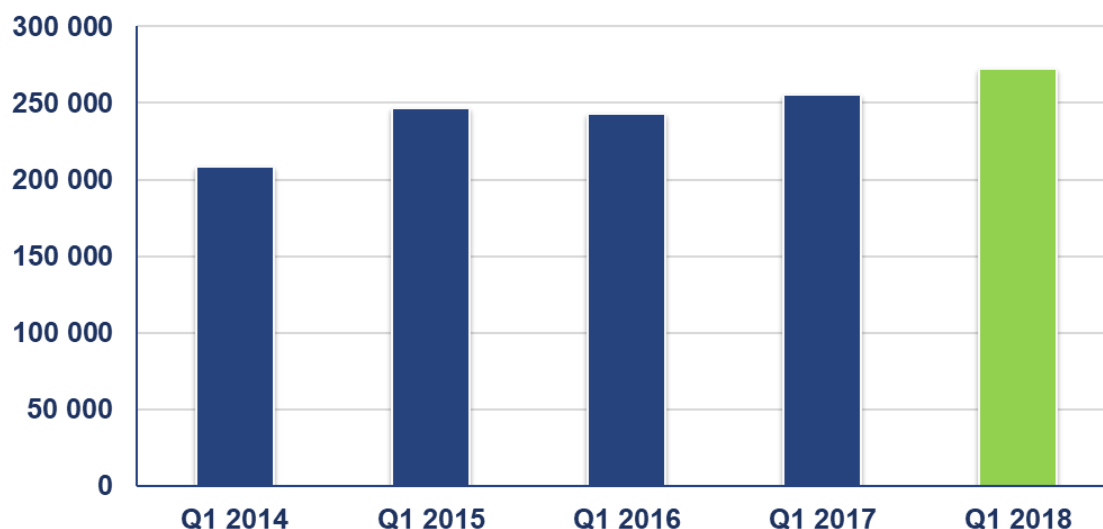
- y) Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- z) Due to conclusion of a contract 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.
- aa) 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.
- bb) 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.
- cc) Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 2,414 thousand and is valid for the duration of the contract.
- dd) Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- ee) Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract.
- ff) Due to conclusion of a contract by Comarch Luxembourg S.a.R.L., a subsidiary of Comarch S.A., for implementation, services and providing licenses necessary for the Billing System, a surety for liabilities of Comarch Luxembourg S.a.R.L., was granted to the amount of EUR 7,240 thousand and is valid for the duration of the contract.

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 First Quarter of 2018 and Factors Which Will Substantially Impact Results Over the Course of at least the Next Quarter

5.1. Revenues and Financial Results



In the first quarter of 2018, sales revenue of the Comarch Group significantly increased and amounted to PLN 272 million (an increase of PLN 16.4 million, i.e. 6.4% compared to the first quarter of 2017). Operating profit amounted to PLN 0.6 million and was lower by PLN 1.5 million than in Q1 2017. Net result attributable to the shareholders of the parent company was minus PLN 6.2 million and was lower by PLN 24.4 million compared to the first 3 months of 2017. The EBIT margin was +0.2%.

An increase of revenue from sales for Q1 2018 and achieved positive operating result were affected by, among other things:

- an increase in revenue from export sales of PLN 6.2 million (i.e. 4.1%), as well as revenue from domestic sales of PLN 10.2 million (i.e. 9.6%). An increase in revenue from export sales was due to an improvement in the TMT sector (an increase in sales of PLN 9.3 million, i.e. 16.5%). An increase in domestic sales was due to significant development of business in the Small and Medium-Sized Enterprises in Poland (an increase of PLN 8.6 million, i.e. 29.8%), as well as an improvement in the Public sector (an increase of PLN 4.9 million, i.e. 42.4%) and in the Medicine sector (an increase of PLN 5.7 million, i.e. 170.4%);
- a significant decrease in realised exchange rate differences and from the balance sheet valuation of receivables and liabilities compared to the Q1 2017 - that decreased operating result in the described period by PLN 0.8 million (while in Q1 2017, they decreased it by PLN 7.8 million);
- significantly lower impact of the result from realised financial instruments and their balance sheet valuation, as well as a balance sheet valuation of credits. In Q1 2018, the result of mentioned activities amounted to minus PLN 2.1 million, while in Q1 2017 it was plus PLN 20.5 million;
- increase in operating costs, as a consequence of salary pressure in IT sector – in Q1 2018, the fund of basic salaries increased approx. by 6% compared to Q1 2017;
- a negative result on other operating activities, in Q1 2018 this result amounted to minus 6.6 million PLN, which was related to, among others, with the creation of provisions for doubtful debts and

updating the value of property, plant and equipment in use. The result on other operating activities in Q1 2017 amounted to PLN -1.1 million.

Effective acquisition of new contracts, the situation on the public procurement market and costs related to the development of new IT solutions, as well as rapidly growing labour costs will have a significant impact on the financial result of the Comarch Group in subsequent periods.

In Q1 2018, employment level in the Comarch Group increased by 0.6%. As at the 31st of March, 2018, the Comarch Group hired 5,574 persons, i.e. 33 persons more than as at the 31st of December, 2017.

In Q1 2018, the Comarch Group looked for new sales markets (for example in South America and Asia), carried out the acquired contracts and continued investments in new IT products and services. In Q1 2018, the office building SSE7 in Krakow and Comarch Data Centre in Lille were accepted for use, and the Comarch Group finished program of infrastructure investment for 2016-2017. Due to good financial result achieved in Q1 2018, 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 new 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,
- significant investment in human capital.

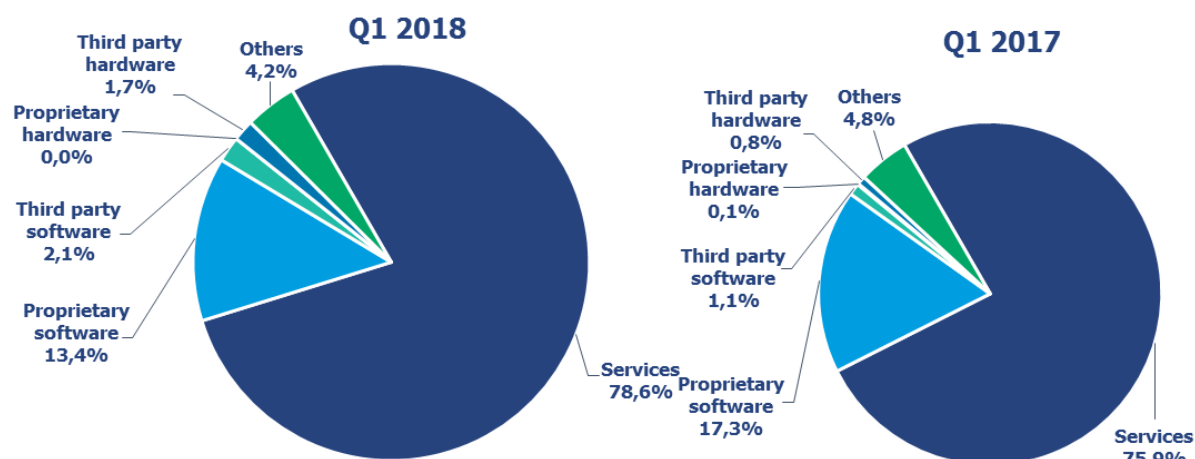
5.2. Sales Structure

Products Sales Structure (in thousands of PLN)

In the first quarter of 2018, Group's products sales structure was changed significantly compared to this presented in Q1 2017.

Products sales structure	Q1 2018	%	Q1 2017	%	Change in PLN	Change in %
Services	213,681	78.6	193,897	75.9	19,784	10.2
Proprietary software	36,395	13.4	44,255	17.3	(7,860)	(17.8)
Third-party software	5,655	2.1	2,908	1.1	2,747	94.5
Proprietary hardware	18	0.0	316	0.1	(298)	(94.3)
Third party hardware	4,716	1.7	2,026	0.8	2,690	132.8
Others	11,524	4.2	12,219	4.8	(695)	(5.7)
Total	271,989	100.0	255,621	100.0	16,368	6.4

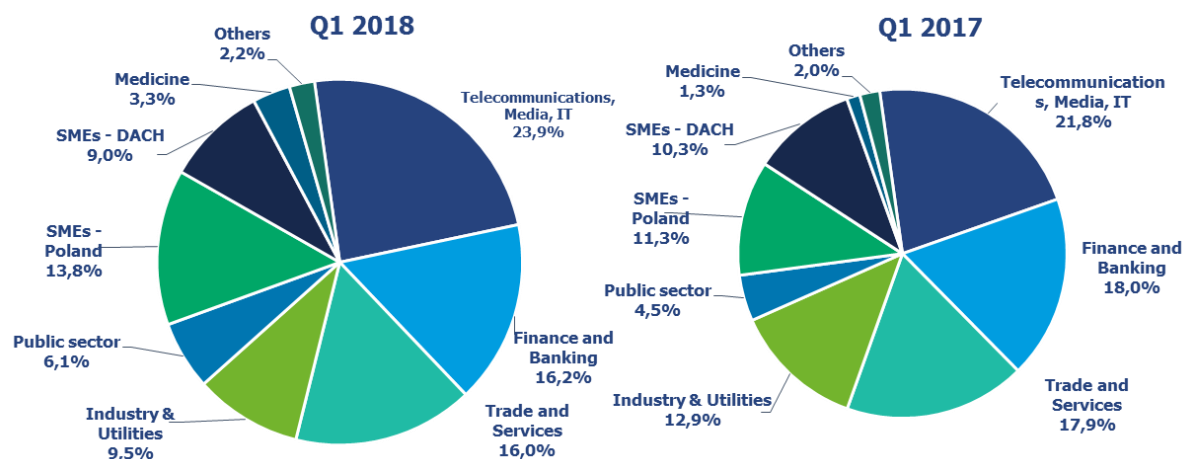
The sales of services increased significantly by PLN 19.8 million, i.e. 10.2%. The sales of proprietary software was lower by PLN 7.9 million, i.e. 17.8% than that achieved during Q1 2017. An increase occurred in sales of third-party software (an increase of PLN 2.7 million, i.e. 94.5%) and sales of third-party hardware (an increase of PLN 2.7 million, i.e. 132.8%). In Q1 2018, other sales decreased by PLN 0.7 million, i.e. by 5.7%.



Market Sales Structure (in PLN thousand)

Market sales structure	Q1 2018	%	Q1 2017	%	Change in PLN	Change in %
Telecommunications, Media, IT	65,056	23.9	55,847	21.8	9,209	16.5
Finance and Banking	44,039	16.2	45,935	18.0	(1,896)	(4.1)
Trade and Services	43,456	16.0	45,651	17.9	(2,195)	(4.8)
Industry & Utilities	25,905	9.5	32,987	12.9	(7,082)	(21.5)
Public sector	16,525	6.1	11,602	4.5	4,935	42.5
Small and Medium-Sized Enterprises - Poland	37,443	13.8	28,841	11.3	8,602	29.8
Small and Medium-Sized Enterprises - DACH	24,412	9.0	26,391	10.3	(1,979)	(7.5)
Medicine	9,094	3.3	3,363	1.3	5,731	170.4
Others	6,059	2.2	5,004	2.0	1,055	21.1
Total	271,989	100.0	255,621	100.0	16,368	6.4

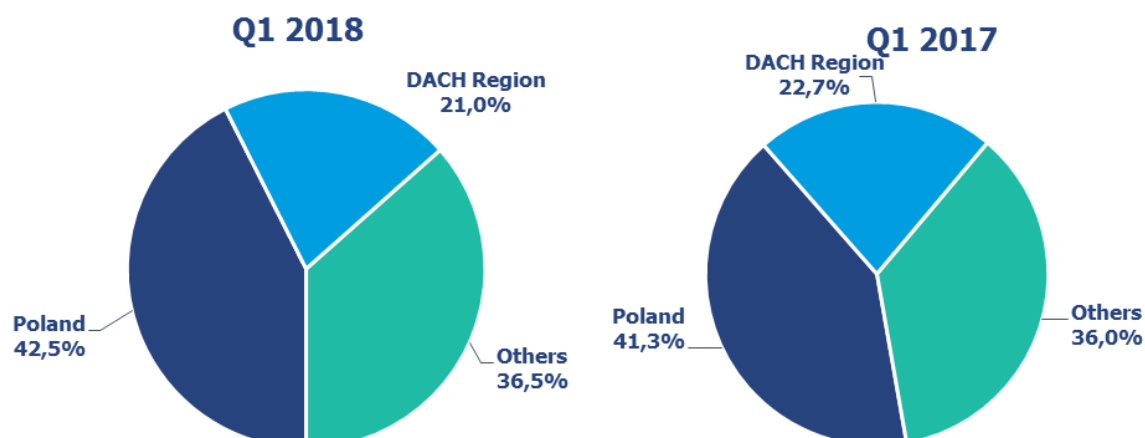
In Q1 2018, customers in the TMT sector bought products and services worth PLN 9.2 million, which represents an increase of 16.5% compared to that achieved in the corresponding period of the previous year. It was a result of a significant increase in revenue from export sales compared to that achieved in Q1 2017. There was a significant increase in sales to customers in the Small and Medium-sized Enterprises in Poland (of PLN 8.6 million, i.e. 29.8%). Sales to customers in the Small and Medium-sized Enterprises in DACH region decreased by PLN 2.0 million, i.e. 7.5%, which is mainly the result of strengthening PLN versus EUR compared to Q1 2017. Revenue from sales to customers in the Trade and Services sector decreased by PLN 2.2 million, i.e. 4.8%, and in case of customers in the industrial sector decreased by PLN 7.1 million, i.e. 21.5%. In Q1 2018, there was a some improvement of situation in the public procurement market, revenue from sales increased by PLN 4.9 million, i.e. 42.4%. There was dynamic increase in sales to customers in the Medicine sector (of PLN 5.7 million, i.e. 170.4%) due to win new agreement for implementation of IT solutions in hospitals. Revenue from sales to other customers increased by PLN 1.1 million, i.e. 21.1%.



Geographical sales structure (customers) (in PLN thousand)

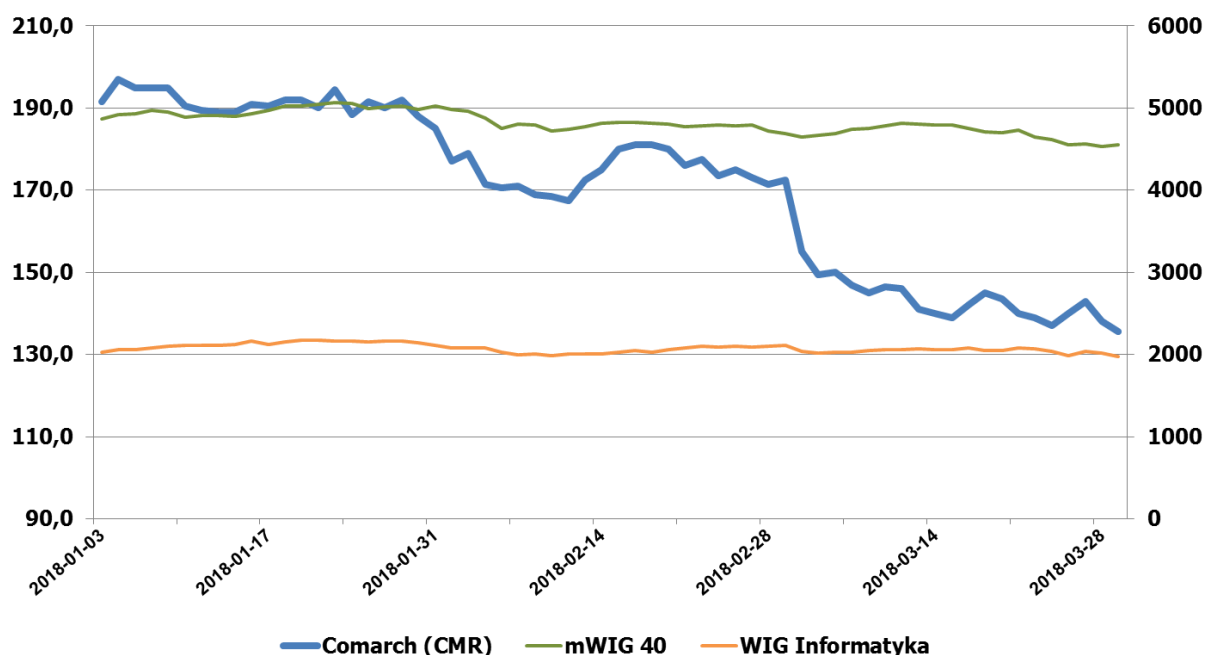
In the first quarter of 2018, the Group's export sales amounted to PLN 156.3 million and increased by PLN 6.2 million, i.e. 4.1% compared to those in Q1 2017, despite of less advantageous exchange rates. In Q1 2018, share of export sales in total sales amounted to 57.5%. Domestic sales increased by PLN 10.2 million, i.e. 9.6% compared to Q1 2017.

Geographical sales structure	Q1 2018	%	Q1 2017	%	Change in PLN	Change in %
Domestic (Poland)	115,710	42.5	105,533	41.3	10,177	9.6
Export	156,279	57.5	150,088	58.7	6,191	4.1
Total	271,989	100.0	255,621	100.0	16,368	6.4



5.3. Comarch S.A. Stock Price Performance

2018



On the 31st of March, 2018, the closing rate of Comarch S.A. shares in the Warsaw Stock Exchange amounted to PLN 135.5 and decreased by 41.7% compared to PLN 190.0 on the 31st of December, 2017. 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 and BRL/PLN) and the rate of increase in the remuneration of IT employees will also have significant impact on Group's results and Comarch S.A. stock price.

	3 months ended 31 March 2018 / 31 March 2018	3 months ended 31 March 2017 / 31 March 2017
Closing price at the balance sheet date	135.50	232.50
Average price during the reporting period	170.02	201.50
MIN price during the reporting period	135.50	169.80
MAX price during the reporting period	197.00	237.50
Average volume during the reporting period	3,247	6,204
Capitalization at the balance sheet date	1,102,068,790	1,891,003,643
<i>Ratios for unconsolidated data</i>		
P/E at the balance sheet date	(362.40)	162.35
P/BV at the balance sheet date	1.39	2.41
P/S at the balance sheet date	6.04	11.00
<i>Ratios for consolidated data</i>		
P/E at the balance sheet date	(176.61)	103.88
P/BV at the balance sheet date	1.30	2.31
P/S at the balance sheet date	4.05	7.40

5.4. Events in the First Quarter of 2018 that Greatly Impacted the Current Activities of the Comarch Group

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

Comarch S.A.'s Management Board informed in the current report no. [RB-2-2018](#), ENG: [RB-2-2018](#), dated 5th of January, 2018, in reference to the current report no. [RB-3-2017](#), ENG: [RB-3-2017](#), dated 24th of March, 2017 on receiving a signed amendment to the agreement for Comprehensive Comarch Internet Banking (CIB) (banking corporate) concluded with Bank Pekao S.A. and CA Consulting S.A., a subsidiary of Comarch S.A., on 23rd of December, 2005 (hereinafter: "Agreement"). As part of the amendment, a new scope and date of the service provision was established. The parties also stated that they have no claims against each other arising from non-performance or improper performance of the above-mentioned Agreements, which means no claim by Bank Pekao S.A. to CA Consulting S.A., about which Comarch S.A.'s Management Board informed in the current report no. [RB-3-2017](#), ENG: [RB-3-2017](#).

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

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

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

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

With reference to current report no. [RB-14-2014](#), ENG: [RB-14-2014](#), dated 19th of May, 2014, (regarding receiving an accounting note from the Agency for Restructuring and Modernization of Agriculture (hereinafter: "ARMA") covering a contractual penalty in the amount of PLN 32,455,497.28 (in words: thirty two million four hundred fifty-five thousand four hundred ninety-seven 28/100) in connection with the implementation by Comarch S.A. of the agreement of 29th of April, 2013 ("OFSA Agreement") and current report no. [RB-4-2015](#), ENG: [RB-4-2015](#), dated 15th of January, 2015, informing about the delivery of a claim to Comarch S.A. on 14th of January, 2015, for the payment of PLN 34,493,717.28 (in words: thirty-four million four hundred ninety-three thousand seven hundred seventeen 28/100) -

brought against Comarch S.A. by ARMA to the District Court in Warsaw, 3rd Civil Department - for contractual penalties charged by ARMA. Comarch S.A.'s Management Board informed in the current report no. [RB-6-2018](#), ENG: [RB-6-2018](#), about the settlement between Comarch S.A. and ARMA in front of the court mediator. As part of this settlement - making mutual concessions - the Parties agreed that the contractual penalties due to ARMA due to improper performance by Comarch S.A. OFSA agreements amount to PLN 3,478,473.60 (in words: three million four hundred seventy eight thousand four hundred seventy three 60/100) and that they will be settled with due Comarch S.A. from ARMA compensation, the amount of which, as part of mutual concessions, was set at PLN 1,478,098.24 (in words: one million four hundred seventy eight thousand ninety eight 24/100) - due to lost profits resulting from ARMA's failure to consortium from Comarch S.A. and Comarch Polska S.A. contracts for "Maintenance and development of the IT Information System of the Agency - SIA (ZSZiK, IACSplus, GIS, SIZ, PZSIPplus, PA)" ("the SIA Agreement") - as a result of concluding this agreement with another contractor. As a result of the settlement, the total value of the contractual penalty to be paid by Comarch S.A. will amount to PLN 2,000,375,36 (in words: two million three hundred and seventy five 36/100), which is in the reserve established by Comarch S.A. in 2014 in the amount of PLN 2,276,882.40 (in words: two million two hundred seventy six thousand eight hundred and eighty two 40/100). At the same time, as part of the settlement, ARMA waived further claims arising from contractual penalties related to the performance of the OFSA Agreement, and Comarch S.A. waived all further claims related to the failure to sign the SIA Agreement. Comarch S.A.'s Management Board informs that he has taken action to approve the above-mentioned settlement by the competent court.

QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE FIRST QUARTER OF 2018

I. Balance Sheet

ASSETS	31 March 2018	31 December 2017	31 March 2017
I. NON-CURRENT ASSETS	751,746	756,155	707,760
1. Intangible assets	13,336	14,628	9,485
2. Property, plant and equipment	346,438	346,398	302,979
3. Non-current investments	383,028	386,122	387,666
3.1. Non-current financial assets	356,497	359,299	359,822
a) in related parties	354,521	356,182	355,895
b) in other entities in which the Company holds equity interests	150	280	280
c) in other entities	1,826	2,837	3,647
3.2 Real estates	26,488	26,780	27,801
3.3 Other non-current investment	43	43	43
4. Non-current prepayments	8,944	9,007	7,630
4.1 Deferred income tax assets	5,943	5,816	5,632
4.2 Other accruals	3,001	3,191	1,998
II. CURRENT ASSETS	493,643	491,051	464,355
1. Inventories	107,791	78,120	54,124
2. Current receivables	258,715	312,373	253,384
2.1 from related parties	165,508	184,106	144,922
2.2 from other entities in which the Company holds equity interests	629	560	403
2.3 from other entities	92,578	127,707	108,059
3. Current investments	59,477	57,670	114,971
3.1 Current financial assets	59,477	57,670	114,971
a) in related parties	322	322	333
b) in other entities in which the Company holds equity interests	-	303	286
c) in other entities	8,068	8,516	8,348
- interest and shares	-	-	1
- granted loans	359	-	-
- other current financial assets	7,709	8,516	8,347
d) cash and cash equivalents	51,087	48,529	106,004
4. Short-term prepayments	67,660	42,888	41,876
TOTAL ASSETS	1,245,389	1,247,206	1,172,115

EQUITY AND LIABILITIES	31 March 2018	31 December 2017	31 March 2017
I. EQUITY	792,702	796,984	783,760
1. Share capital	8,133	8,133	8,133
2. Supplementary capital	653,363	653,363	619,975
3. Revaluation reserve	94,164	95,405	97,671
4. Other reserve capitals	745	745	745
5. Previous years' profit (loss)	39,338	-	45,588
6. Net profit (loss)	(3,041)	39,338	11,648
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	452,687	450,222	388,355
1. Provisions for liabilities	123,154	122,701	119,072
1.1 Provision for deferred income tax	24,549	25,255	25,831
1.2 Other provisions	98,605	97,446	93,241
a) current	98,605	97,446	93,241
2. Non-current liabilities	153,896	154,762	125,275
2.1 to related parties	21,547	22,472	16,192
2.2 to other entities in which the Company holds equity interests	-	0	-
2.3 to other entities	132,349	132,290	109,083
3. Current liabilities	148,351	155,174	132,187
3.1 to related parties	30,859	26,901	32,596
3.2 to other entities in which the Company holds equity interests	-	894	1,504
3.3 to other entities	114,633	125,780	94,950
3.4 Special funds	2,859	1,599	3,137
4. Accruals	27,286	17,585	11,821
4.1 Other accruals	27,286	17,585	11,821
a) current	27,286	17,585	11,821
TOTAL EQUITY AND LIABILITIES	1,245,389	1,247,206	1,172,115
Book value	792,702	796,984	783,760
Number of shares	8,133,349	8,133,349	8,133,349
Book value per single share (PLN)	97.46	97.99	96.36
Diluted number of shares	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	97.46	97.99	96.36

II. Income Statement

For period 01.01 – 31.03.2018 and 01.01 – 31.03.2017	Q1 2018	Q1 2017
I. Net revenues from sales of products, goods and materials, including:	182,500	171,897
- revenues from related parties	55,103	39,381
1. Net revenues from sales of products	174,376	156,810
2. Net revenues from sales of goods and materials	8,124	15,087
II. Costs of products, goods and materials sold, including:	153,137	139,288
- to related parties	7,858	8,373
1. Manufacturing cost of products sold	145,758	124,905
2. Value of products, goods and materials sold	7,379	14,383
III. Gross profit (loss) on sales	29,363	32,609
IV. Costs of sales	15,160	16,395
V. Administrative expenses	10,331	9,251
VI. Profit (loss) on sales	3,872	6,963
VII. Other operating revenues	244	696
1. Profit on disposal of non-financial non-current assets	74	2
2. Other operating revenues	170	694
VIII. Other operating costs	3,714	2,001
1. Loss on disposal of non-financial non-current assets	-	-
2. Cost of works financed in part with subsidies	546	1,553
3. Revaluation of non-financial assets	-	-
4. Other operating costs	3,168	448
IX. Profit (loss) on operating activities	402	5,658
X. Financial revenues	2,725	14,509
1. Interest, including:	116	168
- from related parties	42	60
2. Dividends and share in profits	-	-
- from related parties	-	-
3. Profit (loss) on disposal of investment	2,609	986
4. Revaluation of financial assets	(30)	(16)
5. Other	30	13,371
XI. Finance costs	5,121	5,708
1. Interest	712	699
- from related parties	138	180
2. Revaluation of investments	-	-
3. Other	4,409	5,009
XII. Profit (loss) on business activities	(1,994)	14,459
XIII. Gross profit (loss)	(1,994)	14,459
XIV. Income tax	1,047	2,811
XV. Net profit (loss)	(3,041)	11,648
Net profit (loss) (annualised)	24,649	39,775
Weighted average number of shares		
01.04.2017 – 31.03.2018	8,133,349	8,133,349
Earnings (losses) per single share (PLN)	3.03	4.89
Diluted weighted average number of shares		
01.04.2017 – 31.03.2018	8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	3.03	4.89

III. Changes in Equity

	3 months ended 31 March 2018	12 months ended 31 December 2017	3 months ended 31 March 2017
I. Opening balance of equity	796,984	771,742	771,742
a) changes to adopted accounting principles (policies)	-	-	-
I. a. Opening balance of equity after adjustments	796,984	771,742	771,742
1. Opening balance of share capital	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
2. Opening balance of supplementary capital	653,363	619,975	619,975
2.1 Changes in supplementary capital	-	33,388	-
a) increases (due to)	-	33,388	-
- profit-sharing for the previous years	-	33,388	-
2.2 Closing balance of supplementary capital	653,363	653,363	619,975
3. Opening balance of revaluation reserve	95,405	97,301	97,301
3.1 Changes in revaluation reserve	(1,241)	(1,896)	370
a) increases (due to)	291	445	455
- provision for deferred income tax due to certificates valuation	291	445	-
- balance sheet valuation of investment certificates	-	-	455
b) decreases (due to)	1,532	2,341	85
- balance sheet valuation of investment certificates	1,532	2,341	-
- provision for deferred income tax due to certificates valuation	-	-	85
3.2 Closing balance of revaluation reserve	94,164	95,405	97,671
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
5.1 Closing balance of other reserve capitals	745	745	745
6. Opening balance of previous years' profit	39,338	45,588	45,588
a) changes to adopted accounting principles (policies)	-	-	-
6.1 Opening balance of previous years' profit after adjustments	39,338	45,588	45,588
a) decreases (due to)	-	45,588	-
- transferring the result from the previous years to capital	-	33,388	-
- payment of dividend	-	12,200	-
6.2 Closing balance of previous years' profit	39,338	-	45,588
7. Result for Q1 2018 (opening balance)	-	-	-
7.1 Net result for the period	(3,041)	39,338	11,648
7.2. Net result	(3,041)	39,338	11,648
II. Closing balance of equity	792,702	796,984	783,760
III. Equity including proposed profit-sharing (loss coverage)	792,702	796,984	783,760

IV. Cash Flow Statement

For period 01.01 – 31.03.2018 and 01.01 – 31.03.2017	Q1 2018	Q1 2017
A. Cash flows from operating activities		
I. Net profit (loss)	(3,041)	11,648
II. Total adjustments	4,988	33,431
1. Depreciation	8,560	8,559
2. Exchange gains (losses)	(242)	(799)
3. Interest and profit sharing (dividends)	670	492
4. (Profit) loss on investing activities	1	(4)
5. Change in provisions	(812)	(5,675)
6. Change in inventories	(29,671)	(10,851)
7. Change in receivables	52,792	60,362
8. Change in current liabilities, excluding credits and loans	(12,857)	(5,399)
9. Change in prepayments and accruals	(13,453)	(13,254)
10. Change in deferred income	-	-
11. Other adjustments	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	1,947	45,079
B. Cash flows from investing activities		
I. Inflows	3,728	17,254
1. Disposal of property, plant and equipment and intangible assets	1,014	79
2. From financial assets, including:	2,714	17,175
a) in related parties	105	16,189
- repaid loans	80	4,369
- repaid interest on loans	-	-
- received loans	-	11,746
- received interest	25	74
- received dividends	-	-
b) in other entities	2,609	986
- other proceeds from financial assets	2,609	986
3. Other investment proceeds	-	-
II. Outflows	(18,069)	(21,788)
1. Purchase of property, plant and equipment and intangible assets	(18,069)	(21,536)
2. Expenses for investment in real estates	-	-
3. For financial assets, including:	-	(252)
a) in related parties	-	(252)
- purchase of financial assets	-	-
- granted non-current loans	-	(252)
- repayment of loans from related parties	-	-
- repayment of interest on loans	-	-
b) in other entities	-	-
4. Other investment expenses	-	-
III. Net cash used in investing activities (I-II)	(14,341)	(4,534)
C. Cash flows from financing activities		
I. Inflows	22,288	16,715
1. Credits and loans	21,854	16,307
3. Repaid loans	410	-
4. Interest received on paid loans	24	-
5. Other financial inflows	-	408
II. Outflows	(7,577)	(5,774)
1. Dividends and other payments to owners	-	-

2. Repayment of loans and credits	(6,506)	(5,208)
3. Interest	(718)	(566)
4. Granted loans	(353)	-
5. Other financial expenses	-	-
III. Net cash (used in)/generated from financing activities (I-II)	14,711	10,941
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	2,317	51,486
E. Balance sheet change in cash and cash equivalents, including:	2,566	52,220
- change in cash and cash equivalents due to exchange differences	249	734
F. Cash and cash equivalents opening balance	48,520	53,781
G. Closing balance of cash and cash equivalents (F+/- E), including:	51,086	106,001
- limited disposal	593	7,133

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 29th of March, 2018, 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, 2018, pos. 757).

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, 2017, until the 31st of December, 2017. If this financial statement for the 3 months ended the 31st of March, 2018, was prepared according to IFRS, the financial results would amount to minus PLN 3,969 thousand.

Earnings according to Act on Accounting	(3,041)
Depreciation of perpetual usufruct	(23)
Assets due to activity in the SEZ	(1,872)
Correction of the result due to adoption IFRS 15	967
Profit according to IFRS	(3,969)

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

Over first quarter of 2018, Comarch S.A. hasn't created write-offs that revaluated goods, materials and finished products. The Company hasn't dissolved write-offs, which had been created in the previous years.

No hedges were made on inventories owned by the Company.

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 2018 an asset due to temporary differences in income tax worth PLN 140 thousand was recognized. A tax asset worth PLN 13 thousand and recognized as at the 31st of December, 2017, was dissolved in part. A provision for deferred income tax due to temporary differences wasn't recognized,

but a provision in the amount of PLN 415 thousand was dissolved. The total effect of these operations on the result of 2018 was plus PLN 542 thousand.

Provision for deferred income tax related to valuation of investment certificates in CCF FIZ was increased by PLN 291 thousand. This provision as well as valuation of certificates are settled with revaluation reserve.

3. Selected Notes to the Summary Financial Statement

3.1. Non-current Financial Assets

	31 March 2018	31 December 2017	31 March 2017
a) in subsidiaries and correlated parties	354,521	356,182	355,895
- interest or shares	233,562	233,622	229,503
- loans granted	3,162	3,242	4,273
- other securities	117,815	119,347	122,143
- other non-current financial assets, including:	(18)	(29)	(24)
- interest on granted loans	(18)	(29)	(24)
b) in other entities in which the Company holds equity interests	150	280	280
- interest or shares	150	150	150
- loans granted	-	130	130
- other non-current financial asset, including	-	-	-
- interest on granted loans	-	-	-
c) in other entities	1,826	2,837	3,647
- other non-current financial assets (types)	1,826	2,837	3,647
- Forward contracts	1,826	2,837	3,647
Total	356,497	359,299	359,822

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

	Q1 2018	Q1 2017
a) Opening balance	359,299	360,783
- interests or shares	233,772	229,861
- loans granted	3,372	8,763
- other securities	119,347	121,688
- other non-current assets, including interest on granted loans	(29)	(21)
- others	2,837	492
b) increases (due to)	41	3,643
- purchases of shares in related parties	-	-
- purchase of investment certificates	-	-
- loans granted to related parties	-	-
- change in the nature of loans on long-term (other entities in which the Company holds equity interests)	-	-
- due interest to non-current loans	30	33
- balance sheet valuation of loans to related parties	-	-

- balance sheet and adjusted valuation of interest on loans	11	-
- valuation of forward contracts	-	3,155
- balance sheet valuation of investment certificates	-	455
- dissolution of write-offs on loans in related parties	-	-
- dissolution of write-offs on interest on loans	-	-
c) decreases (due to)	2,843	4,604
- repayment of related entities' loans	80	4,122
- repayment of other entities' loans in which the Company holds equity interest	130	80
- repayment of related parties' interest on loans	25	28
- change in the nature of loans on short-term (related entities)	-	-
- change in the nature of loans on short-term (other entities in which the Company holds equity interests)	-	-
- valuation of forward contracts	1,011	-
- valuation of participation units in CCF FIZ	1,532	-
- revaluation of shares	60	-
- balance sheet valuation of shares	-	208
- redemption of loans in related parties	-	-
- redemption of interest on loans in related parties	-	-
- capitalization of interests	-	-
- balance sheet and adjusted valuation of interest on loans	-	6
- balance sheet valuation of loans and exchange differences realized in relation to repaid loans and from the balance sheet valuation	-	209
- creating revaluation write-offs on loans to related parties	-	(51)
- creating revaluation write-offs on interest on loans to related parties	5	2
d) Closing balance	356,497	359,822

3.3. Current Financial Assets

	31 March 2018	31 December 2017	31 March 2017
a) in related parties	322	322	333
- loans granted	322	322	322
- other financial assets	-	-	11
b) in other entities in which the Company holds equity interests	-	303	286
- loans granted	-	280	280
- other financial assets	-	23	6
c) in other entities	8,068	8,516	8,348
- loans granted	359	-	-
- interest or shares	-	-	1
- other current financial assets, including:	7,709	8,516	8,347
- forward and IRS contracts	7,709	8,516	8,347

d) cash and cash equivalents	51,087	48,529	106,004
- cash in hand and at banks	51,086	48,520	106,001
- other monetary assets	1	9	3
Total	59,477	57,670	114,971

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 quarter of 2018, Comarch S.A. reached revenue from sales in the amount of PLN 182.5 million, what constitutes an increase of 6.2% compared to that achieved in the analogous period in the previous year. Net sales of products constituted 95.5% of total Company's sales and were higher by PLN 17.6 million compared to that in Q1 2017. In the first quarter of 2018, the Company's operating profit amounted to PLN 0.4 million and net profit was minus PLN 3.0 million.

5. An Amount and Type of Positions of Unusual Nature due to Type, Value or Frequency with Significant Effects on the Assets, Liabilities, Equity, Net Result and Cash Flows

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 31st of March, 2018, decreased revenue and profit of Comarch S.A. by PLN 311 thousand (while during the corresponding period in 2017 decreased by PLN 8,222 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 1,892 thousand (while during the corresponding period in 2017 increased by PLN 3,287 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 908 thousand (while in the corresponding period of 2017 they increased it by PLN 12,423 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of Comarch S.A. for Q1 2018 amounted to minus PLN 1,295 thousand (plus PLN 7,488 thousand in 12 months of 2017).

6. Discussion of Seasonality of the Issuer's Business in the Period Presented

Over 2017, Comarch S.A.'s revenue structure was as follows: 23% of annual sales were achieved in the first quarter, 23% in the second quarter, 21% in the third quarter and 33% in the fourth quarter.

Over 2018, the Company expects the distribution of sales revenue similar to that of 2017.

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

Over first quarter of 2018, Comarch S.A. has not created write-offs that revaluated goods and materials and finished products. The Company has not dissolved 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 2017	82,612	-	-	-	82,612
Change:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
At 31 March 2017	82,612	-	-	-	82,612
At 1 January 2017	82,612	-	-	-	82,612
Change:	7,596	-	-	-	7,596
- creation	7,596	-	-	-	7,596
- dissolution	-	-	-	-	-
At 31 December 2017	90,208	-	-	-	90,208
At 1 January 2018	90,208	-	-	-	90,208
Change:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
At 31 March 2018	90 208	-	-	-	90 208

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 2017	12,290	9,508	18,473	60,545	100,816
Change:	(400)	7	5,515	(12,697)	(7,575)
- creation	1,948	7	6,373	9,402	17,730
- dissolution	(2,348)	-	(858)	(22,099)	(25,305)
At 31 March 2017	11,890	9,515	23,988	47,848	93,241
At 1 January 2017	12,290	9,508	18,473	60,545	100,816
Change:	(2,533)	452	2,353	(3,642)	(3,370)
- creation	9,935	1,148	13,326	69,551	93,960
- dissolution	(12,468)	(696)	(10,973)	(73,193)	(97,330)
At 31 December 2017	9,757	9,960	20,826	56,903	97,446
At 1 January 2018	9,757	9,960	20,826	56,903	97,446
Change:	1,031	(324)	5,448	(4,996)	1,159
- creation	2,586	506	6,558	8,358	18,008
- dissolution	(1,555)	(830)	(1,110)	(13,354)	(16,849)
At 31 March 2018	10,788	9,636	26,274	51,907	98,605

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 2017	6,510	23,830
Creation in Q1 2017	282	2,013
Dissolution in Q1 2017	(1,160)	(12)
At 31 March 2017	5,632	25,831
At 1 January 2017	6,510	23,830
Creation in Q1-Q4 2017	744	1,921
Dissolution in Q1-Q4 2017	(1,438)	(496)
At 31 December 2017	5,816	25,255
At 1 January 2018	5,816	25,255
Creation in Q1 2018	140	-
Dissolution in Q1 2018	(13)	(706)
At 31 March 2018	5,943	24,549

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 3,142 thousand, technical devices and equipment related to them for the amount of PLN 17,601 thousand and intangible assets for the amount of PLN 185 thousand. The Company also incurred expenditures for the construction of an office building in the amount of PLN 1,052 thousand.

As at the of 31st of March, 2018, revenue from sales of property, plant and equipment amounted to PLN 522 thousand.

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

As at the of 31st of March, 2018, Comarch S.A. holds an investment liabilities amounted to PLN 1,135 thousand related to the construction of an office building SSE7, liability due to purchase of computer hardware in the amount of PLN 749 thousand, liability due to purchase of cars in the amount of PLN 213 thousand and liability due to purchase of intangible assets in the amount of PLN 187 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 3,038 thousand. Settlement of this obligation is provided for the 31st of December, 2018.

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 are 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

As at the date of publication of the report for Q1 2018, the Management Board of Comarch S.A. didn't decide on the distribution of profit for 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 31st of March, 2018, 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 98,072 thousand, whereas it was PLN 65,876 thousand on the 31st of December, 2017.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 40,742 thousand. Provisions for part of these claims were presented in the balance sheet as of the 31st of March, 2018, and are worth PLN 8,250 thousand (while provisions for claims relating to the court proceedings created in 2018 amounted to PLN 0). 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. In the opinion of the Comarch S.A. Management Boards 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.

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.

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Krakow



ir@comarch.com



+48 (12) 687 78 22

www.comarch.com/investors/
