

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr ...3 / 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

for ...3... quarter of financial year ...2018 from 2018-01-01 to 2018-09-30
including consolidated financial statement according to International Financial Reporting Standards (IFRS)
in currency PLN
and summary of financial statement according to Act on Accounting (Journal of Laws 2018.395)
in currency PLN
date of publication 2018-11-16

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-Q3 2018	Q1-Q3 2007	Q1-Q3 2018	Q1-Q3 2017
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	949,319	771,104	224,144	181,155
II. Operating profit (loss)	62,057	22,388	14,652	5,260
III. Profit before income tax	50,013	40,198	11,809	9,444
IV. Net profit attributable to shareholders of parent company	22,462	26,764	5,304	6,288
V. Net cash flows from operating activities	23,317	34,639	5,505	8,138
VI. Net cash flows from investing activities	-59,894	-92,631	-14,142	-21,762
VII. Net cash flows from financing activities	-15,367	29,480	-3,628	6,926
VIII. Change in net cash flows	-51,944	-28,512	-12,265	-6,698
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings (losses) per single share (PLN/EURO)	2.76	3.29	0.65	0.77
XI. Diluted earnings (losses) per single share (PLN/EURO)	2.76	3.29	0.65	0.77
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	701,973	508,269	165,743	119,407
XIII. Profit (loss) on operating activities	89,189	10,847	21,058	2,548
XIV. Gross profit (loss)	78,109	18,224	18,442	4,281
XV. Net profit (loss)	71,362	14,563	16,849	3,421
XVI. Net cash flows from operating activities	8,849	34,286	2,089	8,055
XVII. Net cash flows from investing activities	-43,418	-52,468	-10,251	-12,326
XVIII. Net cash flows from financing activities	7,816	17,841	1,845	4,191
XIX. Total net cash flow	-26,753	-341	-6,317	-80

XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	11.82	4.31	2.79	1.01
XXII. Diluted earnings (losses) per single share (PLN/EURO)	11.82	4.31	2.79	1.01
EQUITIES	31.09.2018	31.12.2017	31.09.2018	31.12.2017
XXIII. Equity attributable to shareholders (consolidated)	850,534	835,062	199,123	200,211
XXIV. Equity (parent company)	853,202	796,984	199,748	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 30.09.2018: 4.2353;

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2017 to 30.09.2017: 4.2566;

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

- 30.09.2018: 4.2714;

- 31.12.2017: 4.1709.

Values of equities (positions XXIII, XXIV) were presented as at the end of 9 months of the current year and as at the end of the previous year.

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

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

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

REPORT INCLUDES:

File	Description
Qsr_3_2018.pdf	Qsr 3 2018

SIGNATURES

Date	Name and surname	Position	Signature
2018-11-16	Konrad Tarański	Vice-President of the Management Board	
2018-11-16	Maria Smolińska	Proxy	



Comarch Capital Group Consolidated Financial Statement for the period from 1 January 2018 to 30 September 2018

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

Krakow, 16th of November 2018

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**PLN 62
million of
operating
profit**

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

**PLN 949
million of
revenue**

**Over
6 000
specialists
employed**

**53
subsidiaries
and branches
worldwide**

**PLN 1.4 billion
of market
capitalization of
Comarch S.A. on
WSE**

**PLN 2.76 profit
per share**

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 9 MONTHS 2018

I. Consolidated Balance Sheet

ASSETS	Note	At 30 September 2018	At 31 December 2017
NON-CURRENT ASSETS			
Property, plant and equipment	3.2	558,545	556,838
Investment real estates	3.3	30,075	15,357
Goodwill	3.4	42,197	42,197
Other intangible assets	3.5	60,404	63,319
Non-current prepayments		3,186	3,321
Investments in associates	3.6	8,651	11,233
Other assets at fair value – derivative financial instruments	3.7a	1,699	2,904
Other investments		111	112
Deferred income tax assets	3.8	30,295	31,237
Other receivables		7,082	5,392
		742,245	731,910
CURRENT ASSETS			
Inventories	3.9	108,381	114,967
Trade and other receivables	3.10	387,550	392,153
Current income tax receivables		2,960	2,222
Long-term contracts receivables	3.11	129,247	46,886
Available-for-sale financial assets	3.12	-	-
Other financial assets at fair value – derivative financial instruments	3.7a	5,194	8,516
Interest and shares		-	-
Cash and cash equivalents		157,915	207,937
		791,247	772,681
Assets available-for-sale		-	3,861
TOTAL ASSETS		1,533,492	1,508,452

*) Data for 31st of December, 2017 were corrected due the rules resulting from application of IFRS 15

LIABILITIES	Note	At 30 September 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		9,379	4,169
Net profit (loss) for the current period		22,462	42,036
Retained earnings		667,519	665,525
Changes in retained earnings due to IFRS 15		-	(27,842)
		850,534	835,062
Minority interest		18,898	16,128
TOTAL EQUITY		869,432	851,190
LIABILITIES			
Non-current liabilities			
Credit and loans	3.14	181,198	185,596
Other liabilities		7,497	6,928
Financial liabilities at fair value – derivative financial instruments	3.7b	498	736
Other financial liabilities	3.15	341	446
Provision for deferred income tax	3.8	42,775	43,962
Provisions for other liabilities and charges	3.16	-	-
		232,309	237,668
Current liabilities			
Trade and other payables	3.17	180,571	177,320
Current income tax liabilities		9,603	4,942
Long-term contracts liabilities	3.11	87,290	65,133
Credit and loans	3.14	49,966	39,111
Financial liabilities at fair value – derivative financial instruments	3.7b	494	509
Other financial liabilities	3.15	155	165
Provisions for other liabilities and charges	3.16	103,672	132,414
		431,751	419,594
TOTAL LIABILITIES		664,060	657,262
TOTAL EQUITY AND LIABILITIES		1,533,492	1,508,452

*) Data for 31st of December, 2017 were corrected due the rules resulting from application of IFRS 15

II. Consolidated Income Statement

	Note	Q3 2018*	9 months ended 30 September 2018	Q3 2017**	9 months ended 30 September 2017**
Revenue		345,311	949,319	263,947	771,104
Cost of sales		(253,901)	(715,232)	(202,636)	(603,146)
Gross profit		91,410	234,087	61,311	167,958
Other operating income		2,745	18,078	1,434	17,498
Sales and marketing costs		(29,958)	(91,640)	(27,159)	(90,397)
Administrative expenses		(28,294)	(71,403)	(22,340)	(66,672)
Other operating expenses		(8,845)	(27,065)	(2,648)	(5,999)
Operating profit		27,058	62,057	10,598	22,388
Finance revenue - net		12,852	(8,063)	(4,671)	20,270
Share of profit / (loss) of associates		(1,321)	(3,981)	(477)	(2,460)
Profit before income tax		38,589	50,013	5,450	40,198
Income tax expense		(20,849)	(24,780)	(5,546)	(11,228)
Net profit / (loss) for the period		17,740	25,233	(96)	28,970
Attributable to:					
Shareholders of the Parent Company		18,162	22,462	(107)	26,764
<i>Interests not entitled to control</i>		<i>(422)</i>	<i>2,771</i>	<i>11</i>	<i>2,206</i>
		17,740	25,233	(96)	28,970
Earnings 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>		2.76		3.29
– diluted			2.76		3.29

*) Data for the third quarter of 2018 were calculated by subtraction of the data presented by the Group in the report for the first 6 months of 2018 from the data for the first 9 months of 2018.

**) For comparative purposes, data for Q3 of 2017 and first 9 months of 2017 were converted due the rules resulting from application of IFRS 15.

III. Total Income Consolidated Statement

	Q3 2018*	9 months ended 30 September 2018	Q3 2017**	9 months ended 30 September 2017**
Net profit / (loss) for the period	17,740	25,233	(96)	28,970
Other total income				
Exchange differences from recalculation of subsidiaries	(2,024)	5,209	1,968	(8,094)
Total other total income	(2,024)	5,209	1,968	(8,094)
Sum of total income for the period	15,716	30,442	1,872	20,876
Attributable to the Parent Company shareholders	16,139	27,672	1,862	18,669
Attributable to the interests not entitled to control	(423)	2,770	10	2,207

*) Data for the third quarter of 2018 were calculated by subtraction of the data presented by the Group in the report for the first 6 months of 2018 from the data for the first 9 months of 2018.

**) For comparative purposes, data for Q3 of 2017 and first 9 months of 2017 were converted due the rules resulting from application of IFRS 15.

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	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾			(8,095)			1	(8,094)
Profit (loss) for the period ⁽²⁾	-	-	-	26,764	-	2,206	28,970
Total income recognised in equity ⁽¹⁺²⁾	-	-	(8,095)	26,764	-	2,207	20,876
Balance at 30 September 2017	8,133	143,041	10,429	26,764	615,093	16,848	820,308
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	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	5,210	-	-	(1)	5,209
Profit (loss) for the period ⁽²⁾	-	-	-	22,462	-	2,771	25,233
Total income recognised in equity ⁽¹⁺²⁾	-	-	5,210	22,462	-	2,770	30,442
Balance at 30 September 2018	8,133	143,041	9,379	22,462	667,519	18,898	869,432

Pursuant to the resolution of the Comarch S.A. Annual General Meeting hold at the 27th of June, 2018, the net profit for 2017 in the amount of PLN 12,200,023.50 was allocated for dividend for shareholders outside the Group. The dividend was paid at the 31st of August, 2018. As at the 30th of September, 2018, there is no basis for paying dividends for 2017 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 from previous years calculated in accordance with the principles applied previously and revenues from 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. The impact of the described changes on the net profit in Q1-Q3 2017 amounted to PLN 19,535.

V. Consolidated Cash Flow Statement

	9 months ended 30 September 2018	9 months ended 30 September 2017
Cash flows from operating activities		
Net profit	25,233	28,970
Total adjustments	19,715	20,181
Share in profits (losses) of subsidiaries valued using the equity method	3,755	2,460
Depreciation	47,560	46,483
Profit (loss) from foreign exchange differences	(2,984)	3,350
Interest and profit sharing (dividends)	2,952	2,243
Profit (loss) on investing activities	(12,474)	(10,244)
Change in inventories	11,124	(16,056)
Change in receivables	(35,851)	51,888
Change in liabilities and provisions excluding credits and loans	5,878	(59,943)
Other adjustments	(245)	-
Net profit less total adjustments	44,948	49,151
Income tax paid	(21,631)	(14,512)
Net cash generated (used) in operating activities	23,317	34,639
Cash flows from investing activities		
Purchases of property, plant and equipment	(61,749)	(99,361)
Proceeds from sale of property, plant and equipment	2,864	10,926
Purchases of intangible assets	(9,691)	(15,702)
Proceeds from disposal of investment in real estate and intangible assets	9,923	10,603
Expenses for purchase of financial assets	(565)	(6,310)
Expenses for investment in real estates	-	(1,010)
Granted loans	(16,050)	(374)
Paid loans	10,040	90
Interest	262	212
Other proceeds from financial assets	-	8,386
Other expenses for financial assets	5,072	(1)
Other investment proceeds	-	48
Other investment expenses	-	(138)
Net cash generated (used) in investing activities	(59,894)	(92,631)
Cash flows from financing activities		
Dividends and other payments to owners	(12,200)	(12,200)
Proceeds from credits and loans	42,521	76,508
Repayments of credits and loans	(41,352)	(26,024)
Interest on credit	(2,591)	(2,291)
Interest on loans	(362)	-
Expenses related to loans granted	(1,873)	(6,450)
Proceeds from paid loans	733	-
Proceeds from interest on loans	43	-
Payment of liabilities under finance lease agreements	(129)	(127)

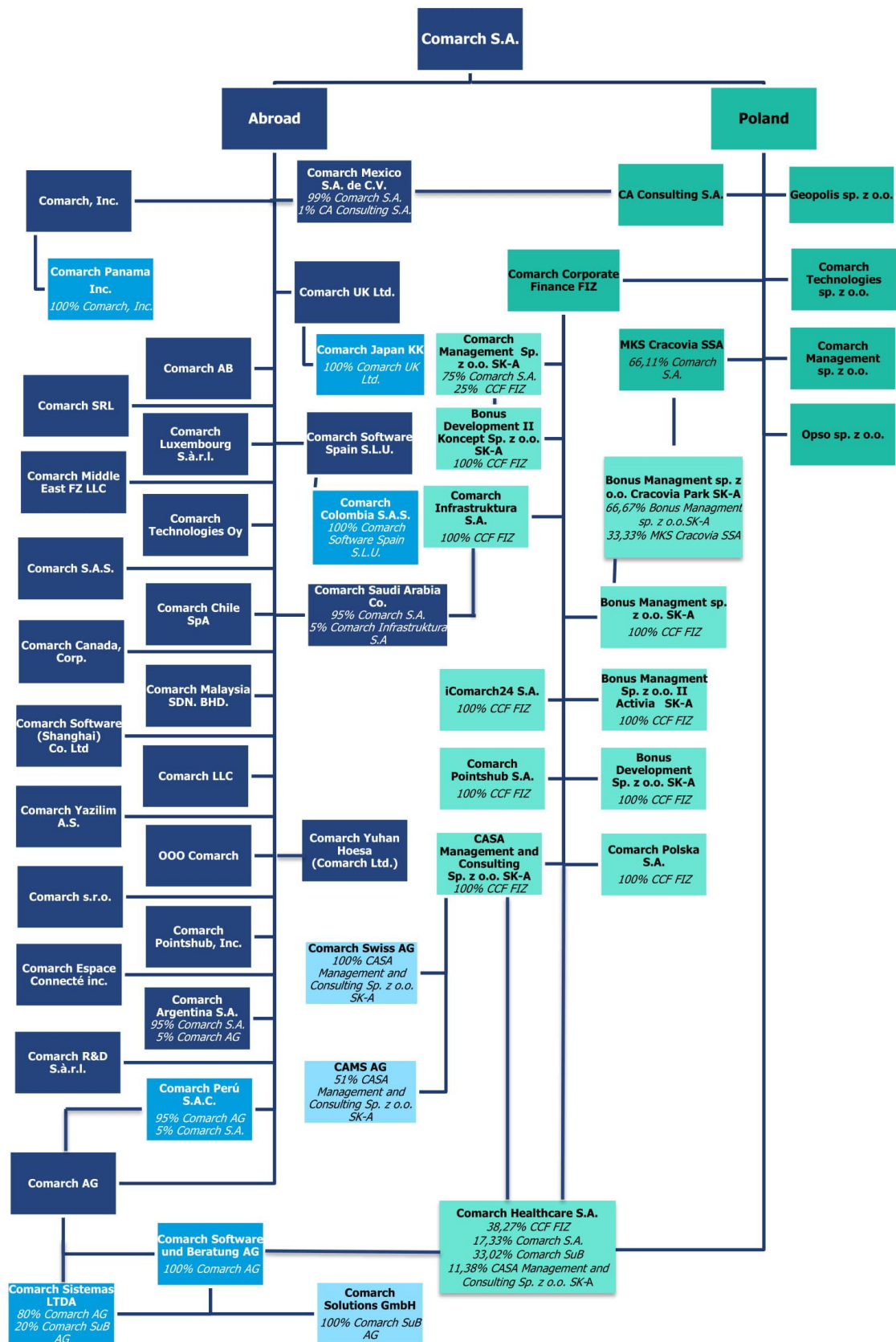
Other financial proceeds	314	434
Other financial expenses	(471)	(370)
Net cash generated (used) in financing activities	(15,367)	29,480
Net change in cash, cash equivalents and bank overdrafts	(51,944)	(28,512)
Cash, cash equivalents and bank overdrafts at beginning of the period	207,966	235,825
Positive (negative) exchange differences in cash and bank overdrafts	1,890	(7,910)
Cash, cash equivalents and bank overdrafts at end of the period	157,912	199,403
<i>- including limited disposal</i>	<i>3,963</i>	<i>3,552</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. (the "Company") 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. Activities Structure in the Comarch Group



On the 30th of September, 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 the,
- 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., Comarch Mexico S.A. de C.V., Comarch Yuhán Hoesa (Comarch Ltd.) i 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. specialises in data communications relating 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 and Bonus Management sp. z o.o. II Activia SK-A. Comarch Pointshub. Inc. conduct investment activities on capital market and activities related to IT,
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates,
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector,
- Comarch Infrastruktura S.A. offers services related to Data Centre and IT services outsourcing,
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group,
- Geopolis sp. z o.o. produces and implements integrated GIS systems in public administration units,
- MKS Cracovia SSA is a sport joint stock company,
- „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation,

- Opso sp. z o.o. provides catering services,
- Comarch s.r.o. and Comarch Pointhub S.A. are currently not operating,

1.3. Changes in Ownership and Organisational Structure in Q3 2018

On the 2nd of July, 2018, Extraordinary General Meeting of Comarch Japan KK has adopted a resolution about the increase of the share capital by JPY 10 million i.e. from JPY 5 million to JPY 15 million. Comarch UK acquired in its entirety a new share issue, i.e. 200 shares with a nominal value of JPY 50,000. On the 27th of August, 2018 has been registered the share capital increase and change the headquarter address on 3F, Otemachi Financial City Grand Cube, 1-9-2 Otemachi, Chiyoda-ku, Tokyo.

On 6th of July, 2018 has been registered the capital increase in Comarch Healthcare S.A. in amount PLN 2 million i.e. from PLN 10,114,806.00 to PLN 12,114,806.00. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00.

On 23rd of August, 2018 has been registered the capital increase in Comarch Colombia S.A.S. in amount COP 3,010,063,000 i.e. from COP 182,000,000 to 3,192,063,000. The increase took place due to the conversion of commitments from Comarch Software Spain S.L.U., which has 100% of shares. The amount of the target capital of the company is COP 3,600,000,000.00 and consists of 3 600 000 shares with a nominal value COP 1,000 each.

On 11th of September, 2018 was registered a subsidiary Comarch Yuhan Hoesa (Comarch Ltd.) with headquarter in Seoul in South Korea. The share capital of the company amounts to KRW 100 million and consists of 10,000 shares with value of KRW 10,000 each. Comarch S.A. owns 10,000 shares, i.e. 100% in share capital and votes of company Comarch Yuhan Hoesa (Comarch Ltd.).

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

In October, Comarch (Thailand) Limited started operating activities. The share capital of the company is THB 3,000,000 in amount THB 100 per share. The owners of 100% shares in the company are currently 3 natural persons who are members of the management board of Comarch S.A. In connection with the operational control over Comarch (Thailand) Limited, Comarch S.A. decided to extend this entity to full consolidation of financial statements from 1st of October, 2018.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 9 months ended the 30th of September, 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 9 months ended the 30th of September, 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 period from the 1st of January, 2017 until the 30th of September, 2017 ("the Interim IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the 9 months ended the 30th of September, 2018 does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the period from the 1st of January, 2017 until the 31st of December, 2017 (the notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2017).

The Interim Consolidated Financial Statement for the period from 1st of January, 2018 until the 30th of September, 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 period from 1st of January, 2018 until the 30th of September, 2018 is prepared in thousands of Polish zloty ("PLN") and was authorised for issuance by the Management Board on the 16th of November, 2018.

Changes to standards applied in the financial statement for 2018 for the first time

- **IFRS 15 „Revenue from Contracts with Customers” and subsequent changes to IFRS 15 „Date of entry into force 15”** – approved by the EU on 22nd of September, 2016 (effective for annual periods beginning on or after 1st of January, 2018).

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 30th of June, 2017, were converted in accordance with IFRS 15.

The effects of IFRS 15 changes	At 1 January 2017	At 31 March 2017	At 30 June 2017	At 30 September 2017	At 31 December 2017
Assets					
Long-term contracts receivables	882	3,805	4,312	4,983	6,537
Total	882	3,805	4,312	4,983	6,537
Liabilities					
Retained earnings	(50,432)	(50,432)	(50,432)	(50,432)	(50,432)
Long-term contracts liabilities	51,314	40,852	38,652	35,880	34,379
Net profit for the current period (Revenue - position in the income statement)	-	13,385	16,092	19,535	22,590
Total	882	3,805	4,312	4,983	6,537

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.
- **IAS 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).

- **MSSF 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),

The Comarch Group applied IFRS 9 for the first time in preparing the financial report for the first quarter of 2018. The impact of applying IFRS 9 to the consolidated financial statements of the Company after the analysis is negligible.

- **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 H1 2018.

New standards and amendments 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.

MSSF 16 Leasing

The new standard was 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 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. The Group plans to implement the application of the IFRS 16 standard retrospectively, with the combined effect of the first application of IFRS 16 recognized as at 1st of January, 2019, without restatement of comparative data.

The Group is currently analysing all concluded contracts in terms of meeting the criteria for recognizing them as leasing agreements in accordance with IFRS 16. The key identified areas are rental agreements for buildings and office space, perpetual usufruct of land, leasing of means of transport and leasing of computer equipment.

The total value of nominal remuneration resulting from identified lease agreements, as at the date of publication of this report, that meet the criteria of IFRS 16, falling for the period from the 1st of January 1, 2019 to the end of their validity, is:

- for lease contracts: approx. PLN 55,000 thousand,
- for the right of perpetual usufruct of land (for the period until 2089): approx. PLN 59,000 thousand,
- for leasing of means of transport and computer equipment: approx. PLN 1,200 thousand.

Following the implementation of IFRS 16, contracts meeting the criteria for leasing will be discounted and will be recognized in the Group's financial statements as an asset component of the right of use and a lease liability.

The implementation of IFRS 16 will have an impact on financial ratios calculated on the basis of the Group's financial statements, including those that are covenants in loan agreements concluded by the Group. As at the date of publication of the financial statements, the Group excluded some credit agreements from the impact of changes resulting from the implementation of IFRS 16 on the calculation of covenants and conducts talks with other lenders aiming at achieving the analogous state of affairs. The Management Board of the Group informs that it does not see any risk of exceeding the admissible values of covenants resulting from loan agreements concluded by the Group also in a situation when the data taking into account the application of IFRS 16 were used to calculate the value of covenants.

New standards and amendments 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 9 months ended the 30th of September, 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 Mexico S.A. de C.V.	Subsidiary	Full	99% held by Comarch S.A., 1% held by CA Consulting S.A.
Comarch Yuhan Hoesa (Comarch Ltd.)	Subsidiary	Full	100%
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	38.27% held by CCF FIZ (4,636,000 shares), 17.33% held by Comarch S.A. (2,100,000 shares), 33.02% held by Comarch Software und Beratung AG (4,000,000 shares), 11.38% held by CASA Management and Consulting sp. z o.o. SKA (1,378,806 shares)
Comarch Polska S.A.	Subsidiary	Full	100% held by CCF FIZ
Comarch Pointshub S.A.	Subsidiary	Full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	Subsidiary	Full	100% held by CCF FIZ
iComarch24 S.A.	Subsidiary	Full	100% held by CCF FIZ

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

3. Notes to the Consolidated Financial Statement

3.1. Segment Information

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

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

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

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

Comarch Group is highly diversified and not dependant on one single contractor. During the 6 months of 2018, the share of none of the customer exceeded 10% of the sale in Comarch Group's sales.

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. In 2017, the Company expects the distribution of sales revenue similar to that in 2017.

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

9 months ended 30 September 2017	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment - sales to external clients	402,616	190,452	177,398	2,737	27,601	8,068	-	808,872
<i>including:</i>								
Revenue from sales	384,009	187,765	174,826	371	16,653	7,480	-	771,104
<i>To customers in Telecommunication, Media, IT sector</i>								
<i>To customers in Finance and Banking sector</i>	75,598	48,290	59,538	-	-	-	-	183,426
<i>To customers in Trade and services sector</i>	96,700	26,780	11,033	-	-	-	-	134,513
<i>To customers in Industry&Utilities</i>	33,155	12,337	84,827	-	-	-	-	130,319
<i>To customers in Public sector</i>	58,720	19,573	17,056	-	-	-	-	95,349
<i>To customers in Small and Medium Enterprises sector</i>	31,758	5,148	2,359	-	-	-	-	39,265
<i>To customers in Medicine sector</i>	82,934	75,636	-	-	-	-	-	158,570
<i>To other customers</i>	3,303	-	-	-	-	7,480	-	10,783
<i>To customers in Telecommunication, Media, IT sector</i>	1,841	1	13	371	16,653	-	-	18,879
<i>Other operating revenue</i>	752	2,560	2,131	784	10,857	414	-	17,498
<i>Finance revenue</i>	17,855	127	441	1,582	91	174	-	20,270
Revenues per segment - sales to other segments	163,364	25,845	19,204	5,107	6,640	1,522	(221,682)	-
Revenues per segment - total*	565,980	216,297	196,602	7,844	34,241	9,590	(221,682)	808,872
Costs per segment relating to sales to external clients	380,901	179,982	173,971	-112	20,907	10,565	-	766,214
Costs per segment relating to sales to other segments	163,364	25,845	19,204	5,107	6,640	1522	(221,682)	-
Costs per segment - total*	544,265	205,827	193,175	4,995	27,547	12,087	(221,682)	766,214
Current taxes	(1,784)	(2,990)	(3,686)	(274)	(549)	-	-	(9,283)
Assets for the tax due to investment allowances and other tax relief	(2,438)	2,093	(1,925)	(9)	334	-	-	(1,945)
Share of segment in the result of parties valued using the equity method of accounting	(59)	-	(2,401)	-	-	-	-	(2,460)
Net result	17,434	9,573	(4,585)	2,566	6,479	(2,497)	-	28,970
<i>including:</i>								
<i>Result attributable to shareholders of the Parent Company</i>	17,434	9,573	(4,585)	2,556	4,283	(2,497)	-	26,764
<i>Result attributable to minority interest</i>	-	-	-	10	2,196	-	-	2,206

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

Sales between specific segments are calculated based on market conditions.

The following table presents the assets and liabilities of particular segments as at the 30th of September, 2017, as well as investment expenditures and depreciation in during 9 months of 2017:

30 September 2017 / 9 months ended 30 September 2017

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

9 months ended 30 September 2018	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment-sales to external clients	556,092	196,264	165,083	4,422	29,427	8,046	-	959,334
<i>including:</i>								
Revenue from sales	561,818	196,032	162,582	5,086	15,428	8,373	-	949,319
<i>To customers in Telecommunication, Media, IT sector</i>	91,763	50,349	61,966	-	-	-	-	204,078
<i>To customers in Finance and Banking sector</i>	103,971	27,707	9,090	-	-	-	-	140,768
<i>To customers in Trade and services sector</i>	42,688	21,905	70,401	-	-	-	-	134,994
<i>To customers in Industry&Utilities</i>	54,446	18,200	18,571	4,768	-	-	-	95,985
<i>To customers in Public sector</i>	150,797	6,895	2,533	-	-	-	-	160,225
<i>To customers in small and medium enterprises sector</i>	103,503	70,975	-	-	-	-	-	174,478
<i>To customers in Medicine sector</i>	10,903	-	-	-	-	8,373	-	19,276
<i>To other customers</i>	3,747	1	21	318	15,428	-	-	19,515
<i>Other operating revenue</i>	(379)	1,150	3,184	49	13,868	206	-	18,078
<i>Finance revenue</i>	(5,347)	(918)	(683)	(713)	131	(533)	-	(8,063)
Revenues per segment - sales to other segments	326,624	27,887	24,608	5,681	6,444	1,626	(392,870)	-
Revenues per segment - total*	882,716	224,151	189,691	10,103	35,871	9,672	(392,870)	959,334
Costs per segment relating to sales to external clients	499,800	178,616	190,705	4,209	21,846	10,164	-	905,340
Costs per segment relating to sales to other segments	326,624	27,887	24,608	5,682	6,444	1,625	(392,870)	-
Costs per segment - total*	826,424	206,503	215,313	9,891	28,290	11,789	(392,870)	905,340
Current taxes	(8,396)	(13,655)	(2,616)	(358)	-	-	-	(25,025)
Assets for the tax due to investment allowances and other tax relief	(2,378)	1,576	444	68	535	-	-	245
Share of segment in the result of parties valued using the equity method of accounting	(333)	-	(3,648)	-	-	-	-	(3,981)
Net result	45,185	5,569	(31,442)	(78)	8,116	(2,117)	-	25,233
<i>including:</i>								
<i>Result attributable to shareholders of the Parent Company</i>	45,185	5,569	(31,442)	(74)	5,341	(2,117)	-	22,462
<i>Result attributable to minority interest</i>	-	-	-	(4)	2,775	-	-	2,771

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 30th of September, 2018, as well as investment expenditures and depreciation in during 9 months of 2018:

30 September 2018 / 9 months ended 30 September 2018

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	907,286	190,032	222,313	138,071	69,798	5,992	1,533,492
Liabilities	445,627	73,759	89,294	33,149	20,763	1,468	664,060
Investment expenditures	50,147	6,106	8,700	17,370	4,237	1,495	88,055
Depreciation	34,387	4,135	2,798	1,448	3,369	1,423	47,560

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

Revenues from core activities - activities location

	9 months ended 30 September 2018	%	9 months ended 30 September 2017	%
Poland	590,705	62,2	408,513	53.0
DACH region	196,032	20,7	187,765	24.3
Other countries	162,582	17,1	174,826	22.7
Total	949,319	100.0	771,104	100.0

Assets - activities location

	30 September 2018	%	30 September 2017	%
Poland	1,121,126	73.1	1,048,264	69.5
DACH region	190,032	12.4	202,412	13.4
Other countries	222,334	14.5	257,776	17.1
Total	1,533,492	100.0	1,508,452	100.0

Investment expenditures – activities location

	9 months ended 30 September 2018	%	12 months ended 31 December 2017	%	9 months ended 30 September 2017	%
Poland	73,249	83.2	111,187	72.4	82,343	65.9
DACH region	6,106	6.9	16,157	10.5	14,633	11.9
Other countries	8,700	9.9	26,384	17.1	25,920	22.2
Total	88,055	100.0	153,728	100.0	122,896	100.0

3.2. Property, Plant and Equipment

	30 September 2018	31 December 2017
Lands and buildings	394,664	324,518
Means of transport and machinery	140,837	109,000
Property, plant and equipment under construction	11,881	110,381
Others	11,149	12,760
Advance money for property, plant and equipment under construction	14	179
Total	558,545	556,838

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 30th of September, 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 building and data centre opened for use in H1 2018 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 30th of September, 2018, property, plant and equipment under construction comprise mostly expenditures to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA (an amount of PLN 5,582 thousand) and expenditures related to purchased but did put into use hardware in amount PLN 1,382 thousand.

In Comarch Healthcare S.A. began to conduct the diagnostic and medical activity (Medical Centre iMed24) in the first quarter of 2012 and commenced use of the diagnostic and medical equipment purchased in 2011. As at the 30th June, 2018, the book value of this equipment amounted to PLN 1,326 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. Additional work will be completed in the third quarter of 2018. 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. The works were completed in the second quarter of 2018.

3.3. Investment Real Estate

	30 September 2018	30 September 2017
Lands	3,234	2,875
Buildings	26,841	12,482
Total	30,075	15,357

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

3.4. Goodwill

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

	30 September 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	8,413	8,413
Geopolis sp. z o.o.	1,462	1,462
Total	42,197	42,197

On the 31st of December, 2017, the Comarch Group ran a test for loss in value regarding goodwill. The methodology was described in detail in the financial statement for 2017. The lost in value was not identified.

3.5. Other Intangible Assets

	30 September 2018	31 December 2017
Costs of finished development works	191	335
Perpetual usufruct right	38,593	39,312
Licences and software	15,690	15,355
Other	5,930	8,317
Advance money for intangible assets	-	-
Total	60,404	63,319

Other intangibles include valuation of assets, classified as intangible assets, related to the value of the right to use MKS Cracovia SSA players' cards in the amount of PLN 9,279 thousand.

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

3.6. Investment in Associates

As at the 30th of September, 2018, the Group had shares in associates.

At 1 January 2017	14,395
Share in profit of SoInteractive S.A.	(47)
Share in profit of Metrum Capital S.A.	(12)
Granting and repayment of a loan to SoInteractive S.A.	235
Share in profit of Thanks Again LLC	(2,401)
At 30 September 2017	12,170
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 a loan to 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.	(331)
Share in profit of Metrum Capital S.A.	(2)
Granting and repayment of a loan to SoInteractive S.A.	1,390
Share in profit of Thanks Again LLC	(3,639)
At 30 September 2018	8,651

As at the 30th of September, 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 0, shares in Thanks Again LLC, in which Comarch Pointshub, Inc. holds 42,50% of share capital (42,50% of votes at the AGM) with total value of PLN 7,131 thousand (the nominal value of acquired shares PLN 30,831 thousand reduced by participation in 2015-2018 financial result and update of the value of shares), as well as loans granted to SoInteractive S.A. by subsidiaries of Comarch Group in the amount of PLN 1,520 thousand.

3.7. Derivative Financial Instruments

a) Assets

	30 September 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	6,566	11,316
Transaction on change of IRS	327	104
	6,893	11,420
<i>Current portion</i>	<i>5,194</i>	<i>8,516</i>
<i>Non-current portion</i>	<i>1,699</i>	<i>2,904</i>

b) Liabilities

	30 September 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	436	426
Transaction on change of IRS	556	819
	992	1,245
<i>Current portion</i>	<i>494</i>	<i>509</i>
<i>Non-current portion</i>	<i>498</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 30th of September, 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 30th of September, 2018, amounted to EUR 46,605 thousand and USD 8,900 thousand.

On the 24th of October, 2013, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 30th of September, 2013, from Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 31st of October, 2018. As at the 30th of September, 2018, valuation of the IRS transaction amounted to minus PLN 14 thousand.

On the 27th of June, 2014, Comarch S.A. concluded a transaction on change of IRS for nonrevealing credit taken on the 4th of January, 2013, from Bank Zachodni WBK S.A. with its registered office in Wrocław. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 28th of June, 2019. As at the 30th of September, 2018, valuation of IRS transaction amounted to minus PLN 41 thousand.

On the 9th of July, 2014, Comarch S.A. concluded a transaction on change of IRS for investment credit taken in June 2006 from BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 10 years, i.e. till the 29th of July, 2024. As at the 30th of September, 2018, valuation of the IRS transaction amounted to minus PLN 335 thousand.

On the 23rd of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4th of December, 2013, from Bank Pekao S.A. with its registered office in Warsaw. As a

consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30th of November, 2023. As at the 30th of September, 2018, valuation of the IRS transaction amounted to minus PLN 163 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 30th of June, 2018, valuation of the IRS transaction amounted to minus PLN 3 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 30th of September, 2018, valuation of the IRS transaction amounted to PLN 147 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 30th of September, 2018, valuation of the IRS transaction amounted to PLN 180 thousand.

3.8. Deferred Income Tax

	30 September 2018	31 December 2017
Deferred income tax assets		
Temporary differences	16,883	12,591
Asset due to a tax loss	8,712	9,783
Asset due to activities in Special Economic Zone ("SEZ")	4,700	8,863
Total	30,295	31,237
<i>Charged to financial result</i>	<i>30,295</i>	<i>31,237</i>

Due to the level of zone income achieved in the three quarters of 2018, all assets created as at December 31, 2017 were dissolved in the amount of PLN 8 863 thousand. At the same time, an asset was created from the anticipated zone income for the fourth quarter of 2018 in the amount of PLN 4,700 thousand.

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 30th of September, 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 11,160 thousand as at the 30th of September, 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 30th of September, 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 30th of September, 2018 (after discounting at the permit date).

During the first three quarters of 2017, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2017, and worth PLN 2,810 thousand as well as an asset due to temporary differences was recognized in the amount of PLN 7,102 thousand. An asset due to tax loss was recognized and settled in the amount of PLN 1,071 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 942 thousand

	30 September 2018	31 December 2017
Provision for deferred income tax		
Temporary differences	15,656	16,152
Provision due to valuation of MKS Cracovia SSA's real estates	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	21,689	22,380
Total	42,775	43,962
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>37,345</i>	<i>38,532</i>

Due to valuation of net assets of CCF FIZ, in the first three quarters of 2018, the Group increased a deferred tax provision, which was recognised in the previous years and was worth PLN 691 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 4,287 and dissolved in the amount of PLN 4,783 thousand. The total effect of the all above-mentioned operations on the net result of 9 months of 2018 was plus PLN 1,187 thousand.

Total changes in the deferred income tax resulted in an increase in result of PLN 245 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

	30 September 2018	31 December 2017
Raw materials	1,859	1,273
Work in progress	88,995	87,838
Goods	16,506	25,078
Finished products	57	150
Advance due to finished products	964	628
Total	108,381	114,967

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 355,951 thousand (9 months ended the 30th of September, 2018), PLN 333,918 thousand (12 months ended the 31st of December, 2017), PLN 242,639 thousand (9 months ended the 30th of September, 2017)

During the first 9 months of 2018, Comarch Group created write-offs that revaluated goods and materials in the amount of PLN 90 thousand. Comarch Group resolved write-offs in an amount PLN 16 thousand, which had been created in the previous years.

3.10. Trade and Other Receivables

	30 September 2018	31 December 2017
Trade receivables - net	318,052	347,254
<i>Trade receivables</i>	<i>363,143</i>	<i>376,110</i>
<i>Write-off revaluating receivables</i>	<i>(45,091)</i>	<i>(28,856)</i>
Other receivables	37,162	19,687
Short-term prepayments	15,079	13,593
Other prepayments	1,609	452
Loans	14,117	7,541
Trade receivables and other receivables from related parties - net	1,531	3,626
<i>Trade receivables and other receivables from related parties</i>	<i>7,323</i>	<i>6,511</i>
<i>Write-off revaluating receivables</i>	<i>(5,792)</i>	<i>(2,885)</i>
Total	387,550	392,153
<i>Current portion</i>	<i>387,550</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 9 months of 2018, the Group recognized a write-off due to loss in value of its trade receivables that was worth PLN 21,284 thousand and dissolved previously created write-offs worth PLN 2,496 thousand in relation to payment of debts. These operations were presented in the income statement in other operating costs and revenues, respectively.

3.11. Long-term Contracts

	9 months ended 30 September 2018	9 months ended 30 September 2017
Revenues from completed contracts recognized in the reporting period	41,595	48,133
Revenues from contracts not completed recognized in the reporting period	189,329	114,338
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IAS 11	60,203	57,491
TOTAL	291,127	219,962

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

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 30th of September, 2017, and the 30th of September, 2018, are presented below:

	30 September 2018	30 September 2017
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	939,775	569,254
Issued invoices	(897,818)	(562,280)
Total	41,957	6,974

	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 15	882	(51,314)	(50,432)
Value at 1 January 2017 after adjustment due to IFRS 15	40,842	(91,358)	(50,516)
Correction of the current period due to IFRS 15 (reversal of the correction recognised in the opening balance sheet as at 1 January 2017)	-	14,515	14,515
Correction of the current period	27,697	15,278	42,975
Value at 30 September 2017	68,539	(61,565)	6,974
Change	27,697	29,793	57,490
Value at 1 January 2018 before adjustment 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)
Value at 1 January 2018 after adjustment due to IFRS 15	46,886	(65,133)	(18,247)
Correction of the current period due to IFRS 15 (reversal of the correction recognised in the opening balance sheet as at 1 January 2018)	(4,552)	3,898	(654)
Correction of the current period	86,913	(26,055)	60,858
Value at 30 September 2018	129,247	(87,290)	41,957
Change	82,361	(22,157)	60,204

3.12. Available for-Sale Financial Assets

Within the 9 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 2017	8,133,349	8,133,349	-	8,133,349
At 30 September 2017	8,133,349	8,133,349	-	8,133,349
At 31 December 2017	8,133,349	8,133,349	-	8,133,349
At 30 September 2018	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.

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

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

3.13.1.Changes in Share Capital in Q3 2018

On the 7th of September, 2018, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transactions concerned a purchase on the 6th of September, 2018, of 80 ordinary bearer shares on regulated market at the weighted average price of PLN 150.8125 per 1 share. The total value of the transactions amounted to PLN 12,065.00. The Company announced details in current report no. [RB-15-2018](#) (ENG: [RB-15-2018](#)) dated the 7th of September, 2018

3.13.2.Changes in Share Capital after the Balance Sheet Date

None present.

3.14. Credits and Loans

	30 September 2018	31 December 2017
Non-current		
Non-revolving credits	170,896	177,920
Revolving credits	-	-
Loans	10,302	7,676
	181,198	185,596
Current		
Non-revolving credits	33,909	33,739
Revolving credits	-	3,018
Loans	16,057	2,354
	49,966	39,111
Total credits and loans	231,164	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.

During the three quarters of 2018, the value of drawdown non-revolving credits and loans granted from entities outside the Group amounted to PLN 42,521 thousand and the value of paid principal instalments of non-revolving bank credits and loans from entities outside the Group amounted to PLN 41,352 thousand. As at the balance sheet date, the Comarch Group did not use current account credit.

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

The exposure of Group bank credits to interest rate changes	6 months or less	6-12 months	1-5 years	Over 5 years	Total
At 31 December 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 30 September 2018					
Credits and loans	30,780	19,614	127,094	54,104	231,592
Interest	(428)	-	-	-	(428)
Total	30,352	19,614	127,094	54,104	231,164

The maturity of non-current bank credits, loans and financial liabilities	30 September 2018	31 December 2017
Between 1 and 2 years	36,208	33,701
Between 2 and 5 years	90,886	84,664
Over 5 years	54,104	67,231
	181,198	185,596

Currency structure of the balance sheet values of credits, loans and financial liabilities	30 September 2018	31 December 2017
In Polish currency (PLN)	27,112	12,484
In EUR (equivalence in PLN)	204,052	212,223
	231,164	224,707

Effective interest rates at the balance sheet date	30 September 2018	31 December 2017
Bank credits	1.66%	1.64%
Loans	2.14%	3.66%

3.14.1. Non-Revolving Credits

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount to be paid (does not include the valuation of interest as at the balance sheet date)				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	3,718 (4,182 as at the 31 st of December, 2017)	EUR	15,880 (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	1,590 (1,977 as at the 31 st of December, 2017)	EUR	6,793 (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 (the SSE5 building), 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	2,228 (2,944 as at the 31 st of December, 2017)	EUR	9,517 (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 (the SSE3 building), 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	8,605 (9,854 as at the 31 st of December, 2017)	EUR	36,753 (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 (the SSE6 building), 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	13,333 (11,286 as at the 31 st of December, 2017)	EUR	56,949 (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 (the SSE7 building), 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.	Nonrevealing, long-term credit	2,508	EUR	1,584 (2,508 as at the 31 st of December, 2017)	EUR	6,766 (10,461 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 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	1,868 (2,130 as at the 31 st of December, 2017)	EUR	7,977 (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 Centre iMed24 in Krakow	15,889	PLN			757 (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	0 (621 as at the 31 st of December, 2017)	EUR	0 (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	7,560 (8,043 as at the 31 st of December, 2017)	EUR	32,292 (33,545 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 31 st of May, 2030	31 st of May, 2030	The mortgage on the office building in Lodz, power of attorney to manage Bonus Development Sp. z o.o. SK-A bank accounts in the Bank Polska Kasa Opieki S.A., Bonus Development Sp. z o.o. SK-A declaration of submission to enforcement, cession of rights in the building insurance policy cession of rights in the bank guarantee for contract good performance and for warranty obligations, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., surety granted by

											Comarch S.A. together with a declaration of submission to execution and power of attorney to accounts of Comarch S.A. conducted by PEKAO S.A.
Comarch S.A.S, Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A	Data centre in Lille in France	8,000	EUR	6,545 (6,734 as at the 31 st of December, 2017)	EUR	27,956 (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 SSE4 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 SSE4 building
Comarch S.A.	CaixaBank SA Oddział w Polsce	Comarch infrastructure modernization program	3,500	EUR	845 (0 as at the 31 st of December, 2017)	EUR	3,608 (0 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement, power of attorney to accounts of Comarch S.A. maintained in bank CaixaBank SA Oddział w Polsce
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			8,101 (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	Comarch S.A.		9,795 (0 as at the 31 st of December, 2017)	PLN	fixed	31 st of January, 2019	-
Comarch Polska S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	3,475	PLN			3,200 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	Guarantee by Comarch S.A.
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	1,474	PLN			1,106 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of July, 2019	-
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	3,139	PLN			2,942 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	-
Comarch Polska S.A.	IBM Global Financing Polska Sp. z o.o.	Delivery of IT equipment related to IT project realized by the Comarch Group	1,200	PLN			1,200 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of September, 2019	Guarantee by Comarch S.A.

3.14.2. Current Credit Lines

Comarch S.A. uses the following credits lines limits in the 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	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	PLN	WIBOR1M + bank margin	30 th of June, 2019	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	9,993	PLN	WIBOR 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

	30 September 2018	31 December 2017
Credit lines in the current account and revolving credits, including:	60,000	55,422
Used at the balance sheet date	0	3,018
Available at the balance sheet date	60,000	52,404

3.15. Other Financial Liabilities

	30 September 2018	31 December 2017
Liabilities due to finance lease	496	611
<i>Current portion</i>	155	165
<i>Non-current portion</i>	341	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	496	611

Liabilities due to the Comarch Group's finance lease (excluding lease agreements between the companies in the Group) comprise liabilities of MKS Cracovia SSA, a subsidiary of Comarch S.A., due to finance lease agreements for cars. As at the 30th of September, 2018 value of these liabilities amounted

to PLN 496 thousand. The dividend was paid out on 31th of August, 2018 to shareholders from outside the Group.

3.16. Provisions for Other Liabilities and Charges

Current	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
Included in the consolidated income statement:	(453)	348	(1,119)	2,222	(5,788)	(4,790)
- additional provisions created	20,506	24,109	4,909	19,608	81,407	150,539
- provisions used during the year and transferred to current provisions	(20,959)	(23,761)	(6,028)	(17,386)	(87,195)	(155,329)
At 31 December 2017	3,927	13,755	19,657	28,973	66,102	132,414
At 1 January 2018	3,927	13,755	19,657	28,973	66,102	132,414
Change:	4,365	(801)	(5,079)	1,033	(28,260)	(28,742)
- Provisions created	22,104	18,757	6,242	19,920	38,414	105,437
- Provisions used and dissolved	(17,739)	(19,558)	(11,321)	(18,887)	(66,674)	(134,179)
At 30 September 2018	8,292	12,954	14,578	30,006	37,842	103,672

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

3.17. Trade and Other Payables

	30 September 2018	31 December 2017
Trade payables	62,691	75,071
Advance payments received due to services	1,615	986
Trade payables and other liabilities to related parties	197	1,323
Liabilities due to social insurance and other tax charges	43,097	38,906
Investments liabilities	6,418	11,542
Revenues from the future periods	29,688	24,107
Other payables	30,420	21,176
Other accruals	4,189	2,365
Special funds (Social Services Fund and Residential Fund)	2,256	1,844
Total	180,571	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 30 September 2018			
Liabilities due to lease of usable space	20,353	35,704	56,057
Liabilities due to lease agreements for electronic equipment and means of transport	1,107	397	1,504
Total	21,460	36,101	57,561

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

As at the 30th of September, 2018, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 1,504 thousand (PLN 2,362 thousand as at the 31st of December, 2017).

3.19. Contingent Liabilities

On the 30th of September, 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 86,846 thousand, whereas it was PLN 65,876 thousand on the 31st of December, 2017.

On the 30th of June, 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 30th of September, 2018, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,673 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,634 thousand on the 31st of December, 2017.

On the 30th of September, 2018, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 68,6 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 30th of June, 2019), 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).

	30 September 2018	31 December 2017
Granted credit lines for financing of current activities		
(guarantees, letters of credit, credit lines in current account)		
Credit lines*	229,280	190,450
	229,280	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 50,285 thousand. Provisions for part of these claims were presented in the balance sheet as of 30th of September, 2018 and are worth PLN 7,586 thousand. They include provisions for claims recognised in 2018 and worth PLN 151 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 9,957 thousand. Provisions for these claims presented in the balance sheet as at the 30th of September, 2018 are worth PLN 0. They include provisions for claims recognized in 2018 and worth PLN 0. In the opinion of the Management Boards in the entities of the Comarch Group and based on the opinions of legal advisors, there are no circumstances suggesting the necessity to create provisions for the rest of the claims in legal proceedings or matters in disputes but not legal proceedings.

Due to legal proceedings in 2018 the Comarch Group created write-offs that revalue receivables in amount PLN 284 thousand. Due to the matters in disputes, in Q3 2018 the Comarch Group did not create write-offs that revalue receivables.

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

None present.

3.21. Related-Party Transactions

3.21.1. Revenue from Sales of Goods and Services

	9 months ended 30 September 2018	9 months ended 30 September 2017
Revenue from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenue from sales of services		
SoInteractive S.A.	253	593
Thanks Again LLC	785	820
Metrum Capital S.A.	-	2
	1,038	1,415
	1,038	1,415

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

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

3.21.2. Purchase of Goods and Services

	9 months ended 30 September 2018	9 months ended 30 September 2017
Purchases of goods		
SoInteractive S.A.	-	188
Thanks Again LLC	-	-
	-	188
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	881	3,962
<i>Included in other costs</i>	1,398	2,331
	2,279	6,293
Thanks Again LLC		
<i>Included in generation costs</i>	32,	4,905
<i>Included in other costs</i>	-	-
	32	4,905
Total	2,311	11,386

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

	30 September 2018	31 December 2017
Receivables from related parties		
SoInteractive S.A.	1,141	775
Thanks Again LLC	4,954	3,937
	6,095	4,712
Liabilities due to related parties		
SoInteractive S.A.	196	1,322
Thanks Again LLC	1	1
	197	1,323

3.21.4. Transactions with Associates and Personally Related Entities

	9 months ended 30 September 2018	9 months ended 30 September 2017
Purchases from personally related entities	2,844	1,487
Sales to personally related entities	173	149
Loans and interest on loans repaid by personally related entities	10,178	100
Loans and interest on loans granted to personally related entities	*16,403	6,466
Purchases from associates	2,311	11,386
Sales to associates	1,038	1,415
Loans repaid by associates	776	-
Loans granted to associates	1,520	21

*) 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 Activia SK-A. Until 31st of March, 2018, this loan was fully repaid. The item contains also a loan in the amount of PLN 353 thousand granted to the President of the Management Board of Comarch S.A. by Comarch S.A.

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

	30 September 2018	31 December 2017
Trade receivables from personally related parties	15	15
Loans receivables from personally related parties	13,203	7,012
Trade payables to personally related parties	560	792
Liabilities due to loans from personally related parties	-	-

3.22. Earnings per Share

	9 months ended 30 September 2018	9 months ended 30 September 2017
Net profit for the period attributable to equity holders of the Company	22,462	26,764
Weighted average number of shares in issue	8,133,349	8,133,349
Basic earnings per share (PLN)	2.76	3.29
Diluted number of shares	8,133,349	8,133,349
Diluted earnings per share (PLN)	2.76	3.29

Basic earnings per share in the column "9 months ended 30 September 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 30th of September, 2018, by the weighted average number of shares in issue between the 1st of January, 2018, to the 30th of September, 2018, where the number of days is the weight. Basic earnings per share in the column "9 months ended 30 September 2017" is calculated by

dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 30th of September, 2017, by the weighted average number of shares in issue between the 1st of January, 2017, to the 30th of September, 2017, where the number of days is the weight.

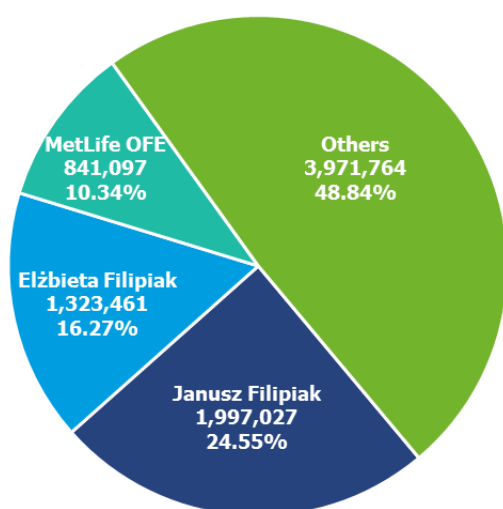
Diluted earnings per share in the column "9 months ended 30 September 2018" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2018, to the 30th of September, 2018, by the sum of the weighted average number of shares in issue between the 1st of January, 2018, to the 30th of September, 2018, where the number of days is the weight. Diluted earnings per share in the column "9 months ended 30 September 2017" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 30th of September, 2017, by the sum of the weighted average number of shares in issue between the 1st of January, 2017, to the 30th of September, 2017, where the number of days is the weight.

4. Additional

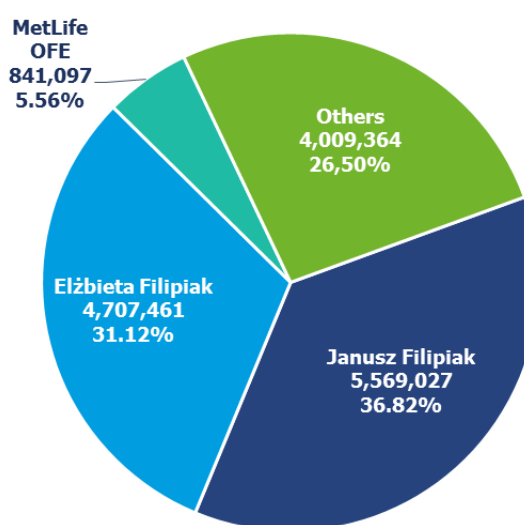
4.1 Information About Shareholders Holding at least 5% of the Total Number of Votes at Comarch S.A. General Meeting and Shares Held by Members of the Management Board and the Board of Supervisors

4.1.1 Shareholders who Directly or Indirectly through Subsidiary Entities Hold at least 5% of the Total Number of Votes at Comarch S.A. General Meeting as at the 16 of November, 2018

Shareholders by number of shares



Shareholders by number of votes



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

None present.

4.1.3 Changes in Significant Holdings of Comarch S.A. Shares from the Submission of the Previous Periodical Report, that is 31st of August, 2018

Entity	At 16 November 2018				At 31 August 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 31 August 2018 and 16 November 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 H1 2018 was published, i.e. on the 31st of August, 2018, and on the 16th of November, 2018, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 16 November 2018		At 31 August 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	-	-	-	-
Paweł Prokop	Vice-President of the Management Board	30,080*	0.45	30,000	0.45
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	0.00	-	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	33 230	0.22	33 230	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

*) On 7th of September, 2018 Management Board of Comarch S.A. received from a person acting as a managing person a notification of transaction 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 transactions concerned a purchase on the 6th of September, 2018, of 80 ordinary bearer shares on regulated market at the weighted average price of PLN 150.8125 per 1 share. The value of the transaction amounted to PLN 12,065.00. The Company announced details in current report no. [RB-15-2018](#) (ENG: [RB-15-2018](#)) dated the 7th of September, 2018.

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

Due to the level of tax-exempt income generated in the three quarters of 2018, the entire asset due to activities in the SEZ that was worth PLN 8,864, established as at 31st of December, 2017 was dissolved. At the same time, an asset from the anticipated tax-exempt income for the fourth quarter of 2018 in the amount of PLN 4,700 thousand was established. Over three quarters of 2018, the Group settled in part a deferred tax asset related to temporary differences that was established on 31st of December, 2017, and worth PLN 2,810 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 7,102 thousand. An asset due to tax loss was recognized and dissolved in the amount of PLN 1,071 thousand. The total effect of the all above-mentioned operations on the net result in the reporting period was minus PLN 942 thousand. Due to valuation of net assets of CCF FIZ, of 9 months of 2018, the Group decreased a deferred tax provision, which was recognised in the previous years and was worth PLN 691 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 4,287 and dissolved in the amount of PLN 4,783 thousand. The total effect of the all above-mentioned operations on the net result of 9 months of 2018 was plus PLN 1,187 thousand. Total changes in deferred tax resulted in an increase in net profit by PLN 245 thousand.

Details are described in point [3.8](#).

4.2.2 Valuation of Currency Exchange Rate Differences and Financial Instruments Based on Exchange Rates

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of September, 2018, decreased revenue and operating profit of Comarch Group by PLN 4,714 thousand (while during the corresponding period in 2017 decreased by PLN 12,023 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 5,575 thousand (while during the corresponding period in 2017 increased by PLN 1,110 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 1,083 thousand (while in the corresponding period of 2017 increased by PLN 18,459 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of the Comarch Group in 9 months of 2018 amounted to minus PLN 9,206 thousand (plus PLN 7,546 thousand in 9 months of 2017).

4.3 Other events in Q3 2018

None present.

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

4.4.1 Forward Contracts Concluded after the Balance Sheet Statement

Between the 1st of October, 2018, and the 16th of November, 2018, the Comarch Group concluded forward contracts for sales of EUR 4,000 thousand. The total net value of open forward contracts as of the 16th of November, 2018, amounted to EUR 47,270 thousand and USD 8,100 thousand. The open forward contracts as of the 16th of November, 2018, were valued at PLN 3,000 thousand. The contracts will be settled within 27 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by the Comarch Group's companies, 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 the third quarter 2018, nor for full year 2018.

4.6 Significant Legal, Arbitration or Administrative Proceedings

None present.

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

None present.

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

- a) Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- b) Due to conclusion of a contract with a customer by Comarch AG, a subsidiary of Comarch S.A., for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- c) Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- d) Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- e) Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,682 thousand and is valid for the whole term of the contract.
- f) Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- g) Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30th of August, 2018.
- h) Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- i) Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- j) Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- k) Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety

was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.

- l) Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- m) Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. The surety has been renewed and is valid till the 31st of May, 2018, and the total amount of granted surety is PLN 100 thousand.
- n) Due to conclusion of a contract for 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 surety has been renewed and is valid till the 31st of May, 2018, and the total amount of granted surety is PLN 50 thousand.
- 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 has been renewed and is valid until the 14th of September, 2019, and was granted up to the amount of PLN 10 thousand.

- 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 SAS, a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch SAS was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- dd) 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.
- ee) 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.
- ff) Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., the contract for the purchase of IT equipment to perform a contract with one of the clients, a surety for liabilities of Comarch Polska S.A. was granted to the amount of PLN 3,660 thousand by Comarch S.A. and is valid for the duration of the contract.
- gg) Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 2,095 thousand by Comarch S.A. and is valid for the duration of the contract.
- hh) Due to of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for Comarch NRM service, a surety for

liabilities of Comarch UK Ltd was granted to the amount of GBP 9,967 thousand by Comarch S.A. and is valid for the duration of the contract.

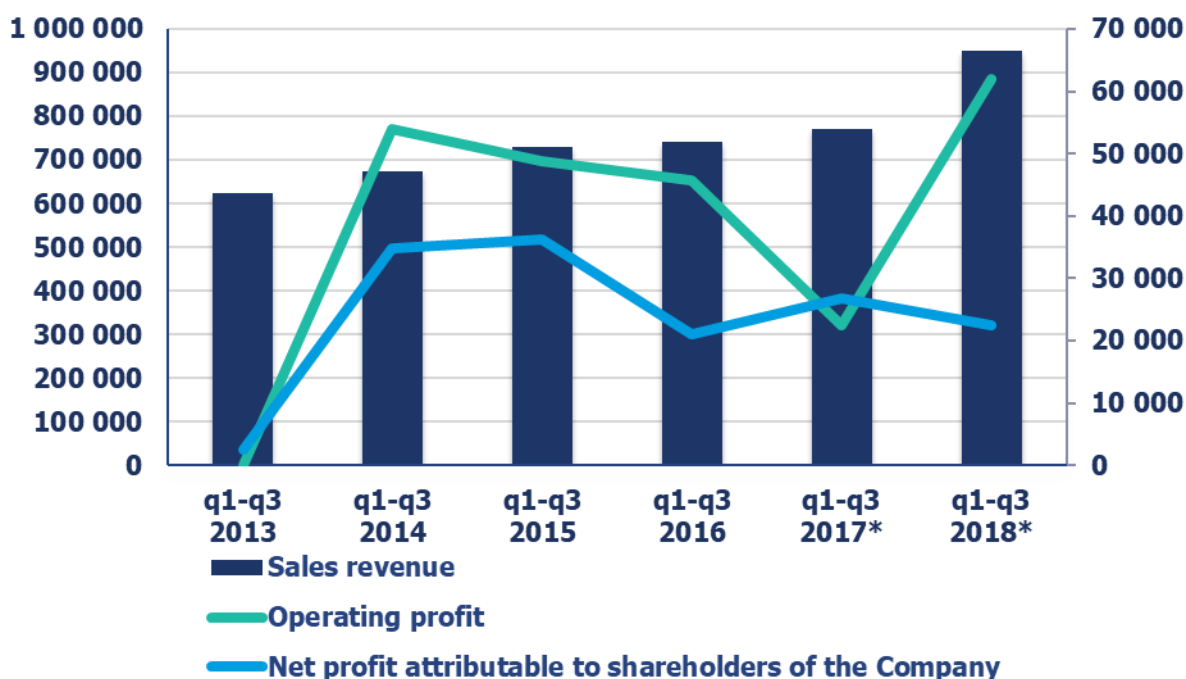
- ii) Due to of a contract by Comarch Yuhan Hoesa, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for Comarch NW Next Generation service, a surety for liabilities of Comarch Yuhan Hoesa was granted to the amount of EUR 18,467 thousand by Comarch S.A. and is valid for the duration of the contract.
- jj) Due to of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for Comarch ERP, POS and MoS services, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,254 thousand by Comarch S.A. and is valid for the duration of the contract.
- kk) Due to of a contract by Comarch AB, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for e-Care service, a surety for liabilities of Comarch AB was granted to the amount of EUR 1,151 thousand by Comarch S.A. 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 Third 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



*) From 1st of January, 2018, the Group started using the principles resulting from IFRS 15 for sales revenue. For comparative purposes, the transformation was made in accordance with IFRS 15 data for Q1, Q2 and Q3 of 2017.

In the third quarter of 2018, the Comarch Group generated sales revenue in the amount of PLN 345.3 million. They were higher by PLN 81.4 million, i.e. 30.8% compared to sales revenue achieved in Q3 2017. Operating profit amounted to PLN 27.1 million and was higher by PLN 16.5 million than in Q3 2017. Net result attributable to the shareholders of the Parent Company was PLN 18.2 million and was higher by PLN 18.3 million compared to the third quarter of 2017. EBIT margin was +7.8%, and net margin amounted to +5.3%.

During the 3 quarters of 2018, the Comarch Group generated sales revenue in the amount of PLN 949.3 million. They were higher by PLN 178.2 million, i.e. 23.1% compared to the corresponding period in the previous year. Operating result amounted to PLN 62.1 million and was higher by PLN 39.7 million than result achieved during the three quarters of 2017. Net result attributable to the shareholders of the Parent Company was PLN 22.5 million and was lower by PLN 4.3 million compared to the three quarters of 2017. The EBIT margin was +6.5%, and net margin amounted to +2.4%. The Comarch Group generated EBITDA in the amount of PLN 109.6 million and was higher by PLN 40.7 million, i.e. 59.2% compared to the corresponding period in the previous year.

The EBIT margin of the Comarch Group in the three quarters of 2018 improved significantly in relation to three quarters of 2017 thanks to improved profitability on core activity. Net profitability was slightly lower than in the previous year, which results from a negative result on financial activity and a larger amount of income tax. The results achieved by the Comarch Group during the 9 months of 2018 were influenced by, among others:

- occurrence of realised negative exchange rate differences and from the balance sheet valuation of receivables and liabilities, related to changes in the PLN exchange rate against foreign currencies in

three quarters of 2018, which decreased the operating result in the described period by PLN 4.7 million,

- negative result from financing activities in the amount of minus PLN 8.1 million, achieved mostly due to a change in the balance sheet valuation of financial instruments hedging the Group's exchange rate risk and credits and loans,
- improvement of the situation on the Public Procurement, which translated into a significantly higher level of sales revenue from clients from the Public and Medical sectors in the three quarters of 2018,
- increase in revenues from domestic sales (by PLN 141.9 million, i.e. 44.6%), thanks to significantly higher sales in the Public sector and to SMEs in Poland,
- increase in revenues from foreign sales (by PLN 36.3 million, i.e. by 8%), mainly due to higher sales to European countries outside DACH and Asia,
- increase in operating expenses, resulting from wage pressure in the IT sector - the basic wage bill in the Comarch Group in the reporting period increased by 8.5% compared to 9 months of 2017.

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.

During the three quarters of 2018, the employment in the Comarch Group increased by 8.7% mainly as a result of the summer internships for students in the third quarter. As at 30th of September, 2018, the Comarch Group employed 6,025 people, i.e. by 483 more than on the 31st of December, 2017.

In the three quarters of 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. Due to good financial result achieved in Q3 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 and technical infrastructure.

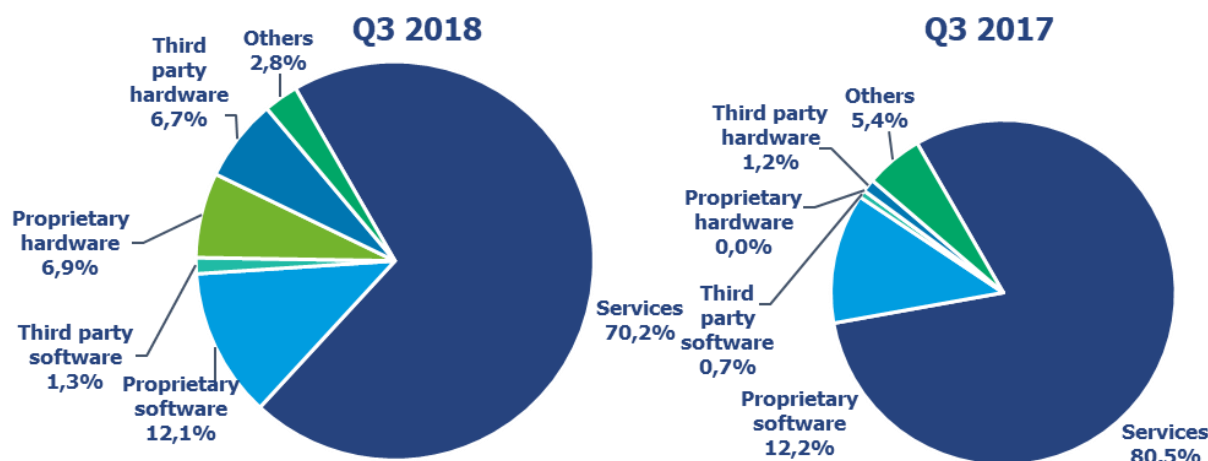
5.2 Sales Structure

Products Sales Structure (in thousands of PLN)

Products sales structure	Q3 2018	%	Q3 2017	%	Change in PLN	Change in %
Services	242,220	70.2%	212,310	80.5%	29,910	14.1%
Proprietary software	41,754	12.1%	32,240	12.2%	9,514	29.5%
Third-party software	4,639	1.3%	1,756	0.7%	2,883	164.1%
Proprietary hardware	23,840	6.9%	63	0.0%	23,777	37857.1%
Third party hardware	23,226	6.7%	3,244	1.2%	19,982	616.0%
Others	9,632	2.8%	14,334	5.4%	-4,703	-32.8%
Total	345,311	100.0%	263,947	100.0%	81,364	30.8%

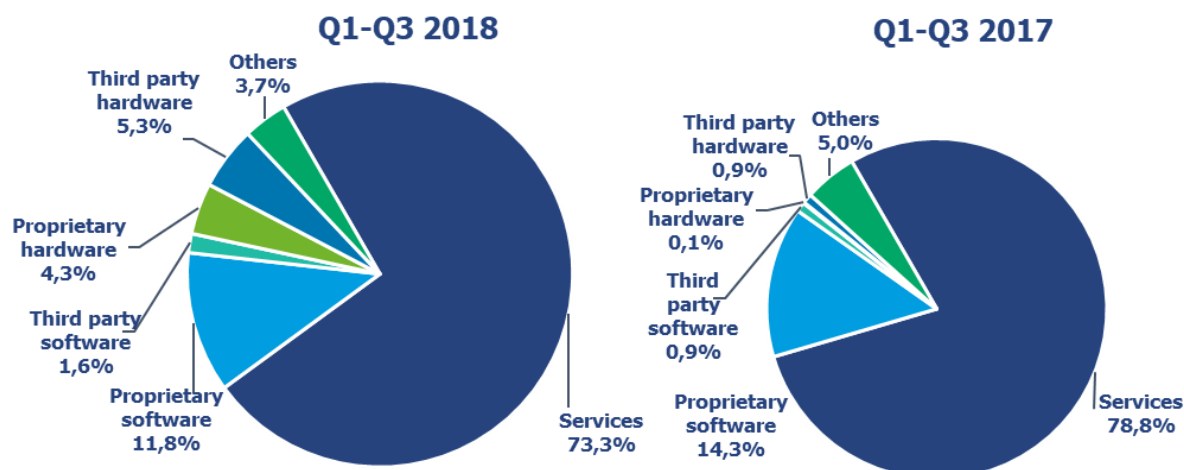
In the third quarter of 2018, the Group's products sales structure changed significantly compared to the third quarter of 2017. Revenue from sales of services increased by PLN 29.9 million, i.e. 14.1%. Sales of proprietary software amounted to PLN 41.8 million and were higher by PLN 9.5 million (i.e. 29.5%) than in Q3 2017. This is mainly the result of acquisition and partial implementation of new contracts in

the Telecommunication sector, which include the sale of licenses for Comarch software, subject to conversion in accordance with the IFRS 15 standard. Sales of own finished products increased significantly (by PLN 23.8 million, i.e. by 37,857.1%) and third-party hardware and software sales - by 780.1% to PLN 22.9 million. This was the result of the completion of the contract for the supply and implementation of the digital system for registering court proceedings in common courts. In Q3 2018, the remaining sales decreased by 4.7 million PLN, i.e. by 32.8%, which is mainly the result of a decrease in sales of sports services.



During the first 9 months of 2018, the Group's products sales structure changed significantly compared to the corresponding period in the previous year. Revenue from sales of services increased by PLN 87.9 million, i.e. 14.5%. Revenue from sales of proprietary software amounted to PLN 112.5 million and were lower by PLN 2.5 million, i.e. 2.2% than sales achieved in the corresponding period in 2017. Sales of own finished products increased significantly (by PLN 40.0 million, i.e. by 6,064.2%), third-party hardware sales behaved similarly, revenue growth amounted to PLN 43.6 million (i.e. by 660.5%). This was the result of the implementation of the contract for the supply and implementation of a digital system for recording court proceedings in common courts. Revenue from sales of third-party software increased by PLN 7.9 million, i.e. 108.1%. In the period of 9 months of 2018, the other sales decreased by approx. PLN 3.7 million, i.e. by 9.5%.

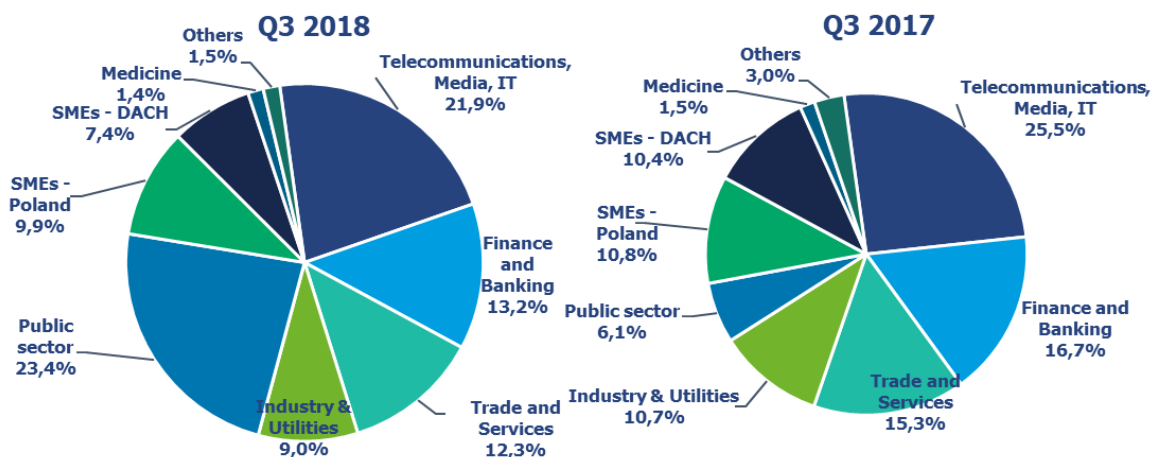
Products sales structure	9 months ended 30 September 2018	%	9 months ended 30 September 2017	%	Change in PLN	Change in %
Services	695,496	73.3%	607,577	78.8%	87,919	14.5%
Proprietary software	112,510	11.8%	110,039	14.3%	2,471	2.2%
Third-party software	15,194	1.6%	7,301	0.9%	7,893	108.1%
Proprietary hardware	40,672	4.3%	660	0.1%	40,012	6064.2%
Third party hardware	50,232	5.3%	6,605	0.9%	43,627	660.5%
Others	35,215	3.7%	38,922	5.0%	-3,707	-9.5%
Total	949,319	100.0%	771,104	100.0%	178,215	23.1%



Market Sale Structure (in thousands of PLN)

Market sales structure	Q3 2018	%	Q3 2017	%	Change in PLN	Change in %
Telecommunications, Media, IT	75,578	21.9%	67,208	25.5%	8,370	12.5%
Finance and Banking	45,695	13.2%	43,968	16.7%	1,727	3.9%
Trade and Services	42,582	12.3%	40,327	15.3%	2,255	5.6%
Industry & Utilities	31,055	9.0%	28,158	10.7%	2,897	10.3%
Public sector	80,704	23.4%	16,247	6.1%	64,457	396.7%
Small and Medium-Sized Enterprises - Poland	34,202	9.9%	28,620	10.8%	5,582	19.5%
Small and Medium-Sized Enterprises - DACH	25,545	7.4%	27,394	10.4%	-1,849	-6.7%
Medicine	4,743	1.4%	4,098	1.5%	645	15.7%
Others	5,207	1.5%	7,927	3.0%	-2,720	-34.3%
Total	345,311	100.0%	263,947	100.0%	81,364	30.8%

In Q3 2018, customers from the TMT sector purchased products and services worth PLN 8.4 million, i.e. by 12.5% higher than in the corresponding period in the previous year. It is the result of acquisition and partial implementation of new contracts, which include the sale of licenses for Comarch software, subject to conversion in accordance with the IFRS 15 standard. Revenue from sales to customers from Finance and Banking sector increased by PLN 1.7 million, i.e. by 3.9% and to customers from Trade and Services Sector increased by PLN 2.3 million, i.e. by 5.6%. Sales to customers in the Industry & Utilities sector also increased by PLN 2.9 million, i.e. by 10.3%. In Q3 2018, a significant increase was recorded in sales to Public sector customers, by PLN 64.5 million (i.e. by 396.7%), mainly due to the completion of the contract for the supply and implementation of a digital system for the registration of court hearings in common courts. The next quarter in a row, sales to customers from SME-Poland sector grew dynamically (by PLN 5.6 million, i.e. by 19.5%). Revenue from sales to customers from Medical sector increased by PLN 0.6 million, i.e. by 15.7%. Revenue from sales to other clients decreased by PLN 2.7 million, i.e. by 34.3%.

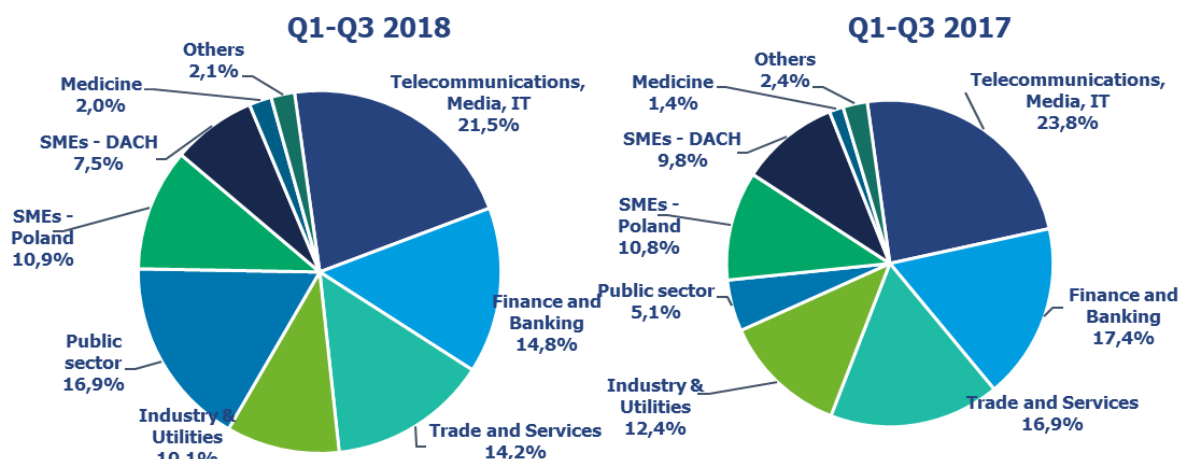


Market sales structure	9 months ended 30 September 2018		9 months ended 30 September 2017		Change in PLN	Change in %
Telecommunications, Media, IT	204,078	21.5	183,426	23.8	20,652	11.3
Finance and Banking	140,768	14.8	134,513	17.4	6,255	4.6
Trade and Services	134,994	14.2	130,319	16.9	4,675	3.6
Industry & Utilities	95,985	10.1	95,349	12.4	636	0.7
Public sector	160,225	16.9	39,265	5.1	120,960	308.1
Small and Medium-Sized Enterprises - Poland	103,503	10.9	82,934	10.8	20,569	24.8
Small and Medium-Sized Enterprises - DACH	70,975	7.5	75,636	9.8	-4,661	-6.2
Medicine	19,276	2.0	10,783	1.4	8,493	78.8
Others	19,515	2.1	18,879	2.4	636	3.4
Total	949,319	100,0	771,104	100.0	178,215	23.1

During the first 9 months of 2018, sales to customers from the TMT sector amounted to PLN 204.1 million, an increase of PLN 20.7 million (i.e. 11.3%) compared to that achieved in Q1-Q3 2017. The customers from the Finance and Banking sector purchased products and services worth PLN 140.8 million, higher than those achieved in the same period of the previous year by PLN 6.3 million i.e. 4.6%. The increase was also recorded in sales to customers from Trade and Services sector (an increase of PLN 4.7 million, i.e. 3.6%). Revenue from sales to recipients from the public sector grew dynamically, by PLN 121 million, i.e. by 308.1%, largely due to the implementation of the contract for the supply and implementation of a digital system for registering court proceedings in common courts. Increase also occurred in the case of sales to Medical sector (increase of PLN 8.5 million, i.e. 78.8%), due to the implementation of new contracts for computerization of hospitals. The customers from the SME-Poland sector purchased products and services worth PLN 20.6 million, i.e. 24.8% more than in the corresponding period of the previous year. The decrease was recorded in sales to customers from the SME-DACH sector (PLN 4.7 million, i.e. 6.2%). Sales to customers in the industry and utilities sector and to other clients remained at a similar level to that achieved in the corresponding period of the previous year.

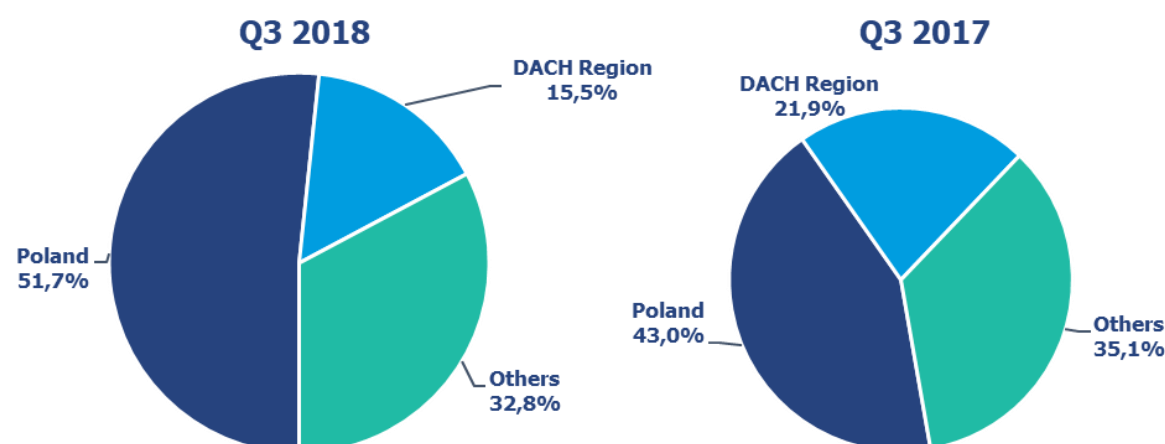
Business situation in the first 9 months of 2018 confirms, that maintaining the diversification of revenue sources and offer, the Comarch Group has secured the opportunity to sustain stable business

development. Due to the focus on the sales of proprietary solutions, the Group recorded a significant increase in revenues and improved operating profitability.



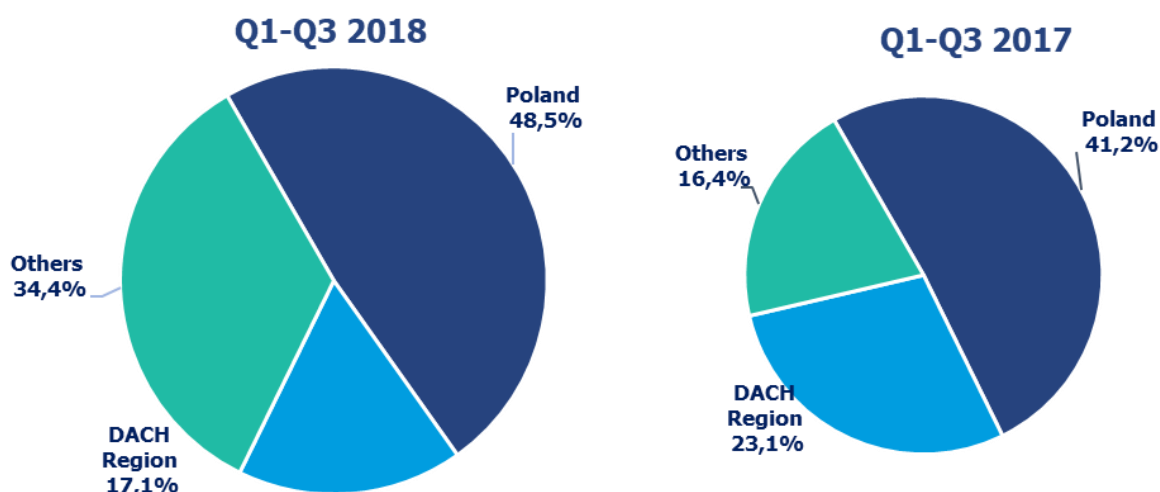
Geographical sales structure

Geographical sales structure	Q3 2018	%	Q3 2017	%	Change in PLN	Change in %
Domestic (Poland)	178,458	51.7	113,560	43.0	64,898	57.1
Export	166,853	48.3	150,387	57.0	16,466	10.9
Total	345,311	100.0	263,947	100.0	81,364	30.8



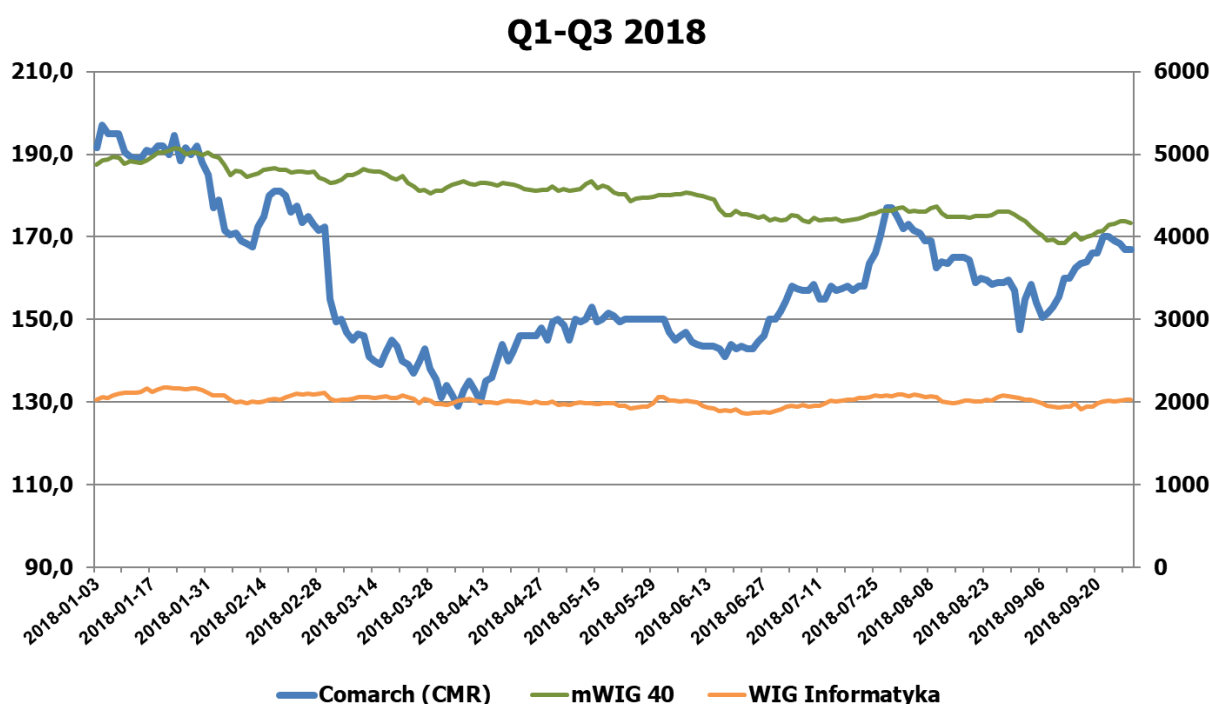
In Q3 2018, the Group's domestic sales amounted to PLN 178.5 million and increased by PLN 64.9 million, i.e. 57.1% compared to those in Q3 2017. The dynamic growth in domestic sales resulted from the implementation of a large contract for the public sector and good sales of products to the SME segment. Export sales in Q3 2018, amounted to PLN 166.9 million and were higher by PLN 16.5 million, i.e. 10.9% compared to that achieved in Q3 2017. Share of export sales in total Group's sales amounted to 48.3%.

Geographical sales structure	9 months ended 30 September 2018	%	9 months ended 30 September 2017	%	Change in PLN	Change in %
Domestic (Poland)	459,948	48.5	318,003	41.2	141,945	44.6
Export	489,371	51.5	453,101	58.8	36,270	8.0
Total	949,319	100.0	771,104	100.0	178,215	23.1



During the first 9 months of 2018, the Comarch Group generated revenue from domestic sales in the amount of PLN 459.9 million. They were higher by PLN 141.9 million, i.e. 44.6% compared to sales revenue achieved in the first three quarters of 2017. Such a large increase occurred mainly due to the development of sales to clients from the public sector and to SMEs in Poland. Revenue from export sales in the first 9 months of 2018 in the amount of PLN 489.4 million was higher by PLN 36.3 million (i.e. 8%) compared to the corresponding period in the previous year. During the 9 months of 2018, share of export sales in total sales amounted to 51.5%.

5.3 Comarch S.A. Stock Price Performance



On the 30th of September, 2018, the closing rate of Comarch S.A. shares in the Warsaw Stock Exchange amounted to PLN 167.00 and decreased by 12.1% compared to PLN 190.00 on the 30th of December, 2017. The Group's results and Comarch S.A. stock price in the next quarters will depend in large part on the development of sales of Comarch proprietary products and services, shaped by economic and political conditions on the Polish and the European markets and on the financial situation of medium-

sized and large enterprises (which constitute the Group's clients base). Currency exchange rates (EUR/PLN, USD/PLN, GBP/PLN, and BRL/PLN) and the rate of increase in the remuneration of IT employees will also have significant impact on the Group's results and Comarch S.A. stock price.

	9 months ended 30 September 2018 / 30 September 2018	9 months ended 30 September 2017 / 30 September 2017
Closing price at the balance sheet date	167.00	178.50
Average price during the reporting period	158.91	206.04
MIN price during the reporting period	129.00	167.00
MAX price during the reporting period	197.00	239.00
Average volume during the reporting period	3,438	4,429
Capitalization at the balance sheet date	1,358,269,283	1,451,802,797
<i>Ratios for unconsolidated data</i>		
P/E at the balance sheet date	14.13	41.42
P/BV at the balance sheet date	1.59	1.87
P/S at the balance sheet date	1.93	2.86
<i>Ratios for consolidated data</i>		
P/E at the balance sheet date	60.47	54.26
P/BV at the balance sheet date	1.56	1.74
P/S at the balance sheet date	1.43	1.88

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

5.4.1 Signing Investment Loan Agreement with CaixaBank, S.A. Branch in Poland

The Management Board of Comarch S.A. informed in current report no. [RB-14-2018](#), ENG: [RB-14-2018](#), dated the 24th of August 2018, about signing by a Comarch S.A. investment loan agreement with CaixaBank S.A. Branch in Poland with headquarters in Warsaw (hereinafter „Bank”) for financing expenditures related to the implementation of modernization works on the Comarch SA office infrastructure. The loan amounts to EUR 3,500,000.00, i.e. PLN 14,980,350.00 according to the euro exchange rate as at the date of the contract. The loan period lasts until 23rd of August, 2023, the interest rate on the loan is based on the variable rate. The loan should be used until 23rd of August, 2019. The loan collateral is:

- power of attorney granted to the Bank by Comarch S.A. to dispose of funds on settlement accounts maintained by the Bank
- statement by Comarch S.A. on submission to enforcement up to 150% of the loan amount

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

None presented.

QUATERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE THIRD QUARTER OF 2018

I. Balance Sheet

ASSETS	30 September 2018	30 June 2018	31 December 2017	30 September 2017
I. NON-CURRENT ASSETS	750,480	751,589	756,155	753,707
1. Intangible assets	11,410	12,054	14,628	12,910
2. Property, plant and equipment	336,745	335,314	346,398	334,274
3. Non-current investments	393,561	395,352	386,122	396,664
3.1. Non-current financial assets	352,676	353,988	359,299	369,522
a) in related parties	351,007	353,505	356,182	366,471
b) in other entities in which the Company holds equity interests	150	150	280	427
c) in other entities	1,519	333	2,837	2,624
3.2 Real estates	40,842	41,321	26,780	27,099
3.3 Other non-current investment	43	43	43	43
4. Non-current prepayments	8,764	8,869	9,007	9,859
4.1 Deferred income tax assets	6,245	6,225	5,816	6,027
4.2 Other accruals	2,519	2,644	3,191	3,832
1. Inventories	573,854	534,872	491,051	415,627
2. Current receivables	64,667	93,295	78,120	60,616
2.1 from related parties	387,276	345,309	312,373	246,495
2.2 from other entities in which the Company holds equity interests	264,573	222,615	184,106	134,966
2.3 from other entities	108	364	560	408
3. Current investments	122,595	122,330	127,707	111,121
3.1 Current financial assets	28,002	18,751	57,670	61,389
a) in related parties	28,002	18,751	57,670	61,389
b) in other entities in which the Company holds equity interests	407	322	322	334
c) in other entities	-	5	303	140
- interest and shares	5,554	3,548	8,516	7,146
- granted loans	-	-	-	-
- other current financial assets	367	373	-	-
d) cash and cash equivalents	5,187	3,175	8,516	7,146
4. Short-term prepayments	22,041	14,876	48,529	53,769
	93,909	77,517	42,888	47,127
TOTAL ASSETS	1,324,334	1,286,461	1,247,206	1,169,334

EQUITY AND LIABILITIES	30 September 2018	30 June 2018	31 December 2017	30 September 2017
I. EQUITY	853,202	793,344	796,984	777,548
1. Share capital	8,133	8,133	8,133	8,133
2. Supplementary capital	680,501	680,501	653,363	653,363
3. Revaluation reserve	92,461	94,981	95,405	100,744
4. Other reserve capitals	745	745	745	745
5. Previous years' profit (loss)	-	-	-	-
6. Net profit (loss)	71,362	8,984	39,338	14,563
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	471,132	493,117	450,222	391,786
1. Provisions for liabilities	95,458	98,790	122,701	94,437
1.1 Provision for deferred income tax	23,698	23,203	25,255	26,206
1.2 Other provisions	71,760	75,587	97,446	68,231
a) current	71,760	75,587	97,446	68,231
2. Non-current liabilities	155,790	160,202	154,762	148,699
2.1 to related parties	28,131	27,657	22,472	19,759
2.2 to other entities in which the Company holds equity interests	-	-	-	-
2.3 to other entities	127,659	132,545	132,290	128,940
3. Current liabilities	186,928	205,776	155,174	132,316
3.1 to related parties	44,734	36,650	26,901	37,126
3.2 to other entities in which the Company holds equity interests	1	110	894	593
3.3 to other entities	140,218	166,538	125,780	92,379
3.4 Special funds	1,975	2,478	1,599	2,218
4. Accruals	32,956	28,349	17,585	16,334
4.1 Other accruals	32,956	28,349	17,585	16,334
a) current	32,956	28,349	17,585	16,334
TOTAL EQUITY AND LIABILITIES	1,324,334	1,286,461	1,247,206	1,169,334
Book value	853,202	793,344	796,984	777,548
Number of shares	8,133,348	8,133,349	8,133,349	8,133,349
Book value per single share (PLN)	104.90	97.54	97.99	95.60
Diluted number of shares	8,133,349	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	104.90	97.54	97.99	95.60

II. Income Statement

For period 01.01 – 30.09.2018 and 01.01 – 30.09.2017	Q3 2018	9 months ended 30 September 2018	Q3 2017	9 months ended 30 September 2017
I. Net revenue from sales of products, goods and materials, including:	283,405	701,973	163,659	508,269
- revenues from related parties	149,379	312,710	56,784	150,960
1. Net revenues from sales of products	246,909	625,398	155,964	476,486
2. Net revenues from sales of goods and materials	36,496	76,575	7,695	31,783
II. Costs of products, goods and materials sold, including:	189,090	525,073	135,521	413,627
- to related parties	9,423	26,167	7,697	25,013
1. Manufacturing cost of products sold	154,857	453,378	129,482	384,843
2. Value of products, goods and materials sold	34,233	71,695	6,039	28,784
III. Gross profit (loss) on sales	94,315	176,900	28,138	94,642
IV. Costs of sales	15,800	47,006	13,638	45,516
V. Administrative expenses	16,723	35,663	11,912	33,023
VI. Profit (loss) on sales	61,792	94,231	2,588	16,103
VII. Other operating revenues	554	1,503	437	1,978
1. Profit on disposal of non-financial non-current assets	271	442	241	270
2. Other operating revenues	283	1,061	196	1,708
VIII. Other operating costs	1,047	6,545	3,117	7,234
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Cost of works financed in part with subsidies	444	1,803	1,630	4,598
3. Revaluation of non-financial assets	-	-	-	-
4. Other operating costs	603	4,742	1,487	2,636
IX. Profit (loss) on operating activities	61,299	89,189	(92)	10,847
X. Financial revenues	1,098	8,453	(106)	20,486
1. Interest, including:	138	311	66	339
- from related parties	94	173	35	146
2. Dividends and share in profits	39	3,070	-	107
- from related parties	39	3,070	-	107
3. Profit on disposal of investment	1,322	5,072	2,912	8,385
4. Revaluation of financial assets	(19)	-	(51)	(26)
5. Other	(382)	-	(3,033)	11,681
XI. Finance costs	(5,245)	19,533	2,242	13,109
1. Interest	940	2,688	659	2,164
- from related parties	185	471	182	538
2. Revaluation of investments	-	11,894	-	-
3. Loss on disposal of investments	-	-	-	-
4. Other	(6,185)	4,951	1,583	10,945
XII. Profit (loss) on business activities	67,642	78,109	(2,440)	18,224
XIII. Gross profit (loss)	67,642	78,109	(2,440)	18,224
XIV. Income tax	5,264	6,747	666	3,661
XV. Net profit (loss)	62,378	71,362	(3,106)	14,563

Net profit (loss) (annualised)	96,137	35,077
Weighted average number of shares 01.10.2017 – 30.09.2018	8,133,349	8,133,349
Earnings (losses) per single share (PLN)	11,82	4,31
Diluted weighted average number of shares 01.10.2017 – 30.09.2018	8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	11,82	4,31

III. Changes in Equity

	Q3 2018	9 months ended 30 September 2018	12 months ended 31 December 2017	9 months ended 30 September 2017
I. Opening balance of equity	793,344	796,984	762,402	771,742
a) changes to adopted accounting principles (policies)	-	-	-	-
I. a. Opening balance of equity after adjustments	793,344	796,984	762,402	771,742
1. Opening balance of share capital	8,133	8,133	8,133	8,133
1.1 Changes in share capital	-	-	-	-
a) increases (due to)	-	-	-	-
- shares issue	-	-	-	-
1.2 Closing balance of share capital	8,133	8,133	8,133	8,133
2. Opening balance of supplementary capital	680,501	653,363	653,363	619,975
2.1 Changes in supplementary capital	-	27,138	-	33,388
a) increases (due to)	-	27,138	-	33,388
- profit-sharing for the previous years	-	27,138	-	33,388
2.2 Closing balance of supplementary capital	680,501	680,501	653,363	653,363
3. Opening balance of revaluation reserve	94,981	95,405	100,161	97,301
3.1 Changes in revaluation reserve	(2,520)	(2,944)	583	3,443
a) increases (due to)	592	691	720	4,250
- provision for deferred income tax due to certificates valuation	592	691	-	-
- balance sheet valuation of investment certificates	-	-	720	4,250
b) decreases (due to)	3,112	3,635	137	807
- balance sheet valuation of investment certificates	3,112	3,635	-	-
- provision for deferred income tax due to certificates valuation	-	-	137	807
3.2 Closing balance of revaluation reserve	92,461	92,461	100,744	100,744
4. Opening balance of capital from merger	-	-	-	-
4.1. Closing balance of capital from merger	-	-	-	-
5. Opening balance of other reserve capitals	745	745	745	745
5.1 Closing balance of other reserve capitals	745	745	745	745
6. Opening balance of previous years' profit	-	39,338	-	45,588
a) changes to adopted accounting principles (policies)	-	-	-	-
6.1 Opening balance of previous years' profit after adjustments	-	39,338	-	45,588
a) decreases (due to)	-	39,338	-	45,588

- transferring the result from the previous years to capital	-	27,138	-	33,388
- payment of dividend	-	12,200	-	12,200
6.2 Closing balance of previous years' profit	-	-	-	-
7. Result for H1 2017 (opening balance)	8,984	-	17,669	-
7.1 Net result for the period	62,378	71,362	(3,106)	14,563
7.2. Net result	71,362	71,362	14,563	14,563
II. Closing balance of equity	853,202	853,202	777,548	777,548
III. Equity including proposed profit-sharing (loss coverage)	853,202	853,202	777,548	777,548

IV. Cash Flow Statement

For period 01.01 – 30.09.2018 and 01.01 – 30.09.2017	Q3 2018	9 months ended 30 September 2018	Q3 2017	9 months ended 30 September 2017
A. Cash flows from operating activities				
I. Net profit (loss)	62,378	71,362	(3,106)	14,563
II. Total adjustments	(31,000)	(62,513)	32,852	19,723
1. Depreciation	11,045	32,221	10,114	28,288
2. Exchange gains (losses)	38	(219)	(472)	(354)
3. Interest and profit sharing (dividends)	720	(857)	621	1,654
4. (Profit) loss on investing activities	83	12,107	(241)	(270)
5. Change in provisions	1,822	(3,892)	(7,610)	(31,017)
6. Change in inventories	28,989	13,814	2,766	(16,850)
7. Change in receivables	(45,675)	(74,383)	15,202	61,781
8. Change in current liabilities, excluding credits and loans	(9,066)	19,475	9,562	(7,287)
9. Change in prepayments and accruals	(18,956)	(60,779)	2,910	(13,433)
10. Change in deferred income	-	-	-	(2,789)
11. Other adjustments	-	-	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	31,378	8,849	29,746	34,286
B. Cash flows from investing activities				
I. Inflows	2,933	11,146	10,715	34,064
1. Disposal of property, plant and equipment and intangible assets	1,467	2,689	1,314	1,920
2. From financial assets, including:	1,466	8,457	9,401	32,144
a) in related parties	(2,926)	315	6,488	23,758
- repaid loans	80	241	80	5,381
- repaid interest on loans	-	-	-	-
- received loans	(49)	-	6,381	18,127
- interest received on paid loans	74	74	27	143
- received dividends	(3,031)	-	-	107
b) in other entities	4,392	8,142	2,913	8,386
- interest	-	-	-	-
- other proceeds from financial assets	3,070	3,070	-	-
3. Other investment proceeds	1,322	5,072	2,913	8,386
II. Outflows	-	-	-	-
1. Purchase of property, plant and equipment and intangible assets	(17,561)	(54,564)	(31,055)	(86,532)
2. Expenses for investment in real estates	(16,788)	(44,142)	(26,616)	(75,108)
3. For financial assets, including:	-	(2)	-	-

a) in related parties	(773)	(10,420)	(4,439)	(11,424)
- purchase of financial assets	(773)	(10,420)	(4,439)	(11,424)
- granted non-current loans	(340)	(340)	(2,546)	(7,559)
- repayment of loans from related parties	(433)	(10,080)	(420)	(767)
- repayment of interest on loans	-	-	(1,423)	(3,048)
b) in other entities	-	-	(50)	(50)
4. Other investment expenses	-	-	-	-
B. Cash flows from investing activities	-	-	-	-
III. Net cash used in investing activities (I-II)	(14,628)	(43,418)	(20,340)	(52,468)
C. Cash flows from financing activities				
I. Inflows	18,860	51,963	16,003	47,009
1. Credits and loans	18,860	51,529	16,003	46,601
2. Net proceeds from shares issue	-	-	-	-
3. Repaid loans	-	410	-	-
4. Interest received on paid loans	-	24	-	-
5. Other financial inflows	-	-	-	408
II. Outflows	(28,399)	(44,147)	(17,750)	(29,168)
1. Dividends and other payments to owners	(12,200)	(12,200)	(13,015)	(13,015)
2. Repayment of loans and credits	(15,416)	(29,284)	(4,136)	(14,298)
3. Interest	(430)	(2,310)	(599)	(1 855)
4. Other financial expenses	(353)	(353)	-	-
C. Cash flows from financing activities	-	-	-	-
III. Net cash (used in)/generated from financing activities (I-II)	(9,539)	7,816	(1,747)	17,841
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	7,211	(26,753)	7,659	(341)
E. Balance sheet change in cash and cash equivalents, including:	7,161	(26,481)	8,135	(13)
- change in cash and cash equivalents due to exchange differences	(50)	272	476	328
F. Cash and cash equivalents opening balance	14,878	48,520	45,633	53,781
H. Closing balance of cash and cash equivalents (F+/- E), including:	22,039	22,039	53,768	53,768
- limited disposal	258	1,756	(212)	1,500

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 9 months of 2018, was prepared according to IFRS, the financial results would amount to PLN 79,013 thousand.

Earnings according to Act on Accounting	71,362
Depreciation of perpetual usufruct	(70)
Assets due to activity in the SEZ	(4,164)
Correction of the result due to adoption IFRS 15	11,885
Profit according to IFRS	79,013

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

On the 30th of September, 2018, Comarch S.A. created write-offs that revaluated goods, materials and finished products in the amount of PLN 88 thousand. The Company dissolved write-offs, which had been created in the previous years and amounted to PLN 166 thousand.

No hedges were made on inventories owned by the Company.

As at the 30th of September, 2018, in relation with payments of receivables, Comarch S.A. dissolved revaluating write-offs worth PLN 2,775 thousand and recognized write-offs worth PLN 4,537 thousand that revaluated bad debts.

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 429 thousand was recognized. A provision for deferred income tax due to temporary differences was recognized worth PLN 14 thousand and provision for deferred income tax due to temporary differences worth PLN 880 thousand was dissolved. The total effect of these operations on the result for 3 quarters of 2018 was plus PLN 1,295 thousand.

Provision for deferred income tax related to valuation of investment certificates in CCF FIZ was lower by PLN 691 thousand. This provision as well as valuation of certificates are settled with revaluation reserve.

As at the 30th of September, 2018, Comarch S.A. created write-offs due the loss of value of shares in subsidiaries in the total amount of PLN 11,894 thousand, of which PLN 9,600 thousand is related to the

shares in Comarch Pointshub, Inc. (due to revaluation of the shares held by Comarch Pointshub, Inc. in Thank Again LLC to the level of the probable sales value) and the amount of PLN 2,294 thousand in Comarch Software Spain SLU.

3. Selected Note to the Summary Financial Statement

3.1. Non-current Financial Assets

	30 September 2018	30 June 2018	31 December 2017	30 September 2017
a) in subsidiaries and correlated parties	351,007	353,505	356,182	366,471
- interest or shares	222,241	221,962	233,622	236,801
- loans granted	13,069	12,736	3,242	3,754
- other securities	115,712	118,824	119,347	125,939
- other non-current financial assets, including:	(15)	(17)	(29)	(23)
- interest on granted loans	(15)	(17)	(29)	(23)
b) in other entities in which the Company holds equity interests	150	150	280	427
- interest or shares	150	150	150	150
- loans granted	-	-	130	270
- other non-current financial asset, including	-	-	-	7
- interest on granted loans	-	-	-	7
c) in other entities	1,519	333	2,837	2,624
- other non-current financial assets (types)	1,519	333	2,837	2,624
- Forward contracts	1,519	333	2,837	2,624
Total	352,676	353,988	359,299	369,522

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

	Q3 2018	9 months ended 30 September 2018	Q3 2017	9 months ended 30 September 2017
a) Opening balance	353,988	359,299	367,221	360,783
- interests or shares	222,112	233,772	234,454	229,861
- loans granted	12,736	3,372	3,673	8,763
- other securities	118,824	119,347	125,218	121,688
- other non-current assets, including interest on granted loans	(17)	(29)	(24)	(21)
- others	333	2,837	3,900	492
b) increases (due to)	696	10,712	2,452	14,610
- purchases of shares in related parties	340	340	2,546	7,560
- loans granted to related parties	433	10,080	421	421
- change in the nature of loans on short-term (other entities in which the Company holds equity interests)	-	-	-	140
- due interest to non-current loans	25	90	40	106
- balance sheet valuation of non-current loans	(43)	15	-	-
- balance sheet and adjusted valuation of interest on loans	2	14	-	-
- valuation of forward contracts	-	-	(1,276)	2,132
- balance sheet valuation of investment certificates	(61)	173	-	-
- dissolving revaluation write-offs on loans	-	-	721	4,251
c) decreases (due to)	2,008	17,335	151	5,871
- repayment of related entities' loans	81	242	81	5,040
- repayment of other entities' loans	-	-	-	-
- repayment of related parties' interest on loans	25	75	27	82
- change in the nature of loans on short-term (related entities)	-	130	-	-
- change in the nature of loans on short-term (other entities in which the Company holds equity interests)	-	-	-	80
- valuation of participation units in CCF FIZ	3,112	3,635	-	-
- revaluation of shares	(1,186)	1,318	-	-
- redemption of loans in related parties	-	11,894	-	-
- redemption of interest on loans in related parties	-	-	49	470
- balance sheet valuation of shares	-	-	(1)	4
- balance sheet and adjusted valuation of interest on loans	-	-	(32)	208
- balance sheet valuation of loans and exchange differences realized in relation to repaid loans and from the balance sheet valuation	(24)	26	21	(28)
- creating revaluation write-offs on loans to related parties	-	15	6	15
d) Closing balance	352,676	352,676	369,522	369,522

3.3. Current Financial Assets

	30 September 2018	30 June 2018	31 December 2017	30 September 2017
a) in related parties	407	322	322	334
- granted loans	322	322	322	321
- other financial assets	85	-	-	13
b) in other entities in which the Company holds equity interests	-	5	303	140
- granted loans	-	-	280	140
- other financial assets	-	5	23	-
c) in other entities	5,554	3,548	8,516	7,146
- granted loans	-	-	-	-
- interest or shares	367	373	-	-
- other current financial assets, including:	5,187	3,175	8,516	7,146
- forward contracts	5,187	3,175	8,516	7,146
d) cash and cash equivalents	22,041	14,876	48,529	53,769
- cash in hand and at banks	22,039	14,875	48,520	53,768
- other monetary assets	2	1	9	1
Total	28,002	18,751	57,670	61,389

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

During the first three quarters of 2018, Comarch S.A. reached PLN 702 million in revenue from sales, what constitutes an increase of 38.1% as compared to the previous year. Net sales of products constituted 89.1% of total Company's sales and were higher by PLN 148.9 million compared to those in 2017. In the first 9 months of 2018, the Company's operating profit amounted to PLN 89.2 million and net profit was PLN 71.4 million. EBIT margin amounted to 12.7% and net margin was 10.2%.

In Q3 2017, Comarch S.A. reached PLN 283.4 million in revenue from sales, what constitutes an increase of PLN 119.7 million, i.e. 73.2% as compared to the previous year. Net sales of products constituted 87.1% of total Company's sales and were higher by PLN 90.9 million compared to those in 2017. In the third quarter of 2018, the Company's operating result amounted to PLN 61.3 million and net result was PLN 62.4 million. EBIT margin amounted to 21.6% and net margin was 22.0%.

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

Except for the ones described in [point 2](#) of the financial statement, foreign exchange rate differences and financial instruments based on exchange rates had an impact on the financial result. Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of September, 2018, increased revenue and operating profit of Comarch S.A. by PLN 3,845 thousand (while during the corresponding period in 2017 decreased by PLN 10,252 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 3,987 thousand (while during the corresponding period in 2017 decreased by PLN 443 thousand). The valuation of financial instruments and realised transactions (mostly forward contracts), as well as provision for deferred income tax in reference to the valuation of the financial instruments, increased Comarch S.A.'s net result by PLN 1,512 thousand (while in the corresponding period of 2017 they

increased it by PLN 18,407 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of Comarch S.A. in the first 9 months of 2018 amounted to plus PLN 1370 thousand (plus PLN 8,188 thousand in the first 9 months of 2017).

As at the 30th of September, 2018, Comarch S.A. created write-offs due the loss of value of shares in subsidiaries in the total amount of PLN 11,894 thousand, of which PLN 9,600 thousand is related to the shares in Comarch Pointshub, Inc. (due to revaluation of the shares held by Comarch Pointshub, Inc. in Thank Again LLC to the level of the probable sales value) and the amount of PLN 2,294 thousand in Comarch Software Spain SLU.

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

Over 2017, Comarch S.A. 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.

Considering the level of revenues achieved in the three quarters, in 2018 the Company expects that revenues in the third quarter will have a larger share in annual revenues than in the previous period.

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

As at 30th of September, 2018, Comarch S.A. created write-offs that revaluated goods and materials and finished products in the amount of PLN 88 thousand. The Company dissolved write-offs for amount PLN 166 thousand, 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 30 September 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:	11,894	-	-	-	11,894
- creation	11,894	-	-	-	11,894
- dissolution	-	-	-	-	-
At 30 September 2018	102,102	-	-	-	102,102

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:	1,408	1,137	1,172	(36,302)	(32,585)
- creation	7,531	1,137	10,128	25,995	44,791
- dissolution	(6,123)	-	(8,956)	(62,297)	(77,376)
At 30 September 2017	13,698	10,645	19,645	24,243	68,231
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:	3,590	(2,360)	321	(27,237)	(25,686)
- creation	9,818	1,097	10,621	29,774	51,310
- dissolution	(6,228)	(3,457)	(10,300)	(57,011)	(76,996)
At 30 September 2018	13,347	7,600	21,147	29,666	71,760

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-Q3 2017	958	2,409
Dissolution in Q1-Q3 2017	(1,441)	(33)
At 30 September 2017	6,027	26,206
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-Q3 2018	429	14
Dissolution in Q1-Q3 2018	-	(1,571)
At 30 September 2018	6,245	23,698

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 16,554 thousand, technical devices and equipment related to them for the amount of PLN 18,890 thousand, as well as intangible assets for the amount of PLN 1,260 thousand. The Company also incurred expenditures for the construction of an office building in the amount of PLN 8,317 thousand.

As at the 30th of September, 2018, revenue from sales of property, plant and equipment amounted to PLN 3,650 thousand

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

As at the 30th of September, 2018, Comarch S.A. holds an investment liabilities amounted to PLN 1,370 thousand related to the construction of an office building SSE7, liability due to purchase of computer hardware in the amount of PLN 3,926 thousand, liability due to purchase of car fleet in the amount of PLN 597 thousand, as well as liability due to purchase of intangible assets in the amount of PLN 18 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 3,271 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 Individually or in Total are Significant and Concluded on Terms Different from Market Conditions

None present.

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

None present.

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

None present.

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

None present.

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

On the 21st of May, 2018, in current report no. [RB-7-2018](#), ENG: [RB-7-2018](#) The Management Board of Comarch S.A. announced, that the Company's General Shareholders' Meeting gave a positive opinion on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2017 in financial year from 1st of January, 2017 to 31st of December, 2017 in the amount of PLN 39,338,096.57:

1) PLN 12,200,023.50 will be paid as dividend. Persons who will be the Company's shareholders on the dividend's day will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. The dividend was paid on 31st of August, 2018;

2) The remaining part of the net profit in the amount of PLN 27,138,073.07 will be passed to supplementary capital.

On the 27th of June, 2018, Company's General Shareholders' Meeting adopted the resolution no. 9 related to distribution of the net profit for a period from 1st of January, 2017 to 31st of December, 2017, according to the details above ([RB-11-2018](#), ENG: [RB-11-2018](#) of the 27th of June, 2018). The dividend was paid at the 31st of August, 2018.

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

None present.

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

On the 30th of September, 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 86,846 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 40,496 thousand. Provisions for part of these claims were presented in the balance sheet as of the 30th of September, 2018, and are worth PLN 5,873 thousand (while provisions for claims

relating to the court proceedings created in 2018 amounted to PLN 76 thousand). Comarch S.A is not the party to the matters in disputes, not covered by court 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 Kraków



ir@comarch.pl



+48 (12) 687 78 22

<https://www.comarch.com/investors/>