

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report Qsr ...3 / 2019

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 ...2019 from 2019-01-01 to 2019-09-30
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 2019-11-15

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 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	1,020,966	949,319	236,961	223,187
II. Operating profit (loss)	112,366	62,057	26,080	14,590
III. Profit before income tax	100,039	50,013	23,219	11,758
IV. Net profit attributable to shareholders of parent company	69,679	22,462	16,172	5,281
V. Net cash flows from operating activities	80,146	23,317	18,601	5,482
VI. Net cash flows from investing activities	-28,789	-59,894	-6,682	-14,081
VII. Net cash flows from financing activities	-56,232	-15,367	-13,051	-3,613
VIII. Change in net cash flows	-4,875	-51,944	-1,131	-12,212
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings (losses) per single share (PLN/EURO)	8.57	2.76	1.99	0.65
XI. Diluted earnings (losses) per single share (PLN/EURO)	8.57	2.76	1.99	0.65
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	666,140	701,973	154,607	165,035
XIII. Profit (loss) on operating activities	37,627	89,189	8,733	20,968
XIV. Gross profit (loss)	67,896	78,109	15,758	18,364
XV. Net profit (loss)	61,710	71,362	14,323	16,777
XVI. Net cash flows from operating activities	30,788	8,849	7,146	2,080
XVII. Net cash flows from investing activities	9,162	-43,418	2,126	-10,208
XVIII. Net cash flows from financing activities	-47,762	7,816	-11,085	1,838
XIX. Total net cash flow	-7,812	-26,753	-1,813	-6,290
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349

XXI. Earnings (losses) per single share (PLN/EURO)	4.92	11.82	1.14	2.78
XXII. Diluted earnings (losses) per single share (PLN/EURO)	4.92	11.82	1.14	2.78
EQUITIES	2019-09-30	2018-12-31		
XXIII. Equity attributable to shareholders (consolidated)	921,206	858,146	210,629	199,569
XXIV. Equity (parent company)	883,613	834,190	202,033	193,998

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 01.01.2019 to 30.09.2019:

4.3086;

- arithmetical average of NBP average exchange rates
as of the end of each month

for the period 01.01.2018 to 30.09.2018:

4.2535;

The balance sheet items were presented based on

NBP average exchange rates as of the end of the period:

- 30.09.2019:

4.3736;

- 31.12.2018:

4.3.

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_2019 consolidated.pdf	Qsr_3_2019 consolidated
Qsr_3_2019 Comarch SA.pdf	Qsr_3_2019 Comarch SA

SIGNATURES

Date	Name and surname	Position	Signature
2019-11-15	Konrad Tarański	Vice-President of the Management Board	
2019-11-15	Maria Smolińska	Proxy	



**COMARCH CAPITAL GROUP
CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD
FROM 1ST OF JANUARY 2019
TO 30TH OF SEPTEMBER 2019**

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

Krakow, 15th of November 2019

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 9 MONTHS 2019	5
I. Consolidated Balance Sheet	5
II. Consolidated Income Statement	7
III. Total Income Consolidated Statement.....	8
IV. Consolidated Statement of Changes in Shareholders' Equity.....	9
V. Consolidated Cash Flow Statement.....	10
VI. Supplementary information.....	11
1. Information about Group Structure and Activities	11
1.1. Organizational Structure of Comarch Group	12
1.2. Activities Structure in the Comarch Group	13
1.3. Changes in Ownership and Organisational Structure in Q3 2019.....	14
1.4. Changes in Ownership and Organisational Structure after the Balance Sheet Date	14
2. Description of the Applied Accounting Principles	15
3. Notes to the Consolidated Financial Statement	22
3.1. Reporting by Segments for 9 Months 2019.....	22
3.2. Property, Plant and Equipment	27
3.3. Asset due to the Right of Use.....	28
3.4. Investment Real Estate	28
3.5. Goodwill	28
3.6. Others Intangible Assets.....	29
3.7. Investment in Associates	29
3.8. Derivative Financial Instruments.....	30
3.9. Deferred Income Tax	31
3.10. Inventories.....	32
3.11. Trade and Other Receivables	33
3.12. Long-term Contracts	34
3.13. Share Capital	35
3.14. Credits and Loans	36
3.15. Liabilities due to Lease	41
3.16. Provisions for Other Liabilities and Charges	41
3.17. Trade and Other Payables.....	42
3.18. Contingent Liabilities	42
3.19. Managerial Option Program for Members of the Management Board and Other Key Employees.....	43

3.20.	Related-Party Transactions	43
3.21.	Earnings per Share.....	45
4.	Additional Notes	46
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	46
4.2.	Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results ...	48
4.3.	Other events in Q3 2019.....	49
4.4.	Events after the Balance Sheet Date not included in the Report	50
4.5.	Commentary on Differences between Financial Results Presented in Annual Report and Results Forecast for the Given Year Published Before	50
4.6.	Significant Legal, Arbitration or Administrative Proceedings.....	50
4.7.	Information about Transactions with Related Parties on Terms Different from Market Condition....	50
4.8.	Information about Suretyships, as well as Guarantees Provided by the Issuer and Its Subsidiaries	51
4.9.	Other Information Significant for the Assessment of Means and Employees, Financial Rating, Financial Results and Their Changes and Information Significant for the Assessment of the Possibility of the Execution of Obligations by the Issuer.	54
5.	Significant Achievements and Failures as well as Factors and Events with Considerable Impact on the Financial Results of the Comarch Group in the Third Quarter of 2019 and Factors Which Will Substantially Impact Results Over the Course of at least the Next	55
5.1.	Revenues and Financial Results.....	55
5.2.	Sales Structure	57
5.3.	Comarch S.A. Stock Price Performance.....	62
5.4.	Events in the Third Quarter of 2019 that Greatly Impacted the Current Activities of the Comarch Group	63
5.5.	Events after the Balance Sheet Date that Greatly Impacted the Current Activities of the Comarch Group	64

**PLN 112
million of
EBIT**

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

**PLN 1,021
million of
sales
revenue**

**Over
6,400
professionals
employed**

**57
companies
worldwide**

**PLN 1.4
billion of
Comarch S.A.
capitalisation
on WSE**

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

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 9 MONTHS 2019

I. Consolidated Balance Sheet

ASSETS	Note	At 30 September 2019	At 1 January 2019*	At 31 December 2018
NON-CURRENT ASSETS				
Property, plant and equipment	3.2	540,984	551,063	551,063
Asset due to the right of use	3.3	68,953	74,402*	-
Investment real estates	3.4	36,984	32,683	32,683
Goodwill	3.5	42,197	42,197	42,197
Other intangible assets	3.6	58,647	59,447	59,447
Non-current prepayments		2,653	2,834	2,834
Investments in associates	3.7	570	1,520	1,520
Other assets at fair value	3.8a	124	935	935
Other investments		212	211	211
Deferred income tax assets	3.9	30,850	35,045	35,045
Other receivables		8,584	20,906	20,906
		790,758	821,243	746,841
CURRENT ASSETS				
Inventories	3.10	95,723	97,198	97,198
Trade and other receivables	3.11	393,299	435,372	435,372
Current income tax receivables		2,294	2,555	2,555
Long-term contracts receivables		194,613	134,800	134,800
Available-for-sale financial assets	3.12	-	-	-
Other financial assets at fair value – derivative financial instruments	3.8a	1,208	3,264	3,264
Interest and shares		-	-	-
Cash and cash equivalents		244,260	245,915	245,915
		931,397	919,104	919,104
Assets available-for-sale		-	-	-
TOTAL ASSETS		1,722,155	1,740,347	1,665,945

TOAL EQUITY AND LIABILITIES	Note	At 30 September 2019	At 1 January 2019*	At 31 December 2018
EQUITY				
Capital and reserves attributable to the company's equity holders				
Share capital	3.13	8,133	8,133	8,133
Other capitals		143,041	143,041	143,041
Exchange differences		14,418	8,837	8,837
Net profit for the current period		69,679	30,616	30,616
Retained earnings		685,935	667,519	667,519
		921,206	858,146	858,146
Minority interest		18,972	17,962	17,962
TOTAL EQUITY		940,178	876,108	876,108
LIABILITIES				
Non-current liabilities				
	3.14	148,357	175,010	175,010
Credit and loans		5,142	9,801	9,801
Other liabilities	3.15	53,900	57,111*	-
Lease liability	3.8b	5,704	1,338	1,338
Financial liabilities at fair value – derivative financial instruments		-	410	410
Other financial liabilities	3.9	44,215	43,625	43,625
Provision for deferred income tax	3.16	-	-	-
Provisions for other liabilities and charges		257,318	287,295	230,184
Current liabilities				
	3.17	181,955	182,502	182,502
Trade and other payables		10,550	9,007	9,007
Current income tax liabilities	3.12	148,824	163,818	163,818
Long-term contracts liabilities	3.14	40,453	40,267	40,267
Credit and loans		16,685	17,291*	-
Lease liability	3.8b	1,732	479	479
Financial liabilities at fair value – derivative financial instruments		-	328	328
Other financial liabilities	3.16	124,460	163,252	163,252
Provisions for other liabilities and charges		524,659	576,944	559,653
		781,977	864,239	789,837
TOTAL LIABILITIES		1,722,155	1,740,347	1,665,945
TOTAL EQUITY AND LIABILITIES				

*) In connection with the application on the 1st of January, 2019, for the first time IFRS 16, relevant presentation changes were made to the balance sheet assets and liabilities. Balance sheet totals in relation to data published as at 31st of December, 2018, increased by PLN 74,402 thousand.

II. Consolidated Income Statement

	Note	Q3 2019*	9 months 2019	Q3 2018	9 months 2018
Revenue		354,478	1,020,966	345,311	949,319
Cost of sales		(214,206)	(707,973)	(253,901)	(715,232)
Gross profit		140,272	312,993	91,410	234,087
Other operating income		4,207	24,122	2,745	18,078
Sales and marketing costs		(32,661)	(98,051)	(29,958)	(91,640)
Administrative expenses		(33,243)	(90,745)	(28,294)	(71,403)
Other operating expenses		(12,366)	(35,953)	(8,845)	(27,065)
Operating profit		66,209	112,366	27,058	62,057
Finance revenue - net		(12,273)	(12,327)	12,852	(8,063)
Share of profit / (loss) of associates		-	-	(1,321)	(3,981)
Profit / (loss) before income tax		53,936	100,039	38,589	50,013
Income tax expense		(12,012)	(29,348)	(20,849)	(24,780)
Net profit / (loss) for the period		41,924	70,691	17,740	25,233
Attributable to:					
Shareholders of the parent company		42,500	69,679	18,162	22,462
<i>Interests not entitled to control</i>		<i>(576)</i>	<i>1,012</i>	<i>(422)</i>	<i>2,771</i>
		41,924	70,691	17,740	25,233
Earnings / (losses) per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)					
– basic	3.21		8,57		2,76
– diluted	3.21		8,57		2,76

*) Data for the third quarter of 2019 were calculated by subtraction of the data presented by the Group in the report for the 6 months of 2019 from the data for the 9 months of 2019.

III. Total Income Consolidated Statement

	Q3 2019*	9 months 2019	Q3 2018	9 months 2018
Net profit / (loss) for the period	41,924	70,691	17,740	25,233
Other total income				
Exchange differences from recalculation of subsidiaries	6,763	5,579	(2,024)	5,209
Total other total income	6,763	5,579	(2,024)	5,209
Sum of total income for the period	48,687	76,270	15,716	30,442
Attributable to the parent company shareholders	49,265	75,260	16,139	27,672
Attributable to the interests not entitled to control	(578)	1,010	(423)	2,770

*) Data for the third quarter of 2019 were calculated by subtraction of the data presented by the Group in the report for the 6 months of 2019 from the data for the 9 months of 2019.

IV. Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the parent company					Capitals attributable to the 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 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
Balance at 1 January 2019	8,133	143,041	8,837	30,616	667,519	17,962	876,108
Transferring result for 2018	-	-	-	(30,616)	30,616	-	-
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	5,581	-	-	(2)	5,579
Profit for the period ⁽²⁾	-	-	-	69,679	-	1,012	70,691
Total income recognised in equity ⁽¹⁺²⁾	-	-	5,581	69,679	-	1,010	76,270
Balance at 30 September 2019	8,133	143,041	14,418	69,679	685,935	18,972	940,178

Pursuant to the resolution of the Comarch S.A. Annual General Meeting hold at the 26th of June, 2019, the net profit for 2018 in the amount of PLN 12,200,023.50 was allocated for dividend for shareholders outside the Group. The dividend was paid at the 15th of July, 2019. As at the 30th of September, 2019, in subsidiaries of the Group, there is no reason to make dividend payments for 2018 to entities outside the Group.

From the 1st of January, 2019, the Group started to apply the principles resulting from IFRS 16. The impact of this changes on the net profit in Q1-Q3 2019 amounted to minus PLN 1,653 thousand.

V. Consolidated Cash Flow Statement

	9 months ended 30 September 2019	9 months ended 30 September 2018
Cash flows from operating activities		
Net profit	70,691	25,233
Total adjustments	35,786	19,715
Share in profits (losses) of subsidiaries valued using the equity method	-	3,755
Depreciation	63,718*	47,560
Profit (loss) from foreign exchange differences	2,678	(2,984)
Interest and profit sharing (dividends)	3,143	2,952
Profit (loss) on investing activities	(10,963)	(12,474)
Change in inventories	577	11,124
Change in receivables	36,755	(35,851)
Change in liabilities and provisions excluding credits and loans	(60,114)	5,878
Other adjustments	(8)	(245)
Net profit less total adjustments	106,477	44,948
Income tax paid	(26,331)	(21,631)
Net cash generated (used) in operating activities	80,146	23,317
Cash flows from investing activities		
Purchases of property, plant and equipment	(26,170)	(61,749)
Proceeds from sale of property, plant and equipment	1,348	2,864
Purchases of intangible assets	(10,215)	(9,691)
Proceeds from disposal of investment in real estate and intangible assets	4,150	9,923
Expenses for purchase of financial assets	-	-
Expenses for investment in real estates	(2,162)	(565)
Granted loans	-	(16,050)
Interest	239	262
Other proceeds from financial assets	1,900	10,040
Other investment proceeds	2,121	5,072
Other investment expenses	-	-
Net cash generated (used) in investing activities	(28,789)	(59,894)
Cash flows from financing activities		
Dividend and other payments for owners	(12,200)	(12,200)
Proceeds from credits and loans	1,814	42,521
Repayments of credits and loans	(31,430)	(41,352)
Interest on credit	(2,237)	(2,591)
Interest on loans	(318)	(362)
Granted loans	(323)	(1,873)
Proceeds from repaid loans	1,290	733
Proceeds from interest on loans	861	43
Payment of liabilities under lease agreements	(14,867)	(129)
Other financial proceeds	1,178	314
Other interest and financial expenses	-	(471)
Net cash generated (used) in financing activities	(56,232)	(15,367)
Net change in cash, cash equivalents and bank overdrafts	(4,875)	(51,944)
Cash, cash equivalents and bank overdrafts at beginning of the period	245,906	207,925
Positive (negative) exchange differences in cash and bank overdrafts	3,214	1,931
Cash, cash equivalents and bank overdrafts at end of the period	244,245	157,912
- including limited disposal	3,587	3,963

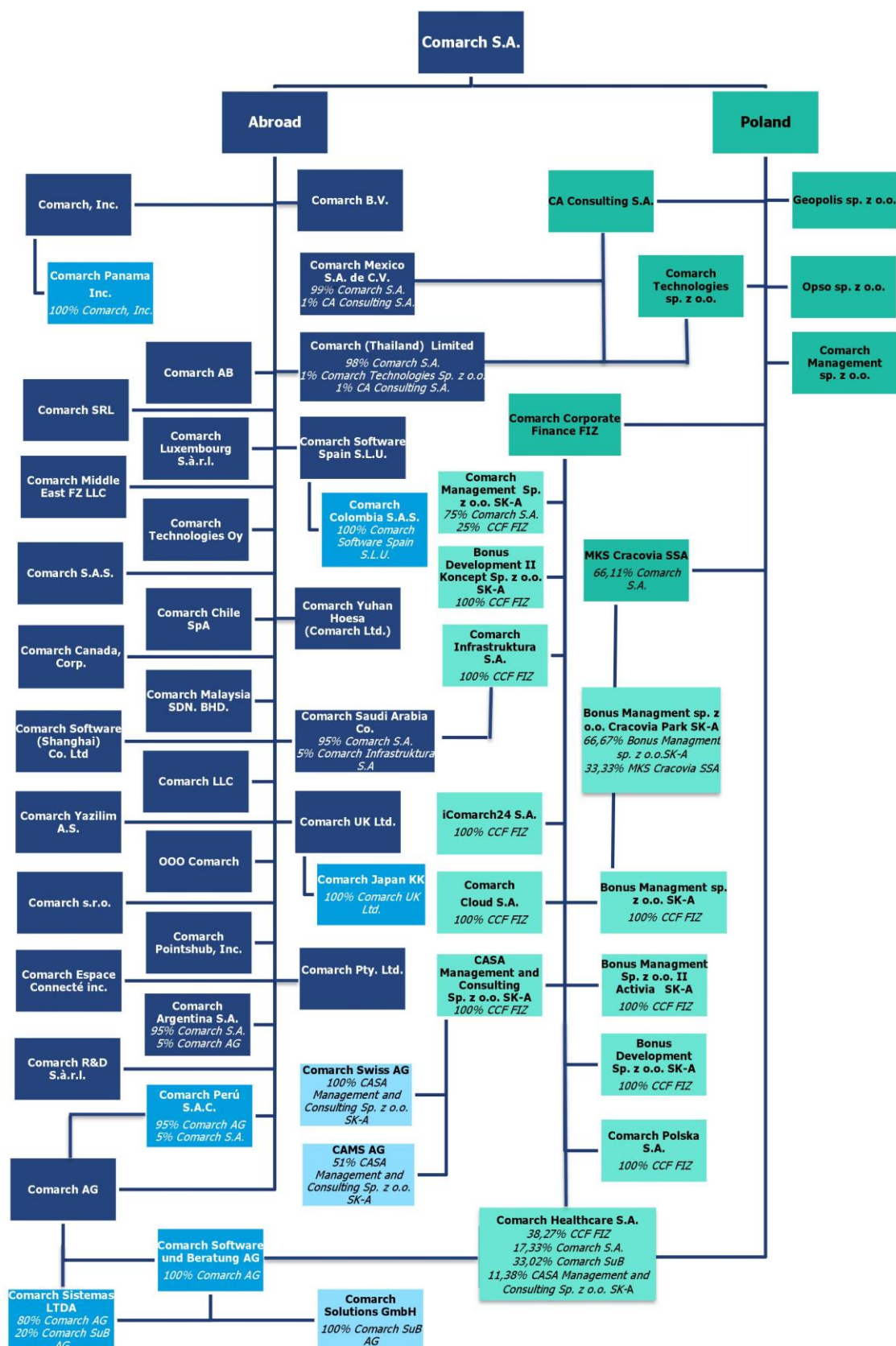
*) It comprises depreciation of asset due to right for use resulting from applying IFRS 16 in the amount of PLN 13,846.

VI. Supplementary information

1. Information about Group Structure and Activities

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

1.1. Organizational Structure of Comarch Group



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

On the 30st of September, 2019, associates of the parent company were:

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

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

1.2. Activities Structure in the Comarch Group

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them;
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V., Comarch Yuhan Hoesa (Comarch Ltd.), Comarch (Thailand) Limited, Comarch BV, Comarch Software (Shanghai) Co. Ltd and Comarch Pty. LTD. acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market;
- Comarch Polska S.A. acquires IT contracts in domestic markets and executes them in their entirety or in part;
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software;
- CA Consulting S.A. specializes in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor;
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market;
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A, Bonus Management sp. z o.o. II Activia SK-A, and Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT;
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates;
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector;
- Comarch Infrastruktura S.A. (formerly Infrasturktura24 S.A.) offers services related to Data Centre and IT services outsourcing;
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group;
- Geopolis sp. z o.o. implements integrated GIS system in public administration entities;
- MKS Cracovia SSA conducts sports activities and promotes physical education;

- "Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością" Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation;
- Opso sp. z o.o. provides catering services;
- Comarch s.r.o. and Comarch Cloud S.A. are currently not operating.

1.3. Changes in Ownership and Organisational Structure in Q3 2019

On the 5th of July, 2019, has been registered the capital increase in Comarch (Thailand) Limited in the amount of THB 10,500,000, i.e. from THB 8,000,000 to THB 18,500,000.

On the 23rd of September, 2019, AGM of Comarch BV passed the resolution related to capital increase by issuing 100,000 shares (EUR 1 per share) which were acquired by Comarch S.A. The above mentioned increase was paid by Comarch S.A. at the 27th of September, 2019.

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

On the 15th of October, 2019, the resolution related to the capital increase in Comarch Pty. Ltd. (Australia) from AUD 100 to AUD 100,000 was passed.

On the 28th of October, 2019, the change of the company's name was registered, from Comarch Pointshub S.A. to Comarch Cloud S.A.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the three months ended the 30th of September, 2019, and comparable data (the "Interim Consolidated Financial Statement") are prepared in accordance with International Accounting Standard ("IAS") 34 and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the date of preparing the Condensed Interim Consolidated Financial Statement.

This Interim Consolidated Financial Statement for the three months ended the 30th of September, 2019 does not include all information and disclosures that are obligatory in annual financial statements, therefore should be read in conjunction with the audited Comarch Capital Group IFRS Consolidated Financial Statement for the year ended the 31st of December, 2018 ("the IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the three months ended the 30th of September, 2019, does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the year ended the 31st of December, 2018 (notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2018).

The Interim Consolidated Financial Statement for the three months ended the 30th of September, 2019, 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 nine months ended the 30th of September, 2019, is prepared in thousands of Polish zloty ("PLN") and was authorized for issuance by the Management Board on the 15th of November, 2019.

Interpretations to standards which will be applied in 2019 for the first time

■ MSSF 16 Leasing

The IFRS 16 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 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 application of IFRS 16 required the Group to analyse data and make certain estimates and calculations that affect the measurement of lease liabilities and the valuation of assets with the right to use. These included identifying contracts subject to the application of IFRS 16, determining the duration of contracts and setting interest rates used to discount future cash flows.

In accordance with IFRS 16, the contract is a lease if the lessee has the right to exercise control, including economic benefits, over the use of the identified asset for a specified period of time in exchange for remuneration.

During the preparatory work, the Group analysed all contracts concluded in terms of meeting the criteria for considering them as leasing agreements by IFRS 16. For lease agreements subject to IFRS 16, the Group included rental agreements for buildings and office space, the right to perpetual usufruct of land, leasing of means of transport and leasing of computer equipment.

For contracts concluded for a definite period, the Group has adopted a lease period consistent with the lease agreement period, unless circumstances indicating the use of the option of extension or termination were known. Contracts concluded for an indefinite period with a notice period shorter than 12 months are not subject to measurement according to IFRS 16 (except for the agreement for lease of the stadium in Krakow at ul. Kałuży 1, which was valued according to IFRS 16 due to the strategic nature of rented property, and for which the Comarch Group accepts a 5 years lease period). The estimated value of liabilities resulting from other agreements concluded for an indefinite period for a period of 12 months amounts to approx. PLN 1,200 thousand. Contracts of lease for an indefinite period with a notice period longer than 12 months the Group has not identified.

In accordance with the IFRS 16 Leasing standard, the Group has implemented uniform accounting principles that require lessees to recognize assets and liabilities for all lease agreements, taking into account the exceptions listed in the standard. The Group recognizes the right to use the asset together with an appropriate leasing liability determined in the amount of discounted future payments during the lease term. Instead of the previously included in the costs of the basic activity of fees for the use of leased assets, depreciation calculated on the value of the asset due to the right of use was introduced. Depreciation is allocated according to production costs, overheads or selling costs. Instead of the interest paid on the current leasing instalments included in the financial costs, interest accrued on the leasing liability was introduced. Assets due to the right of use are amortized on a straight-line basis, whereas lease liabilities settled by the effective interest rate (the lesser interest rate of the lessee).

The lessee's marginal interest rate for a given leasing contract was determined as the sum of the risk-free rate depending on the currency and leasing period, the credit margin adjustment and the specific adjustment for the leased asset. The level of marginal interest rates applied by the Group is between 1.3% and 7.8%.

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, 2019 to the end of their validity, is:

- for lease contracts: approx. PLN 60,216 thousand,
- for the right of perpetual usufruct of land (for the period until 2089): approx. PLN 58,914 thousand,
- for leasing of means of transport and computer equipment: approx. PLN 1,290 thousand.

As a result of applying IFRS 16, the value of assets due to the right of use and leasing liabilities, and thus the value of the Group's balance sheet total as at 1st of January, 2019 was PLN 74,402 thousand.

- for lease contracts: approx. PLN 54,514 thousand,
- for the right of perpetual usufruct of land (for the period until 2089): approx. PLN 18,631 thousand,
- for leasing of means of transport and computer equipment: approx. PLN 1,257 thousand.

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. The Group has excluded the impact of changes resulting from the implementation of IFRS 16 on the calculation of covenants in all loan agreements. 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.

The main differences between operating lease liabilities disclosed as at 31st of December, 2018, and lease liabilities recognized as at the date of first application of IFRS 16 will be due to:

- recognition of liabilities under lease of perpetual usufruct rights, which were classified as leasing agreements as at 1st of January, 2019;
- exclude from the valuation according to IFRS 16 short-term contracts, contracts for an indefinite period with a notice period shorter than one year and agreements regarding low-value assets, i.e. with an initial value below USD 5,000 USD;

As at the balance sheet date, 30th of September, 2019, the value of the right to use assets in the Group amounted to PLN 68,953 thousand and the value of lease liabilities PLN 70,585 thousand. The value of depreciation from the asset due to the right of use in the first 3 quarters of 2019 amounted to PLN 13,846 thousand. The value of interest on leasing liabilities in the first 3 quarters of 2019 amounted to PLN 1,757 thousand.

Impact of the application of IFRS 16 on the Group's financial statements.

	At 30 September 2019 - published data	At 30 September 2019 without IFRS 16
Impact on the balance sheet		
Total assets	1,722,155	1,653,743
Fixed assets:	790,758	722,346
Asset due to the right of use	68,953	-
Liabilities Total	1,722,155	1,653,743
Total liabilities, including:	781,977	711,911
<i>Long-term liabilities</i>	257,318	203,606
<i>Current liabilities</i>	524,659	508,305
Lease liabilities, including:	70,585	-
<i>Long-term liabilities</i>	53,900	-
<i>Current liabilities</i>	16,685	-
Equity attributable to the Company's shareholders	921,206	922,859
Impact on the profit and loss account		
Depreciation, including:	63,718	49,872
<i>Depreciation of the right to use</i>	13,846	-
Net profit, including	70,691	72,344
Net profit attributable to the company's shareholders	69,679	71,332
Impact on the profit and loss account		
Cash flow together	(4,875)	(4,875)
Net cash flow from operating activities	80,146	65,576
Net cash flow from investing activities	(28,789)	(28,789)
Net cash flow from financing activities	(56,232)	(41,662)

Depreciation of assets under the right of use	9 months ended 30 September 2019
Rent	546
Perpetual usufruct	13,103
Leasing of means of transport and computer equipment	197
Depreciation of assets under the right of use	13,846

The Group uses two simplifications regarding classifying the contract as a lease agreement by IFRS 16. The Group excluded from the valuation by IFRS 16 short-term contracts, i.e. concluded for a period shorter than 12 months and agreements on low-value assets, i.e. with an initial value not exceeding 5,000 USD. The use of the above simplifications by the Company obliges it to apply them throughout the standard's validity period. The applied simplifications are documented with appropriate accounting policy provisions. The cost related to contracts for short-term leasing and leasing of low-value assets in the three quarters of 2019 amounted to approx. PLN 1,900.

■ IFRS 9 "Financial instruments"

The standard approved in the EU on 22nd of November, 2016, (effective for annual periods beginning on 1st of January, 2018, or after that date),

The Group applied IFRS 9 for the first time in 2018. As a result of the application of the requirements of IFRS 9, the Comarch Group did not find any significant changes in the measurement of financial liabilities in relation to the valuation performed under IAS 39.

In connection with the application of IFRS 9, the Group performs the following adjustments:

- **in terms of cash**

The Group estimated the write-offs for cash, based on the probability of insolvency of financial institutions in which cash is held. The probability of insolvency was established on the basis of external ratings of banks and available information of rating agencies. On the basis of the analysis carried out, the Group did not create write-offs for cash.

- **in terms of receivable**

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

- **in terms of loans granted to affiliates**

The Group carried out an assessment of the business model for loans granted to affiliates, where it was found that all loans meet the maintenance model for the purpose of obtaining the loans. After analysing the contractual terms of the loans, it was considered that the SPPI classification test was also met. The Group carried out an analysis in the expected loss model, as a result of which the revaluation write-down was waived due to immateriality.

- **In terms of bank loans**

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

In connection with the entry into force of amendments to the standard IFRS 9 "Pre-pay with negative remuneration" on 1st of January, 2019, the Group conducted an analysis of historical changes in contractual terms regarding long-term borrowing agreements in the perspective of a one-off recognition of their effects in the profit and loss account. The Group calculated the carrying amount of the amended liabilities at amortized cost using the original interest rate. As a result of the conducted analysis, the results from the modification of financial liabilities in the profit and loss account were waived due to their immateriality.

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

The scope of the IFRS approved by the European Union does not differ significantly from the regulations of the International Accounting Standards Board, excluding the below-mentioned standards, changes to standards and the interpretations which were not applied by the EU as at the date of publication of this report:

IFRS 14 "Deferred Balances from Regulated Activity" (effective for annual periods beginning on or after 1st of January, 2016) - European Commission has decided not to initiate the process of approving this provisional standard for use within the EU until the final version of IFRS 14,

IFRS 17 "Insurance Contract" – published on the 18th of May, 2017,

Amendments to IFRS 10 and IAS 28: Sale or transfer of assets between an investor and an associate or a joint venture was published on the 11th of September, 2014 (the adoption of the change has been halted),

IFRIC 22 "Transactions in foreign currencies and advanced payments" – published on the 8th of December, 2016,

IFRIC 23 "Uncertainty over Income Tax Treatments" – published on the 7th of June, 2017,

Amendments to IFRS 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 for the portfolio of financial assets and liabilities, whose principles have not been approved for use in the EU, remains outside the regulations adopted by the EU. According to the estimates of the parent company, the application of hedge accounting for the portfolio of financial assets or liabilities in accordance with **IFRS 9 "Financial Instruments"** would not have a significant impact on the financial statements if they were adopted for use as at the balance sheet date.

The consolidated financial statement of the Comarch Group for the 9 months ended the 30th of September, 2019, 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 (Thailand) Limited	Subsidiary	Full	100%
Comarch BV	Subsidiary	Full	100%
Comarch Pty. 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, 17.33% held by Comarch S.A., 33.02% held by Comarch Software und Beratung AG, 11.38% held by CASA Management and Consulting sp. z o.o. SKA
Comarch Polska S.A.	Subsidiary	Full	100% held by CCF FIZ
Comarch Cloud S.A. (previously 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. Reporting by Segments for 9 Months 2019

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

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

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

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

The Group's sales is highly diversified and there is no dependency on a single customer. Within 9 months of 2019 the share of none of the customer exceeded 10% of total sales of the Comarch Group.

Over 2018, Comarch Group revenue structure was as follows: 20% of annual sales were achieved in the first quarter, 24% in the second quarter, 25% in the third quarter and 31% in the fourth quarter. Over 2019, the Group expects the distribution of sales revenue similar to that of 2018.

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>								
Revenues 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>	<i>91,763</i>	<i>50,349</i>	<i>61,966</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>204,078</i>
<i>To customers in Finance and Banking sector</i>	<i>103,971</i>	<i>27,707</i>	<i>9,090</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>140,768</i>
<i>To customers in Trade and services sector</i>	<i>42,688</i>	<i>21,905</i>	<i>70,401</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>134,994</i>
<i>To customers in Industry&Utilities</i>	<i>54,446</i>	<i>18,200</i>	<i>18,571</i>	<i>4,768</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>95,985</i>
<i>To customers in Public sector</i>	<i>150,797</i>	<i>6,895</i>	<i>2,533</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>160,225</i>
<i>To customers in small and medium enterprises sector</i>	<i>103,503</i>	<i>70,975</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>174,478</i>
<i>To customers in Medicine sector</i>	<i>10,903</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>8,373</i>	<i>-</i>	<i>19,276</i>
<i>To other customers</i>	<i>3,747</i>	<i>1</i>	<i>21</i>	<i>318</i>	<i>15,428</i>	<i>-</i>	<i>-</i>	<i>19,515</i>
<i>Other operating revenue</i>	<i>(379)</i>	<i>1,150</i>	<i>3,184</i>	<i>49</i>	<i>13,868</i>	<i>206</i>	<i>-</i>	<i>18,078</i>
<i>Finance revenue</i>	<i>(5,347)</i>	<i>(918)</i>	<i>(683)</i>	<i>(713)</i>	<i>131</i>	<i>(533)</i>	<i>-</i>	<i>(8,063)</i>
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>	<i>45,185</i>	<i>5,569</i>	<i>(31,442)</i>	<i>(74)</i>	<i>5,341</i>	<i>(2,117)</i>	<i>-</i>	<i>22,462</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(4)</i>	<i>2,775</i>	<i>-</i>	<i>-</i>	<i>2,771</i>

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

Sales between specific segments are calculated based on market conditions.

The following table presents the assets and liabilities of particular segments as at the 30th of September, 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

9 months ended 30 September 2019	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment- sales to external clients	566,859	197,822	229,289	(256)	28,981	10 066	-	1,032,761
<i>including:</i>								
Revenues from sales	572,934	195,896	221,390	1,414	19,880	9452	-	1,020,966
<i>To customers in Telecommunication, Media, IT sector</i>	122,635	53,035	68,589	-	-	-	-	244,259
<i>To customers in Finance and Banking sector</i>	109,901	24,532	7,933	-	-	-	-	142,366
<i>To customers in Trade and services sector</i>	48,642	18,457	108,071	-	-	-	-	175,170
<i>To customers in Industry&Utilities</i>	69,770	21,287	35,608	-	-	-	-	126,665
<i>To customers in Public sector</i>	88,262	7,873	-	-	-	-	-	96,135
<i>To customers in small and medium enterprises sector</i>	123,366	70,712	-	-	-	-	-	194,078
<i>To customers in Medicine sector</i>	9,367	-	1,153	-	-	9,452	-	19,972
<i>To other customers</i>	991	-	36	1,414	19,880	-	-	22,321
 <i>Other operating revenue</i>	1,604	1,774	10,835	68	8,848	993	-	24,122
 <i>Finance revenue</i>	(7,679)	152	(2,936)	(1,738)	253	(379)	-	(12,327)
Revenues per segment - sales to other segments	221,581	21,267	29,538	5,801	6,317	1,717	(286,221)	-
Revenues per segment - total*	788,440	219,089	258,827	5,545	35,298	11783	(286,221)	1,032,761
Costs per segment relating to sales to external clients	502,621	172,557	218,901	3,061	26,054	9528	-	932,722
Costs per segment relating to sales to other segments	221,581	21,267	29,538	5,801	6,317	1717	(286,221)	-
Costs per segment - total*	724,202	193,824	248,439	8,862	32,371	11245	(286,221)	932,722
Current taxes	(8,482)	(10,270)	(5,466)	(48)	(297)	-	-	(24,563)
Assets for the tax due to investment allowances and other tax relief	(3,102)	255	(2,135)	(66)	263	-	-	(4,785)
Share of segment in the result of parties valuated using the equity method of accounting	474	-	(474)	-	-	-	-	-
Net result	53,128	15,250	2,313	(3,431)	2,893	538	-	70,691
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	53,128	15,250	2,313	(3,428)	1,878	538	-	69,679
<i>Result attributable to minority interest</i>	-	-	-	(3)	1,015	-	-	1,012

*) 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, 2019, as well as investment expenditures and depreciation in during 9 months of 2019:

30 September 2019 / 9 months ended 30 September 2019

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	967,945	221,226	301,391	146,016	78,480	7,097	1,722,155
Liabilities	501,345	82,019	124,999	43,665	29,253	696	781,977
Investment expenditures	20,342	2,341	5,922	4,210	5,417	315	38,547
Depreciation	43,294	6,979	7,293	2,458	3,343	351	63,718

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

Revenues from basic sales - activities location

	9 months ended 30 September 2019		9 months ended 30 September 2018	
		%		%
Poland	603,680	59.1	590,705	62.2
DACH region	195,896	19.2	196,032	20.7
Other countries	221,390	21.7	162,582	17.1
Total	1,020,966	100.0	949,319	100.0

Assets – activities location

	30 September 2019		31 December 2018	
		%		%
Poland	1,199,538	69.7	1,148,355	68.9
DACH region	221,226	12.8	216,790	13.0
Other countries	301,391	17.5	300,800	18.1
Total	1,722,155	100.0	1,665,945	100.0

Investment expenditures – activities location

	9 months ended 30 September 2019	%	12 months ended 31 December 2018	%	9 months ended 30 September 2018	%
Poland	30,284	78.5	87,525	83.9	73,249	83.2
DACH region	2,341	6.1	6,783	6.5	6,106	6.9
Other countries	5,922	15.4	10,009	9.6	8,700	9.9
Total	38,547	100.0	104,317	100.0	88,055	100.0

3.2. Property, Plant and Equipment

	30 September 2019	31 December 2018
Lands and buildings	387,366	392,592
Means of transport and machinery	128,751	138,438
Property, plant and equipment under construction	14,960	9,652
Others	9,124	10,360
Advance money for property, plant and equipment under construction	783	21
Total	540,984	551,063

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 30th of September, 2019, the Group's property are six office buildings in the Special Economic Zone in Krakow ("SEZ") at 74,144 square metres of the total space, two office buildings in Warsaw at 2,542 square metres of the total space and office buildings in Łódź at 12,572 square metres of the total space, one office building and data centre in Lille at 2,526 square meters of the total space and an office building and data centre in Dresden at 2,144 square metres of the total space. 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, 2019, property, plant and equipment under construction comprise mostly expenditures to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA and Bonus Management sp. z o.o. II Activia SKA (an amount of PLN 7,962 thousand) and expenditures related to construction of the Southern Poland Football Training and Research Centre for Cracovia (an amount of PLN 4,936 thousand).

3.3. Asset due to the Right of Use

	At 30 September 2019	At 1 January 2019	At 31 December 2018
Leasing of means of transport and IT equipment	1,612	1,257	-
Rent	48,906	54,514	-
Perpetual usufruct	18,435	18,631	-
Total	68,953	74,402	-

The creation of an asset due to the right of use is a consequence of the application of IFRS 16 from the 1st of January, 2019. As at the 30th of September, 2019, the value of the asset due to the right of use amounted to PLN 68,953 thousand. The value of the asset due to the right of use as at the 1st of January, 2019, amounted to PLN 74,402 thousand. Value of depreciation of the asset due to the right of use in 9 months 2019 amounted to PLN 13,846 thousand.

3.4. Investment Real Estate

	30 September 2019	31 December 2018
Lands	4,865	3,603
Buildings	32,119	29,080
Total	36,984	32,683

As at the 30th of September, 2019, investment real estate comprise two office buildings, placed in Krakow with a total space 8,629 square meters, 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.

3.5. Goodwill

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

	30 September 2019	31 December 2018
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

A test for loss in value regarding goodwill was run as at the 31st of December, 2018, according to the methodology used and described in details in the annual financial statements for 2018.

3.6. Others Intangible Assets

	30 September 2019	31 December 2018
Costs of finished development works	-	143
Perpetual usufruct right	37,582	39,219
Licences and software	16,721	15,368
Other	4,344	4,717
Advance money for intangible assets	-	-
Total	58,647	59,447

Other intangibles include valuation of assets, classified as intangible assets, related to the right to use MKS Cracovia SSA players' cards in the amount of PLN 4,344 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.

3.7. Investment in Associates

As at the 30th of September, 2019, the Group had shares in associates.

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 loan by SoInteractive S.A.	640
Share in profit of Thanks Again LLC	(2,318)
At 30 September 2018	8,651
At 1 January 2018	11,233
Share in profit of Sointeractive S.A.	(331)
Acquiring shares in and share in profit of Metrum Capital S.A.	(2)
Granting loan to SoInteractive S.A.	1,390
Acquiring shares in and share in profit of Thanks Again LLC	(10,770)
At 31 December 2018	1,520
At 1 January 2019	1,520
Granting loan to SoInteractive S.A.	300
Repayment of loan by SoInteractive S.A.	(1,250)
At 30 September 2019	570

As at the 30th of September, 2019, investment in associates includes loans granted to SoInteractive S.A. by Comarch Group companies in the amount of PLN 570 thousand.

3.8. Derivative Financial Instruments

a) Assets

	30 September 2019	31 December 2018
Forward foreign exchange contracts – held-for-trading	1,332	4,199
Transaction on change of IRS	-	-
	1,332	4,199
<i>Current portion</i>	<i>1,208</i>	<i>3,264</i>
<i>Non-current portion</i>	<i>124</i>	<i>935</i>

b) Liabilities

	30 September 2019	31 December 2018
Forward foreign exchange contracts – held-for-trading	2,767	451
Transaction on change of IRS	4,669	1,366
	7,436	1,817
<i>Current portion</i>	<i>1,732</i>	<i>479</i>
<i>Non-current portion</i>	<i>5,704</i>	<i>1,338</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, 2019, 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, 2019, amounted to EUR 53,700 thousand and USD 14,600 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, 2019, valuation of the IRS transaction amounted to minus PLN 482 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 June, 2019, valuation of the IRS transaction amounted to minus PLN 499 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.

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, 2019, valuation of the IRS transaction amounted to minus PLN 2,222 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, 2019, valuation of the IRS transaction amounted to minus PLN 1,466 thousand.

3.9. Deferred Income Tax

	30 September 2019	31 December 2018
Deferred income tax assets		
Temporary differences	18,884	19,166
Asset due to a tax loss	4,792	4,717
Asset due to activities in Special Economic Zone ("SEZ")	7,174	11,162
Total	30,850	35,045
<i>Charged to financial result</i>	<i>30,850</i>	<i>35,045</i>

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, 2019, 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 5,571 thousand as at the 30th of September, 2019 (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, 2019 (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, 2019 (after discounting at the permit date).

During the first 9 months of 2019, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2018, and worth PLN 4,209 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 3,927 thousand. An asset due to tax loss was recognized in the amount of PLN 75 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 207 thousand.

Deferred income tax assets are determined in the amount anticipated to be deducted from income tax in the future, due to negative temporary differences and income tax relief in connection with conducting business activity in SEZ, which will cause in the future a reduction in the basis for calculating income tax and a tax loss deductible, determined taking into account the precautionary principle. Due to the above principle, assets from operations in SEZ are set only in the annual time horizon, taking as base

to determine the average income from zonal activity from the period of 3 years, selected from the five-year period (including the year for which the report is drawn up), after rejecting two extreme values.

During the first 9 months of 2019, the Group settled in part an assets created for the zone operations in the amount of PLN 3,988 thousand which were created as at 31st of December, 2018. The remaining part of the asset created as at 31st of December, 2018 will be implemented successively (in the form of write-downs decreasing the Group's net profit), in proportion to Comarch S.A. tax income from the activity released in 2019. At the same time, in accordance with IAS 12, the Company will regularly verify the valuation of the Asset recognized for its feasibility and further recognition for subsequent periods. We would like to point out that the recognition of Assets does not affect cash flows in the parent company or in the Group (both the recognition of Assets, as well as its implementation). Therefore, this operation is purely accrual and results from the application by the Group of International Financial Reporting Standards for the preparation of the consolidated financial statements of the Comarch Group.

The total impact of changes in assets on the Group's 9 months of 2019 results is minus PLN 4,195 thousand.

	30 September 2019	31 December 2018
Provision for deferred income tax		
Temporary differences	16,484	15,872
Provision due to fair value valuation of MKS Cracovia SSA's real estates	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	22,301	22,323
Total	44,215	43,625
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>38,785</i>	<i>38,195</i>

Due to valuation of net assets of CCF FIZ in 2019, the Group dissolved in part a deferred tax provision, which was recognized in the previous years in the amount of PLN 22 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 2,496 thousand and dissolved in the amount of PLN 1,884 thousand. The total effect of the above-mentioned operations on the net result of Q1-Q3 2019 was minus PLN 590 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 4,785 thousand.

In relation to MKS Cracovia SSA and 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.

3.10. Inventories

	30 September 2019	31 December 2018
Raw materials	2,343	2,009
Work in progress	83,754	85,285
Goods	8,939	9,259
Finished products	128	121
Advance due to finished products	559	524
Total	95,723	97,198

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 313,550 thousand (9 months ended the 30th of September, 2019), PLN 415,034 thousand (12 months ended the 31st of December, 2018), PLN 355,951 thousand (9 months ended the 30th of September, 2018).

Over the first nine months of 2019, Comarch Group created write-offs that revaluated goods in the amount of PLN 2 thousand. Comarch Group did not create write-offs that revaluated materials and finished products. The Group resolved write-offs which had been created in the previous years in the amount of PLN 29 thousand.

3.11. Trade and Other Receivables

	30 September 2019	31 December 2018
Trade receivables - net	332,582	385,749
<i>Trade receivables</i>	407,162	446,693
<i>Write-off revaluating receivables</i>	(74,580)	(60,944)
Other receivables	32,170	35,948
Short-term prepayments	15,366	12,294
Other prepayments	1,513	132
Loans	11,650	167
Trade receivables and other receivables from related parties - net	18	1,082
<i>Trade receivables and other receivables from related parties</i>	6,993	7,799
<i>Write-off revaluating receivables</i>	(6,975)	(6,717)
Total	393,299	435,372
<i>Current portion</i>	393,299	435,372

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 2019, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 29,117 thousand and dissolved previously created write-offs worth PLN 10,588 thousand in relation to payment of debts. These operations were presented in the income statement in other operating costs and revenues, respectively.

3.12. Long-term Contracts

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 revenue. At the end of the reporting period, long-term contracts were evaluated in accordance with the degree of work progress.

	9 months ended 30 September 2019	9 months ended 30 September 2018
Revenues from completed contracts recognized in the reporting period	34,329	41,595
Revenues from contracts not completed recognized in the reporting period	285,986	189,329
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IFRS 11	74,807	60,203
Total	395,122	291,127

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 30th of September, 2018, and the 30th of September, 2019, are presented below:

	30 September 2019	30 September 2018
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	1,341,801	939,775
Issued invoices	(1,296,012)	(897,818)
Total	45,789	41,957

	Long-term contracts receivables	Long-term contracts liabilities	Net
Value as at 1 January, 2018 before adjustment for the application of 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 as at 1 January, 2018 as adjusted for IFRS 15	46,886	(65,133)	(18,247)
Correction of the current period (reversal of the adjustment due to the application of IFRS 15)	(4,552)	3,898	(654)
Correction of the current period	86,913	(26,055)	60,858
Value as at 30 September, 2018	129,247	(87,290)	41,957
Change	82,361	(22,157)	60,204
Value as at 1 January, 2019	134,800	(163,818)	(29,018)

Correction of the current period (reversal of the adjustment due to the application of IFRS 15)	(6,537)	25,170	18,633
Correction of the current period	66,350	(10,176)	56,174
Value as at 30 September, 2019	194,613	(148,824)	45,789
Change	59,813	14,994	74,807

3.13. Share Capital

	Number of shares	Ordinary and preference shares	Own shares	Total
At 1 January 2018	8,133,349	8,133,349	-	8,133,349
At 30 September 2018	8,133,349	8,133,349	-	8,133,349
At 31 December 2018	8,133,349	8,133,349	-	8,133,349
At 30 September 2019	8,133,349	8,133,349	-	8,133,349

The nominal value of one share is PLN 1.

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

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

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

- a) disposal for the benefit of persons who were shareholders of the company on the 18th of March, 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession.
- d) disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law ("Structure") controlled, within the meaning of art. 8 sec 5 of the company's articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure ("Contributing

Shareholder”) or (jointly) controlled only by the Contributing Shareholder’s relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned above (“Related Person or Related Persons”) and the Contributing Shareholder jointly (“Controlled Structure”) and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure.”

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

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

3.13.1.Changes in Share Capital in Q3 2019

None present.

3.13.2.Changes in Share Capital after the Balance Sheet Date

None present.

3.14. Credits and Loans

	30 September 2019	31 December 2018
Non-current		
Non-revolving credits	142,409	165,783
Revolving credits	-	-
Loans	5,948	9,227
	148,357	175,010
Current		
Non-revolving credits	34,640	32,893
Revolving credits	-	-
Loans	5,813	7,374
	40,453	40,267
Total credits and loans	188,810	215,277

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

In the 9 months of 2019, the value of drawdown credits and loans granted to entities outside the Group amounted to PLN 31,430 thousand (it was only non-revolving credits and loans). In the 9 months of 2019, the Comarch Group launched non-revolving bank loans and loans from entities outside the Comarch Group amounted to PLN 1,814 thousand. As at the balance sheet date, the Comarch Group did not use the overdraft facility.

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	12 months or less	1-5 years	Over 5 years	Total
At 31 December 2018				
Credits and loans	40,267	126,877	48,133	215,277
At 30 September 2019				
Credits and loans	40,453	108,783	39,574	188,810

The maturity of non-current bank credits, loans and financial liabilities	30 September 2019	31 December 2018
Between 1 and 2 years	36,307	38,755
Between 2 and 5 years	72,476	88,122
Over 5 years	39,574	48,133
	148,357	175,010

Currency structure of the balance sheet values of credits, loans and financial liabilities	30 September 2019	31 December 2018
In Polish currency (PLN)	11,761	16,601
In EUR (equivalence in PLN)	177,049	198,676
	188,810	215,277

Effective interest rates at the balance sheet date	30 September 2019	31 December 2018
Bank credits	1.69%	1.61%
Loans	2.75%	2.56%

3.14.1. Non-Revolving Credits and Loans

Company of Comarch Group	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. office buildings SSE4 in Krakow	BGŻ BNP Paribas Bank Polska S.A	44,000	PLN	3,072 (3,563 as at the 31 st of December, 2018)	EUR	13,434 (15,320 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	mortgage on the SSE4 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. office buildings SSE5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	1,030 (1,418 as at the 31 st of December, 2018)	EUR	4,506 (6,099 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	mortgage on the SSE5 building, assignment of rights from the building's insurance policy, blank promissory note, declaration

										on submission to enforcement
Comarch S.A. nonrevealing operating credit	Santander Bank Polska S.A. (previously Bank Zachodni WBK S.A.)	7,400	EUR	1,190 (1,910 as at the 31 st of December, 2018)	EUR	5,204 (8,212 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	mortgage on the SSE3 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. office buildings SSE6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	6,916 (8,188 as at the 31 st of December, 2018)	EUR	30,249 (35,209 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	mortgage on the SSE6 building, assignment of rights from the building's insurance policy, assignment of rights from the guarantee of due performance and guarantee of the warranty, declaration on submission to enforcement
Comarch S.A. office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	13,314 (13,333 as at the 31 st of December, 2018)	EUR	58,229 (57,330 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
Comarch S.A. Nonrevealing, long-term credit	Bank Handlowy w Warszawie S.A.	2,508	EUR	0 (1,188 as at the 31 st of December, 2018)	EUR	0 (5,109 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 2019	declaration of submission to enforcement
Comarch S.A. Non-current assets - equipment of Internet of Things laboratory in Krakow	DNB Bank Polska S.A.	2,531	EUR	1,487 (1,751 as at the 31 st of December, 2018)	EUR	6,505 (7,529 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	registered pledge on fixed assets being the subject of financing, assignment of rights under the insurance policy for financed fixed assets, declaration on submission to enforcement
Bonus Development Sp. z o.o. SK-A Office building in Lodz	Bank Polska Kasa Opieki S.A.	9,262	EUR	6,840 (7,346 as at the 31 st of December, 2018)	EUR	29,917 (31,586 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin IRS till the 31 st of May, 2030	31 st of May, 2030	mortgage on an office building in Łódź, a statement by Bonus Development Sp. z o.o. SK-A on submission to enforcement, assignment of rights from the insurance policy of an office building in Łódź, assignment of rights from the guarantee of due performance and

										warranty guarantee, assignment of rights under the lease of the financed property concluded with Comarch SA, surety from Comarch SA, declaration on submission to enforcement Comarch SA.
Comarch S.A.S, Comarch S.A. Data centre in Lille in France	BGŻ BNP Paribas Bank Polska S.A	8,000	EUR	5,235 (6,218 as at the 31 st of December, 2018)	EUR	22,895 (26,736 as at the 31 st of December, 2018)	PLN	EURIBOR3M + bank margin	18 th of September, 2023	mortgage on the second place on the estate Comarch S.A. (Krakow, Michał Życzkowski Street 23, building SSE4), statement by Comarch S.A. on submission to enforcement, assignment of rights from the insurance policy of the SSE4 building
Comarch S.A. Comarch infrastructure modernization program	CaixaBank SA Oddział w Polsce	3,500	EUR	1,397 (1,399 as at the 31 st of December, 2018)	EUR	6,110 (6,016 as at the 31 st of December, 2018)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			5,731 (7,463 as at the 31 st of December, 2018)	PLN	fixed	1 st of March, 2022	-
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	17,691	PLN			0 (766 as at the 31 st of December, 2018)	PLN	fixed	31 st of January, 2019	-
Comarch Polska S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			2,358 (2,991 as at the 31 st of December, 2018)	PLN	fixed	1 st of May, 2022	Guarantee by Comarch S.A.
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,474	PLN			0 (737 as at the 31 st of December, 2018)	PLN	fixed	1 st of July, 2019	-

Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			2,213 (2,745 as at the 31 st of December, 2018)	PLN	fixed	1 st of May, 2022	-
Comarch Polska S.A. Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,200	PLN			0 (900 as at the 31 st of December, 2018)	PLN	fixed	1 st of September, 2019	Guarantee by Comarch S.A.
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group.	IBM Global Financing Polska Sp. z o.o.	999	PLN			250 (999 as at the 31 st of December, 2018)	PLN	fixed	01.12.2019	-
Comarch S.A. Delivery of IT equipment related to IT project realized by the Comarch Group.	IBM Global Financing Polska Sp. z o.o.	1 814	PLN			1,209 (0 as at the 31 st of December, 2018)	PLN	fixed	01.05.2020	-

3.14.2. Current Credit Lines

The company Comarch S.A. have the following credit limits in current account:

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency			
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2019	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, 2020	declaration of submission to enforcement
Comarch S.A.	mBank S.A.	Financing operating activities	10,000	PLN	0	PLN	EURIBOR O/N + bank margin	17 th of March, 2020	declaration of submission to enforcement

	30 September 2019	31 December 2018
Credit lines in the current account and revolving credits, including:	60,000	60,000
Used at the balance sheet date	-	-
Available at the balance sheet date	60,000	60,000

3.15. Liabilities due to Lease

	30 September 2019	1 January 2019
Leasing of means of transport and IT equipment	1,660	1,257
Rent	50,435	54,514
Perpetual usufruct	18,490	18,631
<i>Current portion</i>	<i>16,685</i>	<i>17,291</i>
<i>Non-current portion</i>	<i>53,900</i>	<i>57,111</i>
Total	70,585	74,402

The value of leasing liabilities results from the implementation of IFRS 16 from the 1st of January, 2019. The value of lease liabilities as at the 1st of January, 2019, amounted to PLN 74,402 thousand.

Ageing of liabilities due to lease

	12 months or less	1-5 years	over 5 years	Total
Lease of means of transport and IT hardware	749	911	-	1,660
Rent	15,838	26,514	8,083	50,435
Perpetual usufruct	98	134	18,258	18,490
Liabilities due to lease	16,685	27,559	26,341	70,585

3.16. Provisions for Other Liabilities and Charges

	Costs related to current period that will be incurred in future	Provisions for costs of contracts	Provisions for contract- ual penalties and other claims	Provisions for leaves	Provisions for premiums	Total
At 1 January 2018	3,927	13,755	19,657	28,973	66,102	132,414
Change:	(184)	(1,749)	20,762	568	11,441	30,838
<i>Provisions created</i>	26,831	22,230	43,490	24,371	91,203	208,125
<i>Provisions used and dissolved</i>	(27,015)	(23,979)	(22,728)	(23,803)	(79,762)	(177,287)
At 31 December 2018	3,743	12,006	40,419	29,541	77,543	163,252
At 1 January 2019	3,743	12,006	40,419	29,541	77,543	163,252
Change:	3,595	(2,194)	(22,930)	4,465	(21,728)	(38,792)
<i>Provisions created</i>	15,252	7,882	5,333	19,331	44,926	92,724
<i>Provisions used and dissolved</i>	(11,657)	(10,076)	(28,263)	(14,866)	(66,654)	(131,516)
At 30 September 2019	7,338	9,812	17,489	34,006	55,815	124,460

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

3.17. Trade and Other Payables

	30 September 2019	31 December 2018
Trade payables	49,040	59,163
Advance payments received due to services	2,323	1,098
Trade payables and other liabilities to related parties	73	195
Liabilities due to social insurance and other tax charges	52,456	63,993
Investments liabilities	926	2,685
Liabilities due to remuneration	33,537	28,201
Revenues from the future periods	34,947	20,321
Other payables	6,317	5,063
Special funds (Social Services Fund and Residential Fund)	2,336	1,783
Total	181,955	182,502

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

3.18. Contingent Liabilities

On the 30th of September, 2019, 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 91,217 thousand, whereas it was PLN 81,163 thousand on the 31st of December, 2018.

On the 30th of September, 2019, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 63 thousand, whereas it was PLN 63 thousand on the 31st of December, 2018.

On the 30th of September, 2019, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,713 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,673 thousand on the 31st of December, 2018.

On the 30th of September, 2019, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 70 thousand, whereas it was EUR 16 thousand, i.e. PLN 69 thousand on the 31st of December, 2018.

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, 2020), Comarch Malaysia SDN. BHD. (valid 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) and Comarch Polska S.A. (valid till the 30th of June, 2020).

	30 September 2019	31 December 2018
Granted credit lines for financing of current activities		
(guarantees, letters of credit, credit lines in current account)		
Credit lines*	229,329	229,293
	229,329	229,293

* 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 53,387 thousand. Provisions for part of these claims were presented in the balance sheet as at the 30th of September, 2019, and are worth PLN 7,425 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 34,313 thousand. Provisions for part of these claims presented in the balance sheet as at the 30th of September, 2019, and are worth PLN 3,248 thousand.

According to the Management Boards of the Comarch Group companies, based on the opinions of legal advisors, there are no circumstances indicating the need to create provisions for other claims currently subject to court proceedings and disputes, not covered by court proceedings.

Due to the matters in disputes, in 2019 the Comarch Group created write-offs that revalue receivables in the amount of PLN 354 thousand.

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

None present.

3.20. Related-Party Transactions

3.20.1. Revenues from Sales of Goods and Services

	9 months ended 30 September 2019	9 months ended 30 September 2018
Revenues from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenues from sales of services		
SoInteractive S.A.	35	253
Thanks Again LLC	836	785
Metrum Capital S.A.	-	-
	871	1,038
	871	1,038

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%).

3.20.2. Purchase of Goods and Services

	9 months ended 30 September 2019	9 months ended 30 September 2018
Purchases of goods		
SoInteractive S.A.	73	-
Thanks Again LLC	-	-
	73	-
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	434	881
<i>Included in other costs</i>	27	1,398
	461	2,279
Thanks Again LLC		
<i>Included in generation costs</i>	-	32,
<i>Included in other costs</i>	-	-
	-	32
Total	534	2,311

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

	30 September 2019	31 December 2018
Receivables from related parties		
SoInteractive S.A.	-	213
Thanks Again LLC	2	3
	2	216
Payables from related parties		
SoInteractive S.A.	73	194
Thanks Again LLC	-	1
	73	195

3.20.4. Transactions with Associates and Personally Related Entities

	9 months ended 30 September 2019	9 months ended 30 September 2018
Purchases from personally related entities	2,750	2,844
Sales to personally related entities	1,056	173
Loans and interest on loans repaid by personally related entities	1,987	10,178
Loans and interest on loans granted to personally related entities	-	*16,403

Purchases from associates	534	2,311
Sales to associates	871	1,038
Loans and interest on loans repaid by associates	2,150	776
Loans and interest on loans granted to associates	300	1,520

* 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 the publication of the report, this loan was fully repaid.

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

	30 September 2019	31 December 2018
Trade receivables from personally related parties	3,281	2,846
Loans receivables from personally related parties	11,136	12,780
Trade payables to personally related parties	901	457
Liabilities due to loans from personally related parties	-	-

3.21. Earnings per Share

	9 months ended 30 September 2019	9 months ended 30 September 2018
Net profit for the period attributable to equity holders of the Company	69,679	22,462
Weighted average number of shares in issue	8,133,349	8,133,349
Basic earnings per share (PLN)	8.57	2.76
Diluted number of shares	8,133,349	8,133,349
Diluted earnings per share (PLN)	8.57	2.76

Basic earnings per share in the column "9 months ended 30 September 2019" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2019, to the 30th of September, 2019, by the weighted average number of shares in issue between the 1st of January, 2019, to the 30th of September, 2019, where the number of days is the weight. 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.

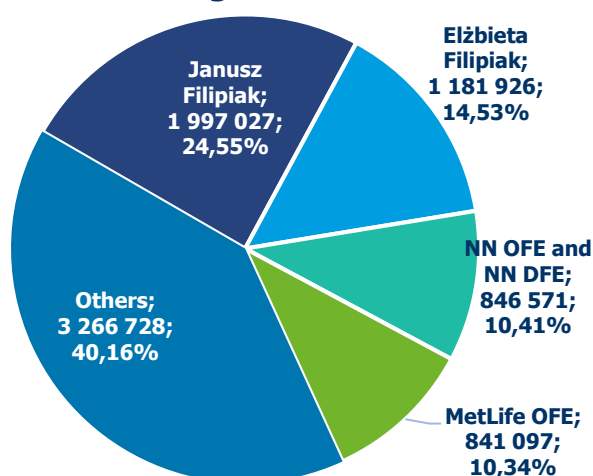
Diluted earnings per share in the column "9 months ended 30 September 2019" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2019, to the 30th of September, 2019, by the sum of the weighted average number of shares in issue between the 1st of January, 2019, to the 30th of September, 2019, where the number of days is the weight and diluted number of shares. 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.

4. Additional Notes

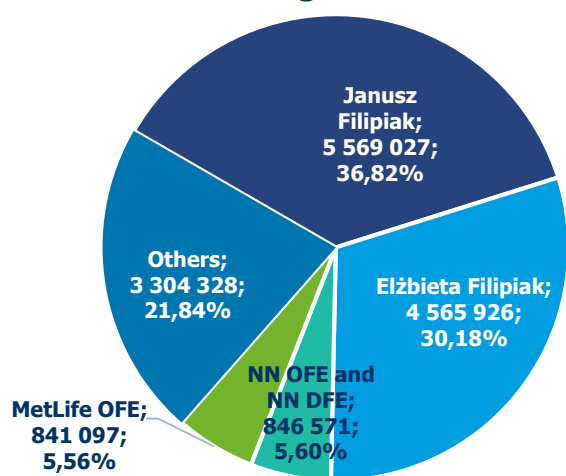
4.1. Information About Shareholders Holding at least 5% of the Total Number of Votes at Comarch S.A. General Meeting and Shares Held by Members of the Management Board and the Board of Supervisors

4.1.1. Shareholders who Directly or Indirectly through Subsidiary Entities Hold at least 5% of the Total Number of Votes at Comarch S.A. General Meeting as at 15 November, 2019.

Shareholding - number of shares



Shareholding - number of votes



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

On the 9th of July, 2019, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities notification of the transaction referred to in art. 19 par. 1 of Regulation No. 596/2014 of the European Parliament and of the Council of the 16th of April, 2014 on market abuse. The notification concerned the disposal of 8,000 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 180.00 per 1 share, which value amounted to PLN 1,440,000, on the 5th of July, 2019. The company announced details in current report no. [RB-19-2019](#) (ENG: [RB-19-2019](#)) dated on the 9th of July, 2019.

On the 11th of July, 2019, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities notification of the transaction referred to in art. 19 par. 1 of Regulation No. 596/2014 of the European Parliament and of the Council of the 16th of April, 2014 on market abuse. The notification concerned the disposal of 133,535 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 180.00 per 1 share, which value amounted to PLN 23,101,555, on the 10th of July, 2019. The company announced details in current report no. [RB-20-2019](#) (ENG: [RB-20-2019](#)) dated on the 11th of July, 2019.

On the 18th of July, 2019, the Management Board of Comarch S.A. received from Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. notification that as a result of the purchase of shares of Comarch S.A., Nationale-Nederlanden Otwarty Fundusz Emerytalny increased the number of shares of Comarch S.A. over 5% of votes at the General Meeting of Shareholders of the Company. At the same time Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. reported that as a result of the same transaction, funds managed by Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A.:

Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny increased the total holding of the Company's shares over 5% of votes at the General Meeting of Shareholders of the Company. The company announced details in current report no. [RB-21-2019](#) (ENG: [RB-21-2019](#)) dated on the 18th of July, 2019.

4.1.3. Changes in Significant Holdings of Comarch S.A. Shares from the Publication of the Last Periodical report, i.e. from 30th of August, 2019

Entity	At 15 November 2019				At 30 August 2019			
	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	1,181,926	14.53	4,565,926	30.18	1,181,926	14.53	4,565,926	30.18
Nationale-Nederlanden OFE + DFE	846,571	10.41	846,571	5.60	846,571	10.41	846,571	5.60
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 30th of August, 2019 and 15th of November, 2019

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 2019 was published, i.e. on the 30th of August, 2019, and on the 15th of November, 2019, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 15 November 2019		At 30 August 2019	
		Shares	% in votes	Shares	% in votes
Janusz Filipiak	Chairman of the Supervisory Board	1,997,027	36.82	1,997,027	36.82
Elżbieta Filipiak	Chairman of the Board of Supervisors	1,181,926	30.18	1,323,461	31.12
Marcin Dąbrowski	Vice-President of the Management Board	0	0.00	0	0.00
Paweł Prokop	Vice-President of the Management Board	30,150	0.45	30,150	0.45
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	33,358	0.22	33,358	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

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

During 9 months of 2019, the Group settled in part a deferred tax asset related to temporary differences that was established as at the 31st of December, 2018, and worth PLN 4,209 thousand, as well as an asset due to temporary differences was recognised in the amount of PLN 3,927 thousand. An asset due to tax loss was recognized in the amount of PLN 75 thousand. The total effect of changes in the deferred tax on the net result of the Comarch Group in 9 months of 2019 amounted to minus PLN 207 thousand. During the first 9 months of 2019, the Group settled in part an assets created for the zone operations in the amount of PLN 3,988 thousand which were created as at 31st of December, 2018. The total impact of changes in assets on the Group's first 9 months of 2019 results is minus PLN 4,195 thousand.

In 2019, related to valuation of net assets of CCF FIZ, a provision which was created in the previous years was settled in part in the amount of PLN 22 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 2,496 thousand and dissolved in the amount of PLN 1,884 thousand. T The total effect of the all above-mentioned operations on the net result of 9 months of 2019 amounted to minus PLN 590 thousand.

Total changes in deferred tax resulted in a decrease in net profit by PLN 4,785 thousand.

Details are described in point [3.9](#).

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, 2019, increased revenue and operating profit of Comarch Group by PLN 5,741 thousand (while in 9 months of 2018 decreased by PLN 4,714 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 2,166 thousand (while in 9 months of 2018 decreased by PLN 5,575 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Group's result by PLN 5,094 thousand (while in the corresponding period of 2018 increased by PLN 1,083 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 9 months of 2019 amounted to minus PLN 1,519 thousand (minus PLN 9,206 thousand in 9 months of 2018).

4.2.3. Creation of write-offs for doubtful debts

In the period of 9 months of 2019, the Group created impairment losses on trade receivables in the amount of PLN 29,117 thousand and dissolved previously created write-offs in the amount of PLN 10,588 thousand in connection with the payment of receivables. These operations were recognized in other operating costs and revenues in the profit and loss account, respectively. Details are described in section [3.11](#).

4.2.4. Conclusion of a Settlement with ZUS regarding the ZUS KSI Agreement

Conclusion of a settlement with ZUS regarding the ZUS KSI Agreement increased the Group's operating and net results for 9 months 2019 by PLN 24,203 thousand.

4.3. Other events in Q3 2019

4.3.1. Annex to the Investment loan Agreement with CaixaBank S.A.

In reference to the current report no. [RB-14-2018](#) (ENG: [RB-14-2018](#)), of the 24th of August, 2018, of the signing on the 24th of August, 2018, by Comarch S.A. of an investment credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance expenditures related to the implementation of modernization works on the Comarch S.A. office infrastructure, the Management Board of Comarch S.A. informed on the 19th August, 2019, in the current report no. [RB-23-2019](#) (ENG: [RB-23-2019](#)) about the conclusion of an annex changing the deadline for using the loan from the 23rd of August, 2019, to the 31st of December, 2019.

4.3.2. Signing of the Agreement on the Settlement Regarding ZUS KSI

On the 27th of August, 2019, the Management Board of Comarch S.A. informed in the current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) about the conclusion on the 27th of August, 2019, of an agreement between ZUS and Comarch regarding the commitment of the parties to conclude a settlement on the 8th of November, 2019, as part of the conciliation ("Settlement").

As part of the agreement, the parties agreed that the Settlement will include, among others:

- a decision according to which Comarch and ZUS - despite the fact that they remain in conflicting positions as to whether there were circumstances justifying a partial termination of the Agreement - in order to set aside the dispute confirm that ZUS's statements on partial termination of the Agreement ("ZUS' Statements") had an effect on the date of their delivery to Comarch, in the form of a partial termination of the Agreement, to the extent specified in the ZUS' Statements;

- Comarch's waiver, on the day of the Settlement, of all claims against ZUS related to the implementation of the Agreement until the 27th of August, 2019, including in particular, claims related to ZUS' Statements, the waiver does not include Comarch's claims for payment of remuneration for the benefit services covered by the Agreement in the part not covered by ZUS' Statements;

- ZUS's waiver of claims against Comarch arising from disputable circumstances covered by the Settlement, including in particular, claims related to ZUS' Statements, the waiver does not apply to ZUS' claims arising from the performance of the Agreement in the binding part;

- a decision that ZUS will withdraw the payment request submitted to the bank from the due performance bank guarantee in relation to this the Agreement.

4.3.3. Deferment of the Execution of the Demand for Payment of a Good Performance Guarantee regarding the ZUS KSI Contract

The Management Board of Comarch S.A. informed in current report no. [RB-25-2019](#) (ENG: [RB-25-2019](#)) dated on the 10th of September, 2019, about receiving from the CaixaBank S.A. bank, a branch in Poland, information about the receipt of a statement from ZUS on postponement of the execution of the demand for payment of a good performance guarantee regarding the ZUS KSI contract for the duration of settlement negotiations.

4.4. Events after the Balance Sheet Date not included in the Report

4.4.1. Conclusion of a Settlement with ZUS regarding the ZUS Agreement KSI

The Management Board of Comarch S.A. informed in current report no. [RB-26-2019](#) (ENG: [RB-26-2019](#)) dated on the 8th of November, 2019, about the conclusion on the 8th of November, 2019, of a settlement between ZUS and Comarch as part of the conciliation procedure ("Settlement"), which is the implementation of the agreement about which the Company informed in current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) of the 27th of August, 2019.

The provisions of the Settlement meet the assumptions included in the above mentioned agreement.

4.4.2. Withdrawal of a Request from a Good Performance Guarantee regarding the ZUS KSI Contract

The Management informed in the current report no. [RB-27-2019](#) (ENG: [RB-27-2019](#)) dated on the 13th of November, 2019, about receiving on the 13th of November, 2019, from the bank CaixaBank S.A., a branch in Poland, information about the receipt of a statement from ZUS about the withdrawal of the request from a good performance guarantee regarding the ZUS KSI contract.

4.4.3. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of October, 2019, and the 15th of November, 2019, Comarch Group has not concluded new forward contracts. The total net value of open forward contracts as of the 30th of September, 2019, amounted to EUR 53,700 thousand and USD 14,600 thousand. The contracts will be settled within 34 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency.

As a result of changes in exchange rates, the valuation of opened forward contracts increased and mounted to PLN 7,300 thousand as at the 31st of October, 2019, (while it was minus PLN 1,445 thousand as at the 30th of September, 2019).

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

The Company has not published the results forecast for 2019 and for third quarter of 2019.

4.6. Significant Legal, Arbitration or Administrative Proceedings

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 53,387 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 34,313 thousand.

More information was presented in point [3.18](#).

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

None present.

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

- 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.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- 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.
- 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.
- 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 3,823 thousand and is valid for the whole term of the contract.
- 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.
- 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.
- 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.
- 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.
- 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.

- 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.
- 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.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2021.
- 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.
- 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, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2021.
- 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.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management for Airlines, Comarch Smart Analytics and Comarch Customer Engagement Platform-Gamification, as well as the maintenance and management of the system by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The surety was granted up to the amount of the signed agreement, i.e. USD 5,000 thousand and for a period of 5 years.
- 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.
- 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. z o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.
- 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 31st of October, 2019.

- 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 was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Luxembourg S.a.R.L., a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the Billing System project, a surety for liabilities of Comarch Luxembourg S.a.R.L. was granted to the amount of EUR 7,240 thousand by Comarch S.A. and is valid for the duration of the contract.
- 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.
- 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.

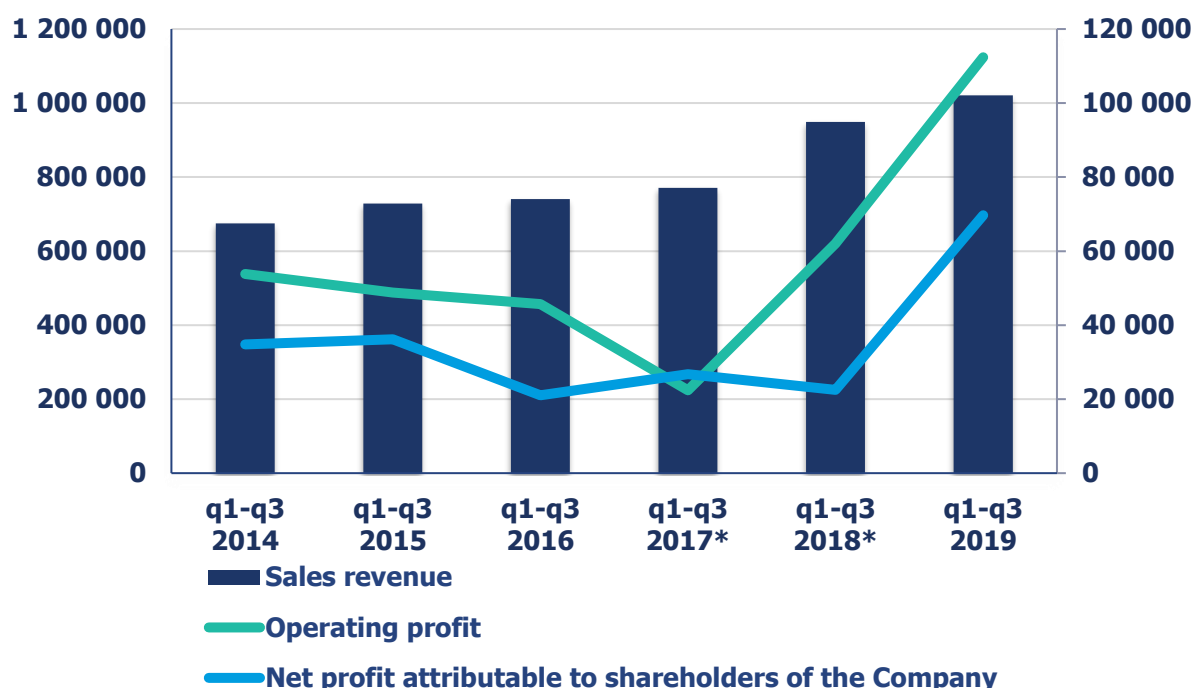
- Due to of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for Comarch NRM service, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 9,966 thousand by Comarch S.A. and is valid for the duration of the contract.
- 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.
- 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.
- 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.
- Due to conclusion of a contract by COMARCH Middle East FZ-LLC , a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses CLM, a surety for liabilities of COMARCH Middle East FZ-LLC was granted to the amount of USD 3,155 thousand by Comarch S.A. and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and providing e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 784 thousand by Comarch S.A. and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Japan KK , a subsidiary of Comarch S.A., the contract for the rent of office space, a surety for liabilities of Comarch Japan KK was granted to the amount of JPY 9,604 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 2019 and Factors Which Will Substantially Impact Results Over the Course of at least the Next

5.1. Revenues and Financial Results



*) From the 1st of January, 2018, the Group started to apply the principles resulting from IFRS 15. For comparative purposes, the data for the period I of the quarter of 2017 were also transformed in accordance with IFRS 15.

In the third quarter of 2019, the Comarch Group generated sales revenue in the amount of PLN 354,478 thousand. They were higher by PLN 9,167 thousand, i.e. 2.7% than those achieved in the third quarter of 2018. Operating profit amounted to PLN 66,209 thousand and was higher by PLN 39,151 thousand i.e. 144.7% than in Q3 2018. Net result attributable to the shareholders of the parent company was PLN 42,500 thousand and was higher by PLN 24,338 thousand, i.e. 134.0% compared to the third quarter of 2018. The EBIT margin was +18.7% and net margin amounted to +12.0%.

The profitability of the operating activity of the Comarch Group in third quarter of 2019 was significantly improved in relation to 2018. The results achieved by the Comarch Group in Q3 2019 were influenced by, among others:

- increase in revenue from export sales of PLN 56,905 thousand (i.e. 34.1%), thanks to higher sales of IT solutions to the customers from the Trade and Service sector and Industry and Utilities sector in Europe and Asia,
- decrease in domestic sales of PLN 47,738 thousand, i.e. 26.7%, there was a result of lack of a supplies of finished goods to the Public sector in Q3 2019, which occurred in Q3 2018.
- increase in operating costs, as a consequence of salary pressure in IT sector – in Q3 2019, the fund of basic salaries in the Comarch Group increased by 12.9% compared to Q3 2018.
- taking into account in Q3 2019 the settlement with ZUS regarding the ZUS KSI contract, what caused increase in Comarch Group operating and net profit by PLN 24,203 thousand.

- creating and dissolving the write-offs for doubtful trade receivables, mainly related to operations in the Middle East and South America, which reduced the Group's operating result by PLN 8,200 thousand in Q3 2019.
- application of the IFRS 15 accounting standard, as a result of which part of the revenues from the sale of the Comarch software license is settled over time, according to the degree of project completion. The value of this adjustment in Q3 2019 was plus PLN 13,049 thousand.
- positive exchange rate differences on the balance sheet valuation of receivables and liabilities related to weakening of the polish currency in Q3 2019, what improved the operating result by PLN 6,948 thousand.
- negative balance sheet valuation of financial instruments hedging the Group currency risk as well as loans and credits valued in foreign currencies, what decreased net result by PLN 8,104 thousand in reporting period.

Within three quarters of 2019, the Comarch Group generated sales revenue in the amount of PLN 1,020,966 thousand. They were higher by PLN 71,647 thousand, i.e. 7.5% than those achieved in 2018. Operating result amounted to PLN 112,366 thousand and was higher by PLN 50,309 thousand i.e. 81.1% than within three quarters of 2018. Net result attributable to the shareholders of the parent company was PLN 69,679 thousand and increased by PLN 47,217 thousand, i.e. 210.2% compared to the previous year. The EBIT margin was +11.0% and net margin amounted to +6.8%. During the described period, the Comarch Group generated EBITDA in the amount of PLN 176,084 thousand, higher by PLN 66,467 thousand i.e. 60.6% than in the similar period of the previous year.

The results achieved by the Comarch Group in within three quarters of 2019 were influenced by, among others:

- increase in revenue from export sales of PLN 117,345 thousand (i.e. 24.0%), thanks to higher sales of IT solutions to the customers from the TMT sector, Trade and Service sector and Industry and Utilities sector in Europe and Asia.
- decrease in domestic sales of PLN 45,698 thousand, i.e. 9.9%, there was a result of lack of a supplies of finished goods to the Public sector in 2019, which occurred in 2018.
- increase in operating costs, as a consequence of salary pressure in IT sector – during 9 months of 2019, the fund of basic salaries in the Comarch Group increased by 13.6% compared to three quarters of 2018.
- current income tax, which amounted to PLN 24,563 thousand and was the result of high profitability of operations of the Group companies in Poland, Germany and Russia.
- profit on disposal of non-financial fixed assets, achieved mainly by MKS Cracovia SSA in Q1 2019, which increased other operating revenues and the Group's operating result by PLN 8,721 thousand.
- creating and dissolving the write-offs for doubtful trade receivables, mainly related to operations in the Middle East and South America, which reduced the Group's operating result by PLN 18,529 thousand.
- application of the IFRS 15 accounting standard, as a result of which part of the revenues from the sale of the Comarch software license is settled over time, according to the degree of project completion. The value of this adjustment in 9 months of 2019 was plus PLN 30,990 thousand.
- application of the IFRS 16 accounting standard for the first time, which caused that the value of depreciation, and thus the value of EBITDA, increased in the first 9 months of 2019 by PLN 13,846 thousand,
- positive exchange rate differences on the balance sheet valuation of receivables and liabilities related to weakening of the polish currency, what improved the operating result by PLN 5,741 thousand.
- negative balance sheet valuation of financial instruments hedging the Group currency risk as well as loans and credits valued in foreign currencies, what amounted to minus PLN 9,403 thousand in reporting period.

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

In the first 9 months of 2019, the employment in the Comarch Group increased by 6.8%, mainly as a result of the summer internships program in Q3 2019. As at 30th of September, 2019, the Comarch Group employed 6,488 people, i.e. by 448 people more than on 31st of December, 2018.

The Comarch Group is actively looking for new sales markets (including in Western Europe and Asia), continues to invest in new products and IT services, as well as constantly extends and modernizes its infrastructure. Thanks to the very good financial results achieved in Q1 2019, the financial situation of the Comarch Group is very good and guarantees the safety of operations in the event of a changing macroeconomic situation in Poland and in the world. The Group consciously bears the costs of developing new products and new business segments, as well as developing operations on new foreign markets, thus investing in building a competitive advantage for the future.

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

- significant investments in human capital,
- 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,
- investments in own IT technologies and infrastructure.

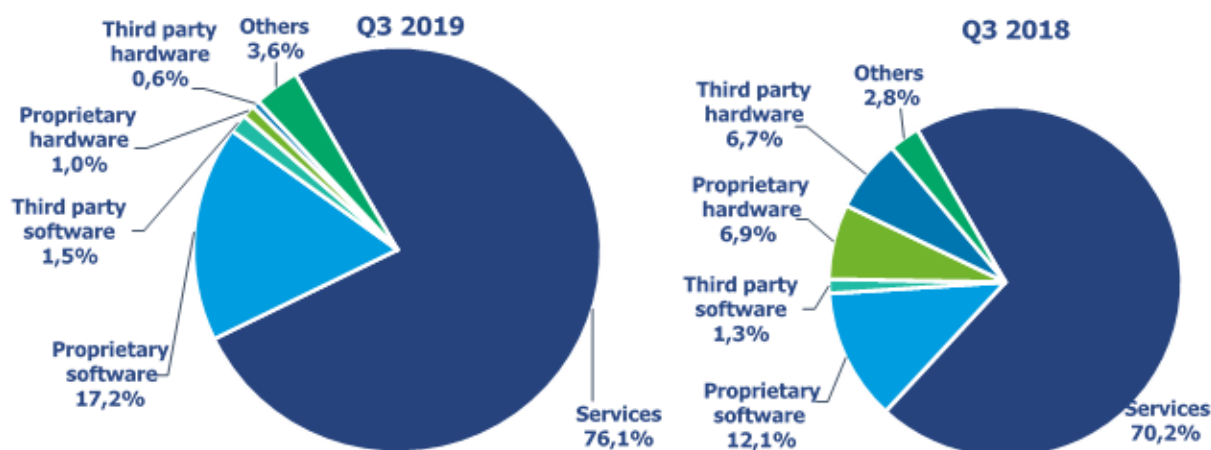
5.2. Sales Structure

Products Sales Structure (in thousands of PLN)

In the third quarter of 2019, Group's products sales structure was changed significantly compared to this presented in Q3 2018.

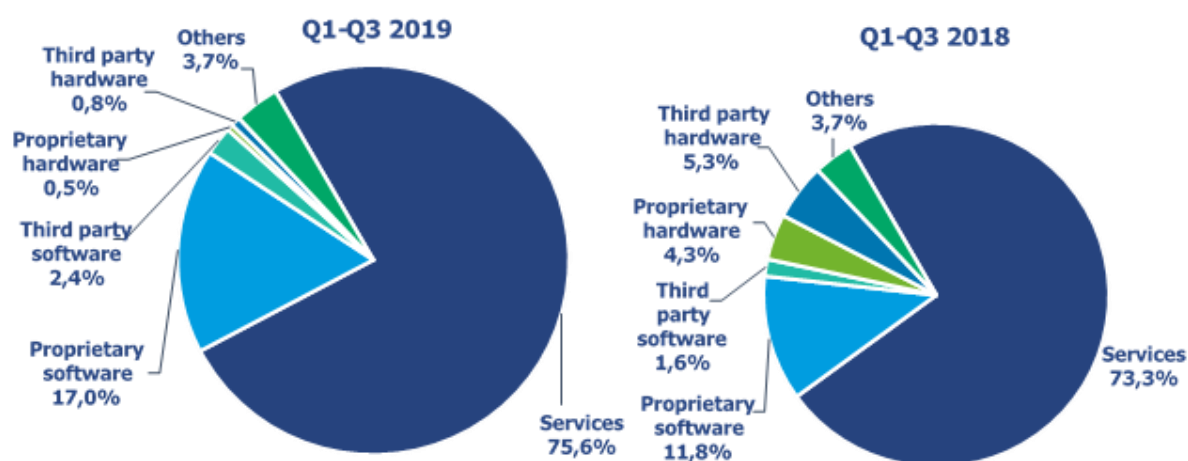
Products sales structure	Q3 2019	%	Q3 2018	%	Change in PLN	Change in %
Services	269,718	76.1%	242,220	70.2%	27,498	11.4%
Proprietary software	60,947	17.2%	41,754	12.1%	19,193	46.0%
Third party software	5,196	1.5%	4,639	1.3%	557	12.0%
Proprietary hardware	3,611	1.0%	23,840	6.9%	(20,229)	(84.9%)
Third party hardware	2,217	0.6%	23,226	6.7%	(21,009)	(90.5%)
Others	12,789	3.6%	9,632	2.8%	3,157	32.8%
Total	354,478	100.0%	345,311	100.0%	9,167	2.7%

In the third quarter of 2019, the Group recorded a significant increase in revenue from the sales of services, it amounted to PLN 27,498 thousand, i.e. 11.4%. Revenue from the sales of proprietary software grew dynamically by PLN 19,193 thousand, i.e. by 46.0%. The increase in the value of revenue from services and proprietary software resulted from the acquisition in 2018 and implementation in 2019 of new contracts of significant value, especially in the TMT and Trade and Services sectors (contracts were revaluated according IFRS 15). The value of revenue from the sales of third party software was similar to that achieved in Q3 2018. The value of revenues from the sale of third party hardware decreased by PLN 21,009 thousand, i.e. by 90.5%, compared to Q3 2018. There was also a decrease in proprietary hardware of PLN 20,229 thousand, i.e. 84.9%. The decreases in sales in both categories were the result of the lack of high-value supplies of finished goods and third party hardware to clients from the Public sector in Q3 2019, which occurred in Q3 2018. The value of other sales increased by PLN 3,157 thousand, i.e. by 32.8%.



Products sales structure	Q1-Q3 2019	%	Q1-Q3 2018	%	Change in PLN	Change in %
Services	772,210	75.6%	695,496	73.3%	76,714	11.0%
Proprietary software	174,025	17.0%	112,510	11.8%	61,515	54.7%
Third-party software	24,787	2.4%	15,194	1.6%	9,593	63.1%
Proprietary hardware	4,977	0.5%	40,672	4.3%	(35,695)	(87.8%)
Third party hardware	7,671	0.8%	50,232	5.3%	(42,561)	(84.7%)
Others	37,296	3.7%	35,215	3.7%	2,081	5.9%
Total	1,020,966	100.0%	949,319	100.0%	71,647	7.5%

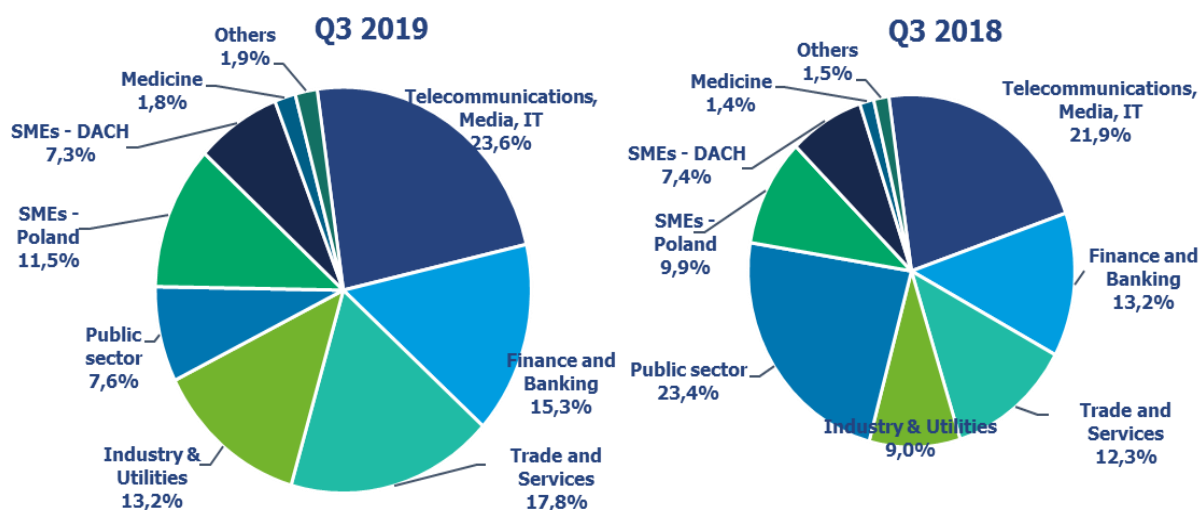
In the period of 9 months of 2019, Group's products sales structure was changed significantly compared to the same period in the previous year. The value of revenue from the sales of services increased by 76,714 thousand, i.e. by 11.0%. Revenue from sales of proprietary software increased significantly by PLN 61,515 thousand, i.e. by 54.7%. Sales of own finished products decreased significantly, by PLN 35,695 thousand, i.e. by 87.8%, similarly sales of third party hardware (decrease in revenues of PLN 42,561 thousand, i.e. by 84.7%). That was the result of the lack of high-value supplies of finished goods and third party hardware to clients from the Public sector in Q3 2019, which occurred in Q3 2018. Revenue from the sales of third party software increased by PLN 9,593 thousand, i.e. by 63.1%. During first 9 months of 2019, other sales increased by PLN 2,081 thousand, i.e. by 5.9%.



Market Sales Structure (in thousands of PLN)

Market sales structure	Q3 2019	%	Q3 2018	%	Change in PLN	Change in %
Telecommunications, Media, IT	83,431	23.6%	75,578	21.9%	7,853	10.4%
Finance and Banking	54,227	15.3%	45,695	13.2%	8,532	18.7%
Trade and Services	63,230	17.8%	42,582	12.3%	20,648	48.5%
Industry & Utilities	46,851	13.2%	31,055	9.0%	15,796	50.9%
Public sector	26,916	7.6%	80,704	23.4%	(53,788)	(66.6%)
Small and Medium-Sized Enterprises - Poland	40,924	11.5%	34,202	9.9%	6,722	19.7%
Small and Medium-Sized Enterprises - DACH	25,923	7.3%	25,545	7.4%	378	1.5%
Medicine	6,280	1.8%	4,743	1.4%	1,537	32.4%
Others	6,696	1.9%	5,207	1.5%	1,489	28.6%
Total	354,478	100.0%	345,311	100.0%	9,167	2.7%

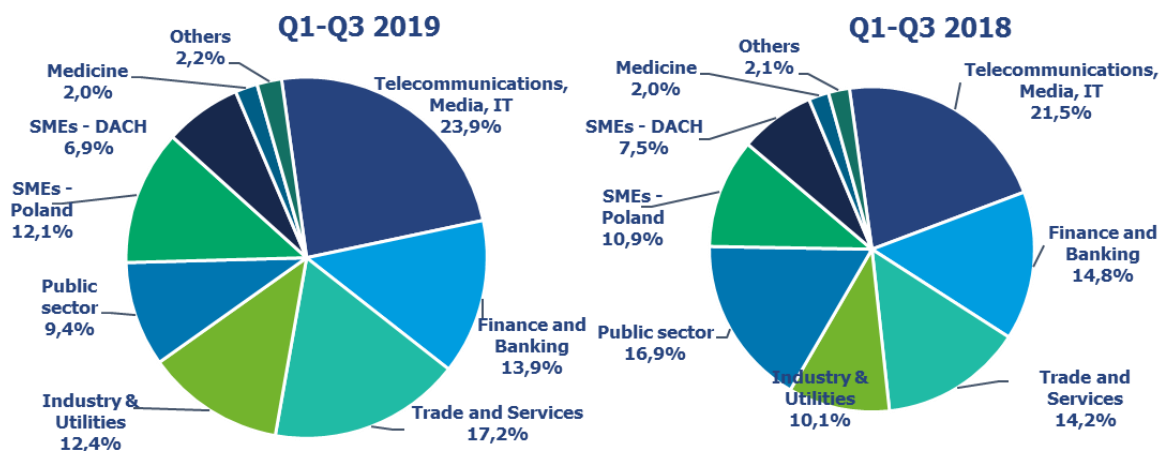
In Q3 2019, clients from the TMT sector purchased products and services worth PLN 83,431 thousand, higher than in the same period of the previous year by PLN 7,853 thousand, i.e. 10.4%, which is the effect of realization high-value contracts with clients from Asia and Western Europe, acquired in 2018. In Q3 2019, clients from the Finance and Banking sector purchased products and services worth PLN 54,227 thousand, higher than in the same period of the previous year by PLN 8,532 thousand, i.e. 18.7%. The upward trend was maintained in the case of the sale of ERP solutions to small and medium enterprises in Poland (increase of PLN 6,722 thousand, i.e. 19.7%). In the case of sales to clients from the SME sector in the DACH region, there was also a small increase of PLN 378 thousand, i.e. 1.5%. Revenue from the sales of loyalty solutions, EDI and XaaS to clients from the Trade and Services sector increased by PLN 20,648 thousand, i.e. by 48.5%, while in the case of clients from the Industrial sector increased by PLN 15,796 thousand, i.e. by 50.9%. In the third quarter of 2019, revenue from sales to customers from the Public sector significantly decreased: by PLN 53,788 thousand, i.e. by 66.6%. That was the result of the lack of high-value supplies of finished goods and third party hardware to clients from the Public sector in Q3 2019, which occurred in Q3 2018. In the reporting period, there was also an increase in revenue from sales to clients from the Medical sector: an increase of PLN 1,537 thousand, i.e. 32.4%. Revenue from sales to other clients increased by PLN 1,489 thousand, i.e. by 28.6%.



Market sales structure	Q1-Q3 2019	%	Q1-Q3 2018	%	Change in PLN	Change in %
Telecommunications, Media, IT	244,259	23.9%	204,078	21.5%	40,181	19.7%
Finance and Banking	142,366	13.9%	140,768	14.8%	1,598	1.1%
Trade and Services	175,170	17.2%	134,994	14.2%	40,176	29.8%
Industry & Utilities	126,665	12.4%	95,985	10.1%	30,680	32.0%
Public sector	96,135	9.4%	160,225	16.9%	(64,090)	(40.0%)
Small and Medium-Sized Enterprises - Poland	123,366	12.1%	103,503	10.9%	19,863	19.2%
Small and Medium-Sized Enterprises - DACH	70,712	6.9%	70,975	7.5%	(263)	(0.4%)
Medicine	19,972	2.0%	19,276	2.0%	696	3.6%
Others	22,321	2.2%	19,515	2.1%	2,806	14.4%
Total	1,020,966	100.0%	949,319	100.0%	71,647	7.5%

Within first 9 months of 2019, the sales to customers from the TMT sector amounted to PLN 244,259 thousand, which means an increase of PLN 40,181 thousand (i.e. 19.7%) compared to the same period in 2018. The customers from the Finance and Banking sector purchased products and services worth PLN 142,366 thousand, higher than those achieved in the same period of the previous year by PLN 1,598 thousand, i.e. 1.1%. The significant increases were recorded in sales to customers from the Trade and Services sector (an increase of PLN 40,176 million, i.e. 29.8%) and in sales to customers from the Industry & Utilities sector (an increase of PLN 30,680 thousand, i.e. 32.0%). The sales to customers from the Public sector significantly decreased by PLN 64,090 thousand, i.e. 40.0%, what was the result of the lack of high-value supplies of finished goods and third party hardware to clients from the Public sector in 2019, which occurred in 2018. A slightly increase occurred in the case of sales to customers from the Medical sector (an increase of PLN 696 thousand, i.e. 3.6%). The customers from the SME-Poland sector purchased products and services worth PLN 19,863 thousand, i.e. 19.2% more than in the corresponding period of the previous year. A slightly increase occurred in the case of sales to customers from the SME-DACH sector (a decrease of PLN 263 thousand, i.e. 0.4%). Sales to other customers increased by PLN 2,806 thousand (i.e. 14.4%).

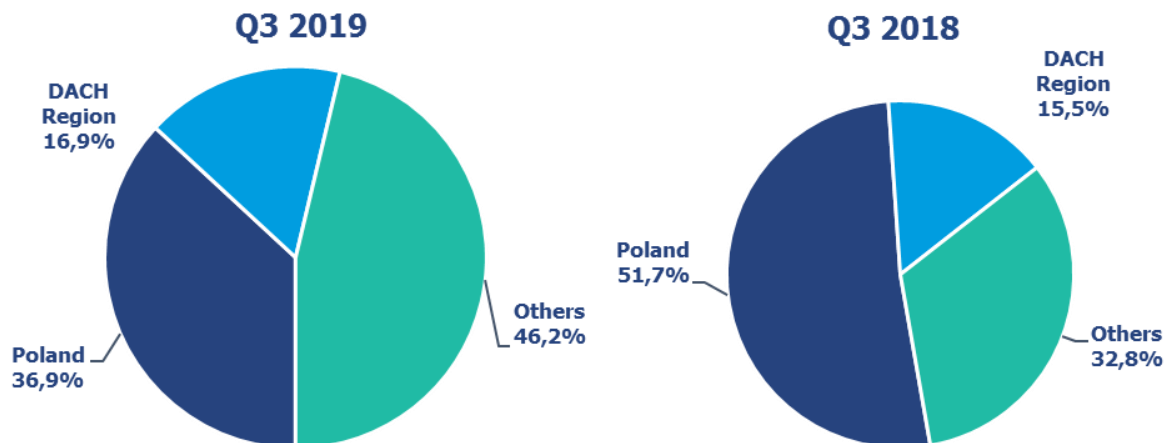
The business situation during the first 9 months of 2019 confirmed, the Comarch Group has secured the opportunity to sustain stable business development, due to maintaining the diversification of revenue sources and offer. Due to the concentration on sales of own solutions, the Comarch Group recorded a significant increase in revenue and improved operating profitability.



Geographical sales structure (in thousands of PLN)

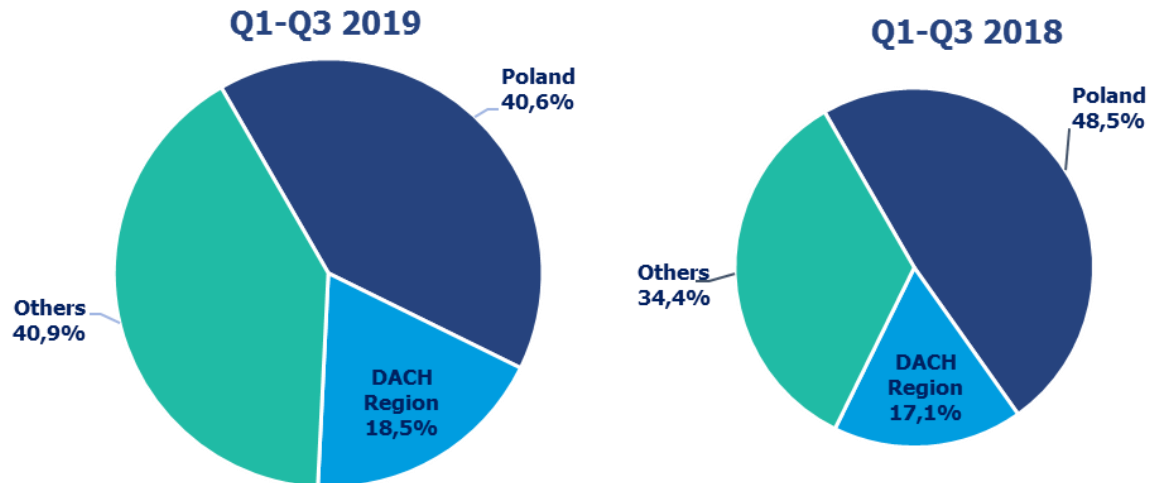
Geographical sales structure	Q3 2019	%	Q3 2018	%	Change in PLN	Change in %
Domestic (Poland)	130,720	36.9%	178,458	51.7%	-47,738	-26.7%
Export	223,758	63.1%	166,853	48.3%	56,905	34.1%
Total	354,478	100.0%	345,311	100.0%	9,167	2.7%

In Q3 2019, Comarch Group recorded a significant increase in revenue from sales on foreign markets and significant decrease in domestic market. In Q3 2019, export sales of the Comarch Group amounted to PLN 223,758 thousand, and was higher by PLN 56,905 thousand, i.e. 34.1% compared to achieved in Q3 2018, which is mainly related to the increase in sales revenues to Trade and Services customers and Industry and Utilities customers. Export sales in Q3 2019 accounted for 63.1% of the total sales of the Group. Revenue from domestic sales decreased by PLN 47,738 thousand, i.e. by 26.7% compared to that achieved in Q3 2018. There was caused by a significant decrease in sales to the Public sector, partly covered by a ERP business development.

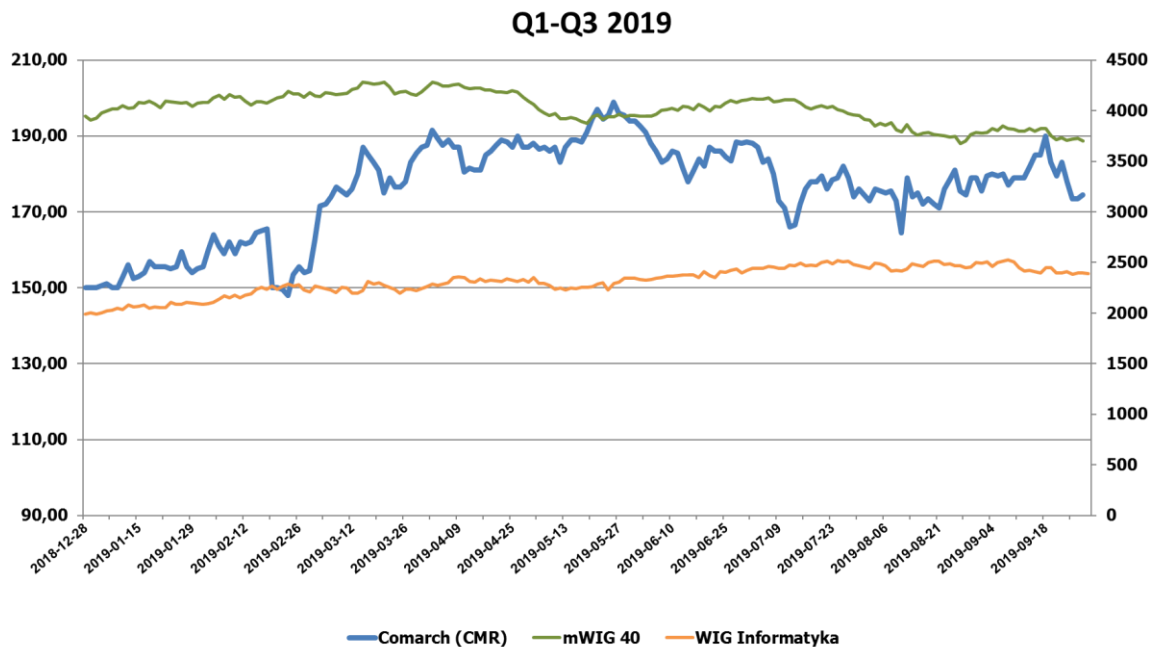


Geographical sales structure	Q1-Q3 2019	%	Q1-Q3 2018	%	Change in PLN	Change in %
Domestic (Poland)	414,250	40.6%	459,948	48.5%	(45,698)	(9.9%)
Export	606,716	59.4%	489,371	51.5%	117,345	24.0%
Total	1,020,966	100.0%	949,319	100.0%	71,647	7.5%

Within 9 months of 2019, domestic sales of the Comarch Group amounted to PLN 414,250 thousand, and was lower by PLN 45,698 thousand, i.e. by 9.9% that achieved in analogical period in 2018. There was caused by a significant decrease in sales to the Public sector, partly covered by a ERP business development. Export sales in three quarters of 2019 amounted PLN 606,716 thousand and was higher by PLN 117,345 thousand (i.e. 24.0%), mainly, as a result of increase in sales to clients from the TMT sector, the Trade and Services sector and the Industry and Utilities sector. Within first 9 months of 2019, export sales accounted for 59.4% of the total sales of the Group.



5.3. Comarch S.A. Stock Price Performance



On the 30th of September, 2019, the closing rate of Comarch S.A. shares in the Warsaw Stock Exchange amounted to PLN 174.5 which is a 22.5% increase compared to PLN 152.0 on the 31st of December, 2018. Group's results and Comarch S.A. stock price in the next quarters will depend in large part on the development of sales of Comarch proprietary products and services, shaped by economic and political conditions on the Polish and the European markets and on the financial situation of medium-sized and large enterprises (which constitute the Group's clients base). Currency exchange rates (EUR/PLN, USD/PLN, GBP/PLN and BRL/PLN) and the rate of increase in the remuneration of IT employees will also have significant impact on Group's results and Comarch S.A. stock price

	9 months ended 30 September 2019 / 30 September 2019	9 months ended 30 September 2018 / 30 September 2018
Closing price at the balance sheet date	174.50	167.00
Average price during the reporting period	175.79	158.91
MIN price during the reporting period	148.00	129.00
MAX price during the reporting period	199.00	197.00
Average volume during the reporting period	3,245	3,438
Capitalization at the balance sheet date	1,419,269,401	1,358,269,283
<i>Ratios for unconsolidated data</i>		
P/E at the balance sheet date	35.48	14.13
P/BV at the balance sheet date	1.61	1.59
P/S at the balance sheet date	2.13	1.93
<i>Ratios for consolidated data</i>		
P/E at the balance sheet date	20.37	60.47
P/BV at the balance sheet date	1.54	1.60
P/S at the balance sheet date	1.39	1.43

5.4. Events in the Third Quarter of 2019 that Greatly Impacted the Current Activities of the Comarch Group

5.4.1. Annex to the Investment loan Agreement with CaixaBank S.A.

In reference to the current report no. [RB-14-2018](#) (ENG: [RB-14-2018](#)), of the 24th of August, 2018, of the signing on the 24th of August, 2018, by Comarch S.A. of an investment credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance expenditures related to the implementation of modernization works on the Comarch S.A. office infrastructure, the Management Board of Comarch S.A. informed on the 19th August, 2019, in the current report no. [RB-23-2019](#) (ENG: [RB-23-2019](#)) about the conclusion of an annex changing the deadline for using the loan from the 23rd of August, 2019, to the 31st of December, 2019.

5.4.2. Signing of the Agreement on the Settlement Regarding ZUS KSI

On the 27th of August, 2019, the Management Board of Comarch S.A. informed in the current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) about the conclusion on the 27th of August, 2019, of an agreement between ZUS and Comarch regarding the commitment of the parties to conclude a settlement on the 8th of November, 2019, as part of the conciliation ("Settlement").

As part of the agreement, the parties agreed that the Settlement will include, among others:

- a decision according to which Comarch and ZUS - despite the fact that they remain in conflicting positions as to whether there were circumstances justifying a partial termination of the Agreement - in order to set aside the dispute confirm that ZUS's statements on partial termination of the Agreement ("ZUS' Statements") had an effect on the date of their delivery to Comarch, in the form of a partial termination of the Agreement, to the extent specified in the ZUS' Statements;

- Comarch's waiver, on the day of the Settlement, of all claims against ZUS related to the implementation of the Agreement until the 27th of August, 2019, including in particular, claims related to ZUS' Statements, the waiver does not include Comarch's claims for payment of remuneration for the benefit services covered by the Agreement in the part not covered by ZUS' Statements;

- ZUS's waiver of claims against Comarch arising from disputable circumstances covered by the Settlement, including in particular, claims related to ZUS' Statements, the waiver does not apply to ZUS' claims arising from the performance of the Agreement in the binding part;
- a decision that ZUS will withdraw the payment request submitted to the bank from the due performance bank guarantee in relation to this the Agreement.

If the Settlement is concluded within the period provided for in the agreement, the Comarch Group will dissolve provisions in the amount of PLN 24,203,300.40, which were included in the financial statements of the Comarch Group for 2018, which will result in a corresponding increase in the operating result and net result of the Comarch Group for the third quarter of 2019.

5.4.3. Deferment of the execution of the demand for payment of a good performance guarantee regarding the ZUS KSI

The Management Board of Comarch S.A. informed in current report no. [RB-25-2019](#) (ENG: [RB-25-2019](#)) dated on the 10th of September, 2019, about receiving from the CaixaBank S.A. bank, a branch in Poland, information about the receipt of a statement from ZUS on postponement of the execution of the demand for payment of a good performance guarantee regarding the ZUS KSI contract for the duration of settlement negotiations.

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

5.5.1. Signing of the Agreement on the Settlement Regarding ZUS KSI

The Management Board of Comarch S.A. informed in current report no. [RB-26-2019](#) (ENG: [RB-26-2019](#)) dated on the 8th of November, 2019, about the conclusion on the 8th of November, 2019, of a settlement between ZUS and Comarch as part of the conciliation procedure ("Settlement"), which is the implementation of the agreement about which the Company informed in current report no. [RB-24-2019](#) (ENG: [RB-24-2019](#)) of the 27th of August, 2019.

The provisions of the Settlement meet the assumptions included in the abovementioned agreement.

5.5.2. Withdrawal of a Request from a Good Performance Guarantee regarding the ZUS KSI Contract

The Management informed in the current report no. [RB-27-2019](#) (ENG: [RB-27-2019](#)) dated on the 13th of November, 2019, about receiving on the 13th of November, 2019, from the bank CaixaBank S.A., a branch in Poland, information about the receipt of a statement from ZUS about the withdrawal of the request from a good performance guarantee regarding the ZUS KSI contract.

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Krakow



ir@comarch.com



+48 (12) 687 78 22

www.comarch.com/investors/



**QUARTERLY SUMMARY OF
COMARCH S.A. FINANCIAL STATEMENT
FOR THE PERIOD
FROM 1ST OF JANUARY 2019
TO 30TH OF SEPTEMBER 2019**

Krakow, 15th of November 2019

QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE THIRD QUARTER OF 2019.....	4
I. Balance Sheet.....	4
II. Income Statement	6
III. Changes in Equity.....	7
IV. Cash Flow Statement	8
V. Additional Information and Commentary	10
1. Adopted Accounting Policies.....	10
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	10
3. Selected Notes to the Summary Financial Statement	11
3.1. Non-current Financial Assets	11
3.3. Current Financial Assets	12
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 ...	13
5. An Amount and Type of Positions of Unusual Nature due to Type, Value or Frequency with Significant Effects on the Assets, Liabilities, Equity, Net Result and Cash Flows	13
6. Discussion of Seasonality (Cyclical Nature) of the Issuer's Business in the Period Presented.....	14
7. Information about Write-Offs that Revaluated Inventories at the Net Realizable Value and Reversal Referred to Them	14
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	14
9. Information about Creation, Increasing, Using and Dissolution of Provisions.....	15
10. Information about Provisions and Assets in Reference to Deferred Income Tax	15
11. Information about Significant Transactions of Purchase and Sale of Property, Plant and Equipment...	16
12. Information about Liability in Relation to Purchase of Property, Plant and Equipment.....	16
13. Information about Significant Settlements in Reference to Court Proceedings.....	16
14. Corrections of Mistakes from the Previous Periods.....	16
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)	16
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	16
17. Information about One or More Transactions Concluded by the Issuer or Its Subsidiary with Related Parties, if are Concluded on Terms Different from Market Conditions	16
18. In Case of Financial Instruments Valuated in Fair Value – Information about Changes in Method of Its Establishment.....	16
19. Information Related to Changes in Classification of Financial Assets as a Result of Changes in Their Purpose or Using of These Assets.....	17
20. Information on any Issue, Repurchase or Repayment of Debt and Equity Securities.....	17
21. Information on any Dividend Paid Out or Declared, Including Its Total and per Share Value, Separately for Ordinary and Preference Shares.....	17
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	17
23. Information on any Changes in Contingent Liabilities or Contingent Assets which Have Occurred since the End of the Last Financial Year	17
24. Other Information with Significant Effects on the Financial Condition Assessment and the Achieved Financial Results of the Issuer.....	18

PLN 61.7
million of net
profit

Business
activities in
over 60
countries on 6
continents

PLN 666.1
million of
sales
revenue

Over
5,100
professionals
employed

57
companies
worldwide

PLN 1.4
billion of
Comarch S.A.
capitalisation
on WSE

9.3%
net margin

QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE THIRD QUARTER OF 2019

I. Balance Sheet

ASSETS	30 September 2019	30 June 2019	31 December 2018	30 September 2018
I. NON-CURRENT ASSETS	725,634	727,999	736,084	750,480
1. Intangible assets	12,001	13,241	11,048	11,410
2. Property, plant and equipment	335,506	341,125	332,185	336,745
3. Non-current investments	368,444	364,860	383,826	393,561
3.1. Non-current financial assets	347,704	344,786	343,518	352,676
a) in related parties	347,580	344,309	342,583	351,007
b) in other entities in which the Company holds equity interests	-	-	-	150
c) in other entities	124	477	935	1,519
3.2 Real estates	20,697	20,031	40,265	40,842
3.3 Other non-current investment	43	43	43	43
4. Non-current prepayments	9,683	8,773	9,025	8,764
4.1 Deferred income tax assets	7,278	6,342	6,204	6,245
4.2 Other accruals	2,405	2,431	2,821	2,519
II. CURRENT ASSETS	608,384	614,635	598,817	573,854
1. Inventories	67,409	69,094	61,435	64,667
2. Current receivables	347,167	339,147	376,939	387,276
2.1 from related parties	224,416	214,715	227,173	264,573
2.2 from other entities in which the Company holds equity interests	2	2	151	108
2.3 from other entities	122,749	124,430	149,615	122,595
3. Current investments	61,166	79,349	70,762	28,002
3.1 Current financial assets	61,166	79,349	70,762	28,002
a) in related parties	728	516	508	407
b) in other entities in which the Company holds equity interests	-	-	-	-
c) in other entities	1,231	4,153	3,264	5,554
- interest and shares	-	-	-	-
- granted loans	23	-	-	367
- other current financial assets	1,208	4,153	3,264	5,187
d) cash and cash equivalents	59,207	74,680	66,990	22,041
4. Short-term prepayments	132,642	127,045	89,681	93,909
TOTAL ASSETS	1,334,018	1,342,634	1,334,901	1,324,334

EQUITY AND LIABILITIES	30 September 2019	30 June 2019	31 December 2018	30 September 2018
I. EQUITY	883,613	865,004	834,190	853,202
1. Share capital	8,133	8,133	8,133	8,133
2. Supplementary capital	717,950	717,950	680,501	680,501
3. Revaluation reserve	95,075	93,696	95,162	92,461
4. Other reserve capitals	745	745	745	745
5. Previous years' profit (loss)	-	-	-	-
6. Net profit (loss)	61,710	44,480	49,649	71,362
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	450,405	477,630	500,711	471,132
1. Provisions for liabilities	111,451	127,604	144,309	95,458
1.1 Provision for deferred income tax	23,254	23,244	23,732	23,698
1.2 Other provisions	88,197	104,360	120,577	71,760
a) current	88,197	104,360	120,577	71,760
2. Non-current liabilities	132,206	129,095	152,343	155,790
2.1 to related parties	25,400	19,554	28,240	28,131
2.2 to other entities in which the Company holds equity interests	-	-	-	-
2.3 to other entities	106,806	109,541	124,103	127,659
3. Current liabilities	147,140	164,964	157,089	186,928
3.1 to related parties	25,345	31,825	28,541	44,734
3.2 to other entities in which the Company holds equity interests	4	20	-	1
3.3 to other entities	119,901	130,813	127,135	140,218
3.4 Special funds	1,890	2,306	1,413	1,975
4. Accruals	59,608	55,967	46,970	32,956
4.1 Other accruals	59,608	55,967	46,970	32,956
a) current	59,608	55,967	46,970	32,956
TOTAL EQUITY AND LIABILITIES	1,334,018	1,342,634	1,334,901	1,324,334
Book value	883,613	865,004	834,190	853,202
Number of shares	8,133,349	8,133,349	8,133,349	8,133,348
Book value per single share (PLN)	108.64	106.35	102.56	104.90
Diluted number of shares	8,133,349	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	108.64	106.35	102.56	104.90

II. Income Statement

For period 01.01 – 30.09.2019 and 01.01 – 30.09.2018	Q3 2019	9 months 2019	Q3 2018	9 months 2018
I. Net revenues from sales of products, goods and materials, including:	218,742	666,140	283,405	701,973
- revenues from related parties	76,868	207,283	149,379	312,710
1. Net revenues from sales of products	206,144	617,014	246,909	625,398
2. Net revenues from sales of goods and materials	12,598	49,126	36,496	76,575
II. Costs of products, goods and materials sold, including:	175,266	534,550	189,090	525,073
- to related parties	8,858	24,219	9,423	26,167
1. Manufacturing cost of products sold	163,958	489,604	154,857	453,378
2. Value of products, goods and materials sold	11,308	44,946	34,233	71,695
III. Gross profit on sales	43,476	131,590	94,315	176,900
IV. Costs of sales	15,897	45,212	15,800	47,006
V. Administrative expenses	20,090	50,177	16,723	35,663
VI. Profit on sales	7,489	36,201	61,792	94,231
VII. Other operating revenues	15,236	16,916	554	1,503
1. Profit on disposal of non-financial non-current assets	750	1,106	271	442
2. Other operating revenues	14,486	15,810	283	1,061
VIII. Other operating costs	2,365	15,490	1,047	6,545
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Cost of works financed in part with subsidies	422	1,742	444	1,803
3. Revaluation of non-financial assets	-	-	-	-
4. Other operating costs	1,943	13,748	603	4,742
IX. Profit (loss) on operating activities	20,360	37,627	61,299	89,189
X. Financial revenues	6,492	46,127	1,098	8,453
1. Interest, including:	351	1,014	138	311
- from related parties	281	674	94	173
2. Dividends and share in profits	-	37,140	39	3,070
- from related parties	-	37,140	39	3,070
3. Profit (loss) on disposal of investment	289	2,121	1,322	5,072
4. Revaluation of financial assets	-	-	(19)	-
5. Other	5,852	5,852	(382)	-
XI. Finance costs	7,069	15,858	(5,245)	19,533
1. Interest	779	2,481	940	2,688
- from related parties	4	568	185	471
2. Revaluation of investments	-	5,900	-	11,894
3. Loss from the sale of investments	-	-	-	-
4. Other	6,290	7,477	(6,185)	4,951
XII. Profit (loss) on business activities	19,783	67,896	67,642	78,109
XIII. Gross profit (loss)	19,783	67,896	67,642	78,109
XIV. Income tax	2,553	6,186	5,264	6,747
XV. Net profit (loss)	17,230	61,710	62,378	71,362
Net profit (loss) (annualised)		39,997		96,137
Weighted average number of shares 01.04.2018 – 31.03.2019		8,133,349		8,133,349

Earnings (losses) per single share (PLN)	4.92	11.82
Diluted weighted average number of shares 01.04.2018 – 31.03.2019	8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	4.92	11.82

III. Changes in Equity

	Q3 2019	9 months 2019	Q3 2018	9 months 2018
I. Opening balance of equity	865,004	834,190	796,984	796,984
a) changes to adopted accounting principles (policies)	-	-	-	-
I. a. Opening balance of equity after adjustments	865,004	834,190	796,984	796,984
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	717,950	680,501	653,363	653,363
2.1 Changes in supplementary capital	-	37,449	27,138	27,138
a) increases (due to)	-	37,449	27,138	27,138
- profit-sharing for the previous years	-	37,449	27,138	27,138
2.2 Closing balance of supplementary capital	717,950	717,950	680,501	680,501
3. Opening balance of revaluation reserve	93,695	95,162	95,405	95,405
3.1 Changes in revaluation reserve	1,380	(87)	(243)	(2,944)
a) increases (due to)	(323)	20	58	691
- provision for deferred income tax due to certificates valuation	(323)	20	58	691
- balance sheet valuation of investment certificates	-	-	-	-
b) decreases (due to)	(1,703)	107	301	3,635
- balance sheet valuation of investment certificates	(1,703)	107	301	3,635
- provision for deferred income tax due to certificates valuation	-	-	-	-
3.2 Closing balance of revaluation reserve	95,075	95,075	95,162	92,461
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	-	49,649	39,338	39,338
a) changes to adopted accounting principles (policies)	-	-	-	-
6.1 Opening balance of previous years' profit after adjustments	-	49,649	39,338	39,338

a) decreases (due to)	-	49,649	39,338	39,338
- transferring the result from the previous years to capital	-	37,449	27,138	27,138
- payment of dividend	-	12,200	12,200	12,200
6.2 Closing balance of previous years' profit	-	-	-	-
7. Result for H1 2019 (opening balance)	44,480	-	-	-
7.1 Net result for the period	17,230	61,710	49,649	71,362
7.2. Net result	61,710	61,710	49,649	71,362
II. Closing balance of equity	883,613	883,613	834,190	853,202
III. Equity including proposed profit-sharing (loss coverage)	883,613	883,613	834,190	853,202

IV. Cash Flow Statement

For period 01.01 – 30.09.2019 and 01.01 – 30.09.2018	Q3 2019	9 months 2019	Q3 2018	9 months 2018
A. Cash flows from operating activities				
I. Net profit (loss)	17,230	61,710	62,378	71,362
II. Total adjustments	630	(30,922)	(31,000)	(62,513)
1. Depreciation	11,344	33,564	11,045	32,221
2. Exchange gains (losses)	(25)	(24)	38	(219)
3. Interest and profit sharing (dividends)	691	(35,519)	720	(857)
4. (Profit) loss on investing activities	(2,234)	3,615	83	12,107
5. Change in provisions	(16,477)	(32,838)	1,822	(3,892)
6. Change in inventories	1,686	(6,225)	28,989	13,814
7. Change in receivables	(5,090)	31,351	(45,675)	(74,383)
8. Change in current liabilities, excluding credits and loans	13,602	6,136	(9,066)	19,475
9. Change in prepayments and accruals	(2,867)	(30,982)	(18,956)	(60,779)
10. Change in deferred income	-	-	-	-
11. Other adjustments	-	-	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	17,860	30,788	31,378	8,849
B. Cash flows from investing activities				
I. Inflows	2,080	43,772	2,933	11,146
1. Disposal of property, plant and equipment and intangible assets	1,056	3,237	1,467	2,689
2. From financial assets, including:	1,024	40,535	1,466	8,457
a) in related parties	735	38,414	(2,926)	315
- repaid loans	680	846	80	241
- repaid interest on loans	-	-	-	-
- received loans	-	-	(49)	-
- received interest	55	428	74	74
- received dividends	-	37,140	(3,031)	-

b) in other entities	289	2,121	4,392	8,142
- interest	-	-	-	-
- Dividends and share in profits	-	-	3,070	3,070
- other proceeds from financial assets	289	2,121	1,322	5,072
3. Other investment proceeds	-	-	-	-
II. Outflows	(10,055)	(34,610)	(17,561)	(54,564)
1. Purchase of property, plant and equipment and intangible assets	(7,233)	(21,067)	(16,788)	(44,142)
2. Expenses for investment in real estates	(884)	(894)	-	(2)
3. For financial assets, including:	(1,938)	(12,649)	(773)	(10,420)
a) in related parties	(1,938)	(12,649)	(773)	(10,420)
- purchase of financial assets	(439)	(1,690)	(340)	(340)
- granted non-current loans	(1,499)	(10,959)	(433)	(10,080)
- repayment of loans from related parties	-	-	-	-
- repayment of interest on loans	-	-	-	-
b) in other entities	-	-	-	-
4. Other investment expenses	-	-	-	-
III. Net cash used in investing activities (I-II)	(7,975)	9,162	(14,628)	(43,418)
C. Cash flows from financing activities				
I. Inflows	1,178	2,992	18,860	51,963
1. Credits and loans	-	1,814	18,860	51,529
2. Proceeds from issuance of the shares and other instruments, as well as additional payment to capital	-	-	-	-
3. Loans repaid	-	-	-	410
4. Interest received on loan repayments	-	-	-	24
5. Other financial proceeds (received subsidies)	1,178	1,178	-	-
II. Outflows	(26,571)	(50,754)	(28,399)	(44,147)
1. Dividends and other payments to owners	(12,200)	(12,200)	(12,200)	(12,200)
2. Repayment of loans and credits	(13,602)	(36,482)	(15,416)	(29,284)
3. Interest	(746)	(2,049)	(430)	(2,310)
4. Granted loans	(23)	(23)	(353)	(353)
5. Other financial expenses	-	-	-	-
III. Net cash (used in)/generated from financing activities (I-II)	(25,393)	(47,762)	(9,539)	7,816
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	(15,508)	(7,812)	7,211	(26,753)
E. Balance sheet change in cash and cash equivalents, including:	(15,472)	(7,783)	7,161	(26,481)
- change in cash and cash equivalents due to exchange differences	36	29	(50)	272

F. Cash and cash equivalents opening balance	74,678	66,989	14,878	48,520
G. Closing balance of cash and cash equivalents (F+/- E), including:	59,206	59,206	22,039	22,039
- limited disposal	(226)	1,299	258	1,756

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 2018, pos. 395 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, No. 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, 2018, until the 31st of December, 2018. If this financial statement for the 9 months ended the 30th of September, 2019, was prepared according to IFRS, the financial results would amount to PLN 84,613 thousand.

Profit according to the Act on Accounting	61,710
Depreciation of perpetual usufruct	(70)
Asset due to activity in the SEZ	(3,988)
Correction of revenue from the title of IFRS 15	28,734
Correction of revenue from the title of IFRS 16	(1,773)
Profit according to IFRS	84,613

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

Comarch S.A. created write-offs that revaluated goods in the amount PLN 2 thousand as at the 30th of September, 2019. The Comarch Group did not create write-offs that revaluated materials and finished products. The Group resolved write-offs revaluated goods and materials which had been created in the previous years in the amount of PLN 29 thousand.

No hedges were made on inventories owned by the Company.

As at the 30th of September, 2019, due to payments of receivables, Comarch S.A. resolved revaluating write-offs, which had been created in the previous years and were worth PLN 1,625 thousand and created write-offs worth PLN 11,006 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 realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In 2019, an asset due to temporary differences in income tax worth PLN 1,076 thousand was created and was resolved in the amount of PLN 2 thousand, a provision for deferred tax due to temporary differences was created in the amount of PLN 61 thousand and was resolved in the amount

of PLN 519 thousand. The total effect of these operations on the result of 2019 amounted to plus PLN 1,532 thousand.

A provision for deferred income tax related to valuation of investment certificates in CCF FIZ was decreased by PLN 20 thousand. This provision as well as certificates valuation are settled with revaluation reserve.

As at the 30th of September, 2019, Comarch S.A. has created write-offs due the loss of value of shares in subsidiaries in the amount of 5,900 thousand.

3. Selected Notes to the Summary Financial Statement

3.1. Non-current Financial Assets

	30 September 2019	30 June 2019	31 December 2018	30 September 2018
a) in subsidiaries and correlated parties	347,580	344,309	342,583	351,007
- interest or shares	200,980	200,305	204,977	222,241
- loans granted	27,660	26,768	18,560	13,069
- other securities	118,940	117,236	119,046	115,712
- other non-current financial assets, including:	-	-	-	(15)
- interest on granted loans	-	-	-	(15)
b) in other entities in which the Company holds equity interests	-	-	-	150
- interest or shares	-	-	-	150
- loans granted	-	-	-	-
c) in other entities	124	477	935	1,519
- other non-current financial assets (types)	124	477	935	1,519
- Forward contracts	124	477	935	1,519
Total	347,704	344,786	343,518	352,676

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

	Q3 2019	9 months 2019	Q3 2018	9 months 2018
a) Opening balance	344,786	343,518	353,988	359,299
- interests or shares	200,305	204,977	222,112	233,772
- loans granted	26,768	18,560	12,736	3,372
- other securities	117,236	119,046	118,824	119,347
- other non-current assets, including interest on granted loans	0	0	(17)	(29)
- others	477	935	333	2,837
b) increases (due to)	2,228	12,956	696	10,712
- purchases of shares in subsidiaries	438	1,689	340	340
- loans granted to subsidiaries	1,500	10,960	433	10,080
- change of the nature of loans on long-term from entities in which the Company holds equity interests	-	-	-	-
- interest to non-current loans	-	-	25	90
- balance sheet valuation long-term loans	76	76	(43)	15

- balance sheet and adjusted valuation of interest on long-term loans	-	-	2	14
- valuation of forward contracts	-	-	-	-
- balance sheet valuation of shares	214	214	(61)	173
- balance sheet valuation of investment certificates	-	-	-	-
- dissolving write-offs revaluating non-current loans	-	17	-	-
c) decreases (due to)	(690)	8,770	2,008	17,335
- repayment of subsidiaries' loans	680	846	81	242
- repayment of loans from entities in which the Company holds equity interests	-	-	-	-
- repayment of interest on subsidiaries' loans	-	-	25	75
- repayment of other entities' loans	-	-	-	130
- change of the nature of loans on short-term from entities in which the Company holds equity interests	-	-	-	-
- valuation of participation units in CCF FIZ	(1,703)	107	3,112	3,635
- valuation of forwards	352	810	(1,186)	1,318
- revaluation of shares	-	5,900	-	11,894
- balance sheet valuation of loans	(28)	-	-	-
- balance sheet valuation of shares	(23)	-	-	-
- balance sheet and adjusted valuation of interests on loans	-	-	-	-
- balance sheet valuation of loans and exchange differences realized in relation to repaid loans and from the balance sheet valuation	-	-	-	-
- creating revaluation write-offs on loans to related parties	32	32	(24)	26
- creating revaluation write-offs on interest on loans to related parties	-	-	-	15
- redemption of loans in related parties	-	1,075	-	-
d) Closing balance	347,704	347,704	352,676	352,676

3.3. Current Financial Assets

	30 September 2019	30 June 2019	31 December 2018	30 September 2018
a) in related parties	728	516	508	407
- loans granted	322	321	322	322
- other financial assets	406	195	186	85
b) in other entities in which the Company holds equity interests	-	-	-	-
- loans granted	-	-	-	-
- other financial assets	-	-	-	-
c) in other entities	1,231	4,153	3,264	5,554
- loans granted	-	-	-	-
- interest or shares	23	-	-	367

- other current financial assets, including:	1,208	4,153	3,264	5,187
- forward and IRS contracts	1,208	4,153	3,264	5,187
d) cash and cash equivalents	59,207	74,680	66,990	22,041
- cash in hand and at banks	59,206	74,678	66,989	22,039
- other monetary assets	1	2	1	2
Total	61,166	79,349	70,762	28,002

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

In the third quarter of 2019, Comarch S.A. achieved PLN 218,742 thousand revenue from sales (a decrease of PLN 64,663 thousand, i.e. 22.8% compared to the third quarter of 2018). Net revenue from sales of products constituted 94.2% of the total Company's sales and recorded a decrease of PLN 40,765 thousand. The Company's operating profit in the third quarter of 2019 amounted PLN 20,360 thousand and net profit was PLN 17,230 thousand. EBIT margin amounted to 9.3% and net margin was 7.9%.

In the first 9 months of 2019, Comarch S.A. achieved revenue from sales which was lower by 5.1% than achieved in the previous year (PLN 666,140 thousand compared to PLN 701,973 thousand). Net sales of products constituted 92.6% of the total Company's sales and were lower by PLN 8,384 thousand than those from the previous year. In the first 9 months of 2019, the Company generated operating profit in the amount of PLN 37,627 thousand and net profit was PLN 61,710 thousand. EBIT margin reached level of 5.6% and net margin was 9.3%.

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

Except for the ones described in [point 2](#) of this financial statement, currency exchange rate differences and financial instruments based on exchange rates have influence on the financial results. Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of September, 2019, increased revenue and operating profit of Comarch S.A. by PLN 7,241 thousand (while in 9 months of 2018 increased by PLN 3,845 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 1,388 thousand (while in 9 months of 2018 decreased by PLN 3,987 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Company's net profit by PLN 5,053 thousand (while in the corresponding period of 2018 increased it by PLN 1,512 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch S.A. in 9 months of 2019 amounted to plus PLN 800 thousand (plus PLN 1,370 thousand in 9 months of 2018).

As at the 30th of September, 2019, Comarch S.A. has created write-offs due the loss of value of shares in subsidiaries in the amount of PLN 5,900 thousand.

In the period January - September 2019 Comarch S.A. had dividends received from subsidiaries (mainly from Comarch UK) in the amount of PLN 37,140 thousand.

Conclusion of a settlement with ZUS regarding the ZUS KSI Agreement caused a dissolving provisions created in 2018 and increased the Group's operating and net results for 9 months 2019 by PLN 14,040 thousand.

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

Over 2018, Comarch S.A. revenue structure was as follows: 19% of annual sales were achieved in the first quarter, 25% in the second quarter, 29% in the third quarter and 27% in the fourth quarter.

Over 2019, the Company expects the distribution of sales revenue similar to that of 2018.

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

As at the 30th of September, 2019, Comarch S.A. created write-offs that revaluated goods in the amount PLN 2 thousand. A Write-offs that revaluated materials and finish goods have not been created. The Company resolved write-offs revaluated goods and materials, which had been created in the previous years in the amount of PLN 29 thousand.

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

Revaluating write-offs in relation to impairment	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
Balance at 1 January 2018	90,208	-	-	-	90,208
Change:	11,894	-	-	-	11,894
- creation	11,894	-	-	-	11,894
- dissolution	-	-	-	-	-
Balance at 30 September 2018	102,102	-	-	-	102,102
Balance at 1 January 2018	90,208	-	-	-	90,208
Change:	30,826	-	-	-	30,826
- creation	30,826	-	-	-	30,826
- dissolution	-	-	-	-	-
Balance at 31 December 2018	121,034	-	-	-	121,034
Balance at 1 January 2019	121,034	-	-	-	121,034
Change:					
- creation	5,900	-	-	-	5,900
- dissolution	-	-	-	-	-
Balance at 30 September 2019	126,934	-	-	-	126,934

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

Current	Provisions for contract costs	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for cash rewards	Total
Balance 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)
Balance at 30 September 2018	13,347	7,600	21,147	29,666	71,760
Balance at 1 January 2018	9,757	9,960	20,826	56,903	97,446
Change:	2,174	12,030	(172)	9,099	23,131
- creation	10,947	15,503	12,772	76,686	115,908
- dissolution	(8,773)	(3,473)	(12,944)	(67,587)	(92,777)
Balance at 31 December 2018	11,931	21,990	20,654	66,002	120,577
Balance at 1 January 2019	11,931	21,990	20,654	66,002	120,577
Change:	(1,170)	(15,101)	3,677	(19,786)	(32,380)
- creation	3,345	306	14,620	38,822	57,093
- dissolution	(4,515)	(15,407)	(10,943)	(58,608)	(89,473)
Balance at 30 September 2019	10,761	6,889	24,331	46,216	88,197

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
Balance at 1 January 2018	5,816	25,255
Creation in Q1-Q3 2018	429	14
Dissolution in Q1-Q3 2018	-	(1,571)
Balance at 30 September 2018	6,245	23,698
Balance at 1 January 2018	5,816	25,255
Creation in Q1-Q4 2018	388	14
Dissolution in Q1-Q4 2018	-	(1,537)
Balance at 31 December 2018	6,204	23,732
Balance at 1 January 2019	6,204	23,732
Creation in Q1-Q3 2019	1,076	61
Dissolution in Q1-Q3 2019	(2)	(539)
Balance at 30 September 2019	7,278	23,254

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

In reporting period Comarch S.A. purchased computer hardware for amount of PLN 9,978 thousand, technical devices for the amount PLN 6,452 thousand and intangible assets for the amount of PLN 5,754 thousand.

In reporting period Comarch S.A., revenue from sales of property, plant and equipment amounted to PLN 2,934 thousand.

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

As at 30th of September, 2019, Comarch S.A. has liabilities due to purchase of computer hardware in the amount of PLN 365 thousand, investment liabilities in the amount of PLN 502 thousand as well as liabilities due to purchase of intangible assets in the amount of PLN 14 thousand.

Comarch S.A. has also liabilities due to acquisition of shares in increased share capital of subsidiary, Comarch Pointshub Inc., in the amount of PLN 3,560 thousand.

13. Information about Significant Settlements in Reference to Court Proceedings

None present.

14. Corrections of Mistakes from the Previous Periods

None present.

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

None present.

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

None present.

17. Information about One or More Transactions Concluded by the Issuer or Its Subsidiary with Related Parties, if are Concluded on Terms Different from Market Conditions

None present.

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

None present.

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

None present.

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

None present.

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

On the 27th of May, 2019, in current report no. [RB-9-2019](#) (ENG: [RB-9-2019](#)) the Management Board of Comarch S.A. announced, that the Supervisory Board of Comarch S.A. gave a positive opinion on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2018 in financial year from 1st of January, 2018 to 31st of December, 2018 in the amount of PLN 49,649,395.86 as follows:

- 1) part of the net profit in the amount of PLN 12,200,023.50 is allocated for the payment of dividends. Dividends in the amount of PLN 1.50 per one share will be received by persons who are shareholders of the Company on the 5th of July, 2019 (the dividend day). The number of shares covered by the dividend is 8,133,349 units. The dividend was paid out on the 15th of July, 2019;
- 2) the remaining part of the net profit in the amount of PLN 37,449,372.36 is transferred to supplementary capital.

On the 26th of June, 2019, the General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2018 - 31 December 2018 (current report no. [RB-15-2019](#) (ENG: [RB-15-2019](#)) of the 26th of June, 2019). Dividend was paid on the 15th of July, 2019

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

None present.

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

As at the 30th of September, 2019, 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 91,217 thousand, whereas it was PLN 81,163 thousand as at the 31st of December, 2018.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 40,210 thousand of which PLN 5,603 thousand is covered by provisions included in the balance sheet at the 30th of September, 2019.

The Comarch S.A. is a party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 0 thousand of which PLN 1,287 thousand is covered by provisions included in the balance sheet at the 30th of September, 2019.

Due to the legal proceedings, in 2019 the Comarch Group created write-offs that revalue receivables in the amount of PLN 66 thousand

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

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

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Krakow



ir@comarch.com



+48 (12) 687 78 22

www.comarch.com/investors/
