

## FINANCIAL SUPERVISION AUTHORITY

## Consolidated Quarterly Report QSr .....4 / 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 ... 4 ... quarter of financial year ... 2019 from 2019-01-01 to 2019-12-31  
including consolidated financial statement according to International Financial Reporting Standards (IFRS)  
in currency PLN  
and summary of financial statement according to Act on Accounting (Journal of Laws 2018.395)  
in currency PLN  
date of publication 2020-02-28

<b>COMARCH SA</b>	
(full name of an issuer)	
<b>COMARCH</b>	<b>Information Technology (IT)</b>
(abbreviated name of issuer)	(sector according to WSE classification)
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SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1-Q4 2019	Q1-Q4 2018	Q1-Q4 2019	Q1-Q4 2018
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	1,437,867	1,369,619	334,248	320,986
II. Operating profit (loss)	154,524	87,543	35,921	20,517
III. Profit before income tax	155,296	62,480	36,100	14,643
IV. Net profit attributable to shareholders of parent company	115,592	30,616	26,871	7,175
V. Net cash flows from operating activities	169,948	139,482	39,506	32,689
VI. Net cash flows from investing activities	-35,347	-71,679	-8,217	-16,799
VII. Net cash flows from financing activities	-58,385	-32,866	-13,572	-7,703
VIII. Change in net cash flows	76,216	34,937	17,717	8,188
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings (losses) per single share (PLN/EURO)	14.21	3.76	3.30	0.88
XI. Diluted earnings (losses) per single share (PLN/EURO)	14.21	3.76	3.30	0.88
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	952,062	966,100	221,317	226,416
XIII. Profit (loss) on operating activities	36,760	89,389	8,545	20,949
XIV. Gross profit (loss)	72,622	57,075	16,882	13,376
XV. Net profit (loss)	61,879	49,649	14,384	11,636
XVI. Net cash flows from operating activities	60,955	82,817	14,170	19,409
XVII. Net cash flows from investing activities	-7,662	-57,442	-1,781	-13,462
XVIII. Net cash flows from financing activities	-53,199	-7,205	-12,367	-1,689

XIX. Total net cash flow	94	18,170	22	4,258
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	7.61	6.1	1.77	1.43
XXII. Diluted earnings (losses) per single share (PLN/EURO)	7.61	6.1	1.77	1.43
<b>EQUITIES</b>	<b>31.12.2019</b>	<b>31.12.2018</b>		
XXIII. Equity attributable to shareholders (consolidated)	963,188	858,146	226,180	199,569
XXIV. Equity (parent company)	885,792	834,190	208,006	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 31.12.2019:

4.3018;

- arithmetical average of NBP average exchange rates

as of the end of each month

for the period 01.01.2018 to 31.12.2018:

4.2669;

The balance sheet items were presented based on

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

- 31.12.2019:

4.2585;

- 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_4_2019 consolidated.pdf	QSr_4_2019 consolidated
QSr_4_2019 Comarch SA.pdf	QSr_4_2019 Comarch SA

SIGNATURES			
Date	Name and surname	Position	Signature
2020-02-28	Konrad Tarański	Vice-President of the Management Board	
2020-02-28	Maria Smolińska	Proxy	



**QUARTERLY SUMMARY OF  
COMARCH S.A. FINANCIAL STATEMENT  
FOR THE PERIOD  
FROM 1<sup>ST</sup> OF JANUARY 2019  
TO 31<sup>ST</sup> OF DECEMBER, 2019**

**Kraków, 28<sup>th</sup> of February, 2020**

## QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE FOURTH QUARTER OF 2019 ..... 5

I. Balance Sheet .....	5
II. Income Statement .....	7
III. Changes in Equity.....	8
IV. Cash Flow Statement .....	9
V. Additional Information and Commentary .....	11
1. Adopted Accounting Policies .....	11
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 .....	12
3. Selected Notes to the Summary Financial Statement.....	13
3.1. Non-current Financial Assets.....	13
3.2. Changes in Non-current Financial Assets (Types) .....	13
3.3. Current Financial Assets .....	14
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.....	15
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 .....	15
6. Discussion of Seasonality (Cyclical Nature) of the Issuer's Business in the Period Presented	16
7. Information about Write-Offs that Revaluated Inventories at the Net Realizable Value and Reversal Referred to Them.....	16
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	16
9. Information about Creation, Increasing, Using and Dissolution of Provisions.....	17
10. Information about Provisions and Assets in Reference to Deferred Income Tax .....	17
11. Information about Significant Transactions of Purchase and Sale of Property, Plant and Equipment .....	17
12. Information about Liability in Relation to Purchase of Property, Plant and Equipment.....	17
13. Information about Significant Settlements in Reference to Court Proceedings.....	18
14. Corrections of Mistakes from the Previous Periods .....	18
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) .....	18
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	18
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 .....	18
18. In Case of Financial Instruments Valuated in Fair Value – Information about Changes in Method of Its Establishment.....	18

19. Information Related to Changes in Classification of Financial Assets as a Result of Changes in Their Purpose or Using of These Assets .....	18
20. Information on any Issue, Repurchase or Repayment of Debt and Equity Securities .....	18
21. Information on any Dividend Paid Out or Declared, Including Its Total and per Share Value, Separately for Ordinary and Preference Shares.....	18
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	19
23. Information on any Changes in Contingent Liabilities or Contingent Assets which Have Occurred since the End of the Last Financial Year .....	19
24. Other Information with Significant Effects on the Financial Condition Assessment and the Achieved Financial Results of the Issuer .....	19

**PLN  
61.9 million  
of net profit**

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

**PLN 952  
million of  
sales  
revenue**

**5 000  
professionals  
employed**

**57  
companies  
worldwide**

**PLN 1.5  
billion of  
Comarch S.A.  
capitalisation  
on WSE**

**6.5% net  
margin**

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

### I. Balance Sheet

AKTYWA	31 December 2019	30 September 2019	31 December 2018
<b>I. NON-CURRENT ASSETS</b>	<b>737,650</b>	<b>725,634</b>	<b>736,084</b>
1. Intangible assets	10,770	12,001	11,048
2. Property, plant and equipment	331,708	335,506	332,185
3. Non-current investments	386,872	368,444	383,826
3.1. Non-current financial assets	366,388	347,704	343,518
a) in related parties	363,649	347,580	342,583
b) in other entities in which the Company holds equity interests	-	-	-
c) in other entities	2,739	124	935
3.2 Real estates	20,441	20,697	40,265
3.3 Other non-current investment	43	43	43
4. Non-current prepayments	8,300	9,683	9,025
4.1 Deferred income tax assets	6,082	7,278	6,204
4.2 Other accruals	2,218	2,405	2,821
<b>II. CURRENT ASSETS</b>	<b>662,227</b>	<b>608,384</b>	<b>598,817</b>
1. Inventories	64,793	67,409	61,435
2. Current receivables	395,956	347,167	376,939
2.1 from related parties	254,775	224,416	227,173
2.2 from other entities in which the Company holds equity interests	53	2	151
2.3 from other entities	141,128	122,749	149,615
3. Current investments	72,825	61,166	70,762
3.1 Current financial assets	72,825	61,166	70,762
a) in related parties	900	728	508
b) in other entities in which the Company holds equity interests	-	-	-
c) in other entities	4,923	1,231	3,264
- interest and shares	-	-	-
- granted loans	-	23	-
- other current financial assets	4,923	1,208	3,264
d) cash and cash equivalents	67,002	59,207	66,990
4. Short-term prepayments	128,653	132,642	89,681
<b>TOTAL ASSETS</b>	<b>1,399,877</b>	<b>1,334,018</b>	<b>1,334,901</b>



EQUITY AND LIABILITIES	31 December 2019	30 September 2019	31 December 2018
<b>I. EQUITY</b>	<b>885,792</b>	<b>883,613</b>	<b>834,190</b>
1. Share capital	8,133	8,133	8,133
2. Supplementary capital	717,950	717,950	680,501
3. Revaluation reserve	97,085	95,075	95,162
4. Other reserve capitals	745	745	745
5. Previous years' profit (loss)	-	-	-
6. Net profit (loss)	61,879	61,710	49,649
<b>II. LIABILITIES AND PROVISIONS FOR LIABILITIES</b>	<b>514,085</b>	<b>450,405</b>	<b>500,711</b>
<b>1. Provisions for liabilities</b>	<b>160,729</b>	<b>111,451</b>	<b>144,309</b>
1.1 Provision for deferred income tax	24,786	23,254	23,732
1.2 Other provisions	135,943	88,197	120,577
a) current	135,943	88,197	120,577
<b>2. Non-current liabilities</b>	<b>120,945</b>	<b>132,206</b>	<b>152,343</b>
2.1 to related parties	19,539	25,400	28,240
2.2 to other entities in which the Company holds equity interests	-	-	-
2.3 to other entities	101,406	106,806	124,103
<b>3. Current liabilities</b>	<b>160,677</b>	<b>147,140</b>	<b>157,089</b>
3.1 to related parties	29,018	25,345	28,541
3.2 to other entities in which the Company holds equity interests	-	4	-
3.3 to other entities	130,448	119,901	127,135
3.4 Special funds	1,211	1,890	1,413
<b>4. Accruals</b>	<b>71,734</b>	<b>59,608</b>	<b>46,970</b>
4.1 Other accruals	71,734	59,608	46,970
a) current	71,734	59,608	46,970
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,399,877</b>	<b>1,334,018</b>	<b>1,334,901</b>
Book value	885,792	883,613	834,190
Number of shares	8,133,349	8,133,349	8,133,349
Book value per single share (PLN)	108.91	108.64	102.56
Diluted number of shares	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	108.91	108.64	102.56



## II. Income Statement

For period 01.01 – 31.12.2019 and 01.01 – 31.12.2018	Q4 2019	12 months 2019	Q4 2018	12 months 2018
<b>I. Net revenues from sales of products, goods and materials, including:</b>	<b>285,922</b>	<b>952,062</b>	<b>264,127</b>	<b>966,100</b>
- revenues from related parties	119,460	326,743	106,721	419,431
1. Net revenues from sales of products	267,108	884,122	249,111	874,509
2. Net revenues from sales of goods and materials	18,814	67,940	15,016	91,591
<b>II. Costs of products, goods and materials sold, including:</b>	<b>224,462</b>	<b>759,013</b>	<b>194,067</b>	<b>719,140</b>
- to related parties	9,849	34,068	9,963	36,130
1. Manufacturing cost of products sold	206,783	696,388	180,504	633,882
2. Value of products, goods and materials sold	17,679	62,625	13,563	85,258
<b>III. Gross profit on sales</b>	<b>61,460</b>	<b>193,049</b>	<b>70,060</b>	<b>246,960</b>
IV. Costs of sales	28,821	74,033	26,061	73,067
V. Administrative expenses	24,775	74,951	19,854	55,517
<b>VI. Profit on sales</b>	<b>7,864</b>	<b>44,065</b>	<b>24,145</b>	<b>118,376</b>
<b>VII. Other operating revenues</b>	<b>(2,684)</b>	<b>14,231</b>	<b>469</b>	<b>1,972</b>
1. Profit on disposal of non-financial non-current assets	(499)	607	245	687
2. Other operating revenues	(2,185)	13,624	224	1,285
<b>VIII. Other operating costs</b>	<b>6,046</b>	<b>21,536</b>	<b>24,414</b>	<b>30,959</b>
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Cost of works financed in part with subsidies	170	1,912	(1,803)	-
3. Revaluation of non-financial assets	-	-	-	-
4. Other operating costs	5,876	19,624	26,217	30,959
<b>IX. Profit (loss) on operating activities</b>	<b>(866)</b>	<b>36,760</b>	<b>200</b>	<b>89,389</b>
<b>X. Financial revenues</b>	<b>(712)</b>	<b>45,416</b>	<b>2,392</b>	<b>10,845</b>
1. Interest, including:	387	1,401	180	491
- from related parties	269	943	161	334
2. Dividends and share in profits	-	37,140	-	3,070
- from related parties	-	37,140	-	3,070
3. Profit (loss) on disposal of investment	1,234	3,355	1,413	6,485
4. Revaluation of financial assets	-	-	-	-
5. Other	(2,333)	3,520	799	799
<b>XI. Finance costs</b>	<b>(6,304)</b>	<b>9,554</b>	<b>23,626</b>	<b>43,159</b>
1. Interest	712	3,193	943	3,631
- from related parties	154	722	204	675
2. Revaluation of investments	-	5,900	18,932	30,826
3. Loss from the sale of investments	-	-	-	-
4. Other	(7,016)	461	3,751	8,702
<b>XII. Profit (loss) on business activities</b>	<b>4,726</b>	<b>72,622</b>	<b>(21,034)</b>	<b>57,075</b>
<b>XIII. Gross profit (loss)</b>	<b>4,726</b>	<b>72,622</b>	<b>(21,034)</b>	<b>57,075</b>
XIV. Income tax	4,557	10,743	679	7,426
<b>XV. Net profit (loss)</b>	<b>169</b>	<b>61,879</b>	<b>(21,713)</b>	<b>49,649</b>
Net profit (loss) (annualised)		61,879		49,649
Weighted average number of shares		8,133,349		8,133,349

01.01.2019 – 31.12.2019

Earnings (losses) per single share (PLN)	7.61	6.10
Diluted weighted average number of shares 01.01.2019 – 31.12.2019	8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	7.61	6.10

\*) Data for the fourth quarter of 2019 and 2018 were calculated by subtraction of the data presented in the report for the three quarters of 2019 or 2018 from the data for 12 months of 2019 or 2018.

### III. Changes in Equity

	Q4 2019	12 months 2019	Q4 2018	12 months 2018
I. Opening balance of equity	883,613	834,190	853,202	796,984
a) changes to adopted accounting principles (policies)	-	-	-	-
I. a. Opening balance of equity after adjustments	883,613	834,190	853,202	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	-	-	-	-
<b>1.2 Closing balance of share capital</b>	<b>8,133</b>	<b>8,133</b>	<b>8,133</b>	<b>8,133</b>
2. Opening balance of supplementary capital	717,950	680,501	680,501	653,363
2.1 Changes in supplementary capital	-	37,449	-	27,138
a) increases (due to)	-	37,449	-	27,138
- profit-sharing for the previous years	-	37,449	-	27,138
<b>2.2 Closing balance of supplementary capital</b>	<b>717,950</b>	<b>717,950</b>	<b>680,501</b>	<b>680,501</b>
3. Opening balance of revaluation reserve	95,075	95,162	92,461	95,405
3.1 Changes in revaluation reserve	2,010	1,923	2,701	(243)
a) increases (due to)	2,354	2,374	(633)	58
- provision for deferred income tax due to certificates valuation	-	-	(633)	58
- balance sheet valuation of investment certificates	2,354	2,374	-	-
b) decreases (due to)	344	451	(3,334)	301
- balance sheet valuation of investment certificates	-	-	(3,334)	301
- provision for deferred income tax due to certificates valuation	344	451	-	-
<b>3.2 Closing balance of revaluation reserve</b>	<b>97,085</b>	<b>97,085</b>	<b>95,162</b>	<b>95,162</b>
4. Opening balance of capital from merger	-	-	-	-
<b>4.1 Closing balance of capital from merger</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5. Opening balance of other reserve capitals	745	745	745	745
<b>5.1 Closing balance of other reserve capitals</b>	<b>745</b>	<b>745</b>	<b>745</b>	<b>745</b>
6. Opening balance of previous years' profit	-	-	-	39,338

a) changes to adopted accounting principles (policies)	-	49,649	-	-
6.1 Opening balance of previous years' profit after adjustments	-	49,649	-	39,338
a) decreases (due to)	-	49,649	-	39,338
- transferring the result from the previous years to capital	-	37,449	-	27,138
- payment of dividend	-	12,200	-	12,200
<b>6.2 Closing balance of previous years' profit</b>	-	-	-	-
7. Result for Q1-Q3 2019 (opening balance)	61,710	-	-	-
7.1 Net result for the period	169	61,879	(21,713)	49,649,
<b>7.2. Net result</b>	<b>61,879</b>	<b>61,879</b>	<b>(21,713)</b>	<b>49,649</b>
<b>II. Closing balance of equity</b>	<b>885,792</b>	<b>885,792</b>	<b>834,190</b>	<b>834,190</b>
III. Equity including proposed profit-sharing (loss coverage)	885,792	885,792	834,190	834,190

#### IV. Cash Flow Statement

For period 01.01 – 31.12.2019 and 01.01 – 31.12.2018	Q4 2019	12 months 2019	Q4 2018	12 months 2018
<b>A. Cash flows from operating activities</b>				
I. Net profit (loss)	169	61,879	(21,713)	49,649
II. Total adjustments	29,998	(924)	95,681	33,168
1. Depreciation	11,058	44,622	11,215	43,436
2. Exchange gains (losses)	107	83	(8)	(227)
3. Interest and profit sharing (dividends)	819	(34,700)	1062	205
4. (Profit) loss on investing activities	150	3,765	19,475	31,582
5. Change in provisions	48,807	15,969	24,002	20,110
6. Change in inventories	2,828	(3,397)	3,123	16,937
7. Change in receivables	(58,267)	(26,916)	11,016	(63,367)
8. Change in current liabilities, excluding credits and loans	6,998	13,134	(19,112)	363
9. Change in prepayments and accruals	17,498	(13,484)	44,908	(15,871)
10. Change in deferred income	-	-	-	-
11. Other adjustments	-	-	-	-
<b>III. Net cash used in operating activities (I+/-II) – indirect method</b>	<b>30,167</b>	<b>60,955</b>	<b>73,968</b>	<b>82,817</b>
<b>B. Cash flows from investing activities</b>				
I. Inflows	3,582	47,354	3,619	14,765
1. Disposal of property, plant and equipment and intangible assets	1,025	4,262	2,088	4,777
2. From financial assets, including:	2,557	43,092	1,531	9,988
a) in related parties	1,323	39,737	3,189	3,504

- repaid loans	1,121	1,967	81	322
- repaid interest on loans	-	-	112	112
- received loans	-	-	-	-
- received interest	202	630	(74)	-
- received dividends	-	37,140	3,070	3,070
b) in other entities	1,234	3,355	(1,658)	6,484
- interest	-	-	-	-
- Dividends and share in profits	-	-	(3,070)	-
- other proceeds from financial assets	1,234	3,355	1,412	6,484
3. Other investment proceeds	-	-	-	-
II. Outflows	(20,406)	(55,016)	(17,643)	(72,207)
1. Purchase of property, plant and equipment and intangible assets	(6,433)	(27,500)	(10,638)	(54,780)
2. Expenses for investment in real estates	(14)	(908)	-	(2)
3. For financial assets, including:	(13,959)	(26,608)	(7,005)	(17,425)
a) in related parties	(13,959)	(26,608)	(7,005)	(17,425)
- purchase of financial assets	(4,634)	(6,324)	(1,443)	(1,783)
- granted non-current loans	(9,325)	(20,284)	(5,562)	(15,642)
- repayment of loans from related parties	-	-	-	-
- repayment of interest on loans	-	-	-	-
b) in other entities	-	-	-	-
4. Other investment expenses	-	-	-	-
<b>III. Net cash used in investing activities (I-II)</b>	<b>(16,824)</b>	<b>(7,662)</b>	<b>(14,024)</b>	<b>(57,442)</b>
<b>C. Cash flows from financing activities</b>				
I. Inflows	9,310	12,302	3,767	55,730
1. Credits and loans	8,959	10,773	3,399	54,928
2. Proceeds from issuance of the shares and other instruments, as well as additional payment to capital	-	-	-	-
3. Loans repaid	-	-	364	774
4. Interest received on loan repayments	-	-	4	28
5. Other financial proceeds (received subsidies)	351	1,529	-	-
II. Outflows	(14,747)	(65,501)	(18,788)	(62,935)
1. Purchase of own shares (shares) + additional capital contributions	-	-	(680)	(680)
2. Dividends and other payments to owners	-	(12,200)	-	(12,200)
3. Repayment of loans and credits	(13,727)	(50,209)	(17,004)	(46,288)
4. Interest	(1,020)	(3,069)	(1,104)	(3,414)
5. Granted loans	-	(23)	-	(353)
6. Other financial expenses	-	-	-	-
<b>III. Net cash (used in)/generated from financing activities (I-II)</b>	<b>(5,437)</b>	<b>(53,199)</b>	<b>(15,021)</b>	<b>(7,205)</b>

<b>D. TOTAL net cash flow (A.III+/-B.III+/-C.III)</b>	<b>7,906</b>	<b>94</b>	<b>44,923</b>	<b>18,170</b>
E. Balance sheet change in cash and cash equivalents, including:	7,795	12	44,950	18,469
- change in cash and cash equivalents due to exchange differences	(111)	(82)	27	299
F. Cash and cash equivalents opening balance	59,206	66,989	-	48,520
<b>G. Closing balance of cash and cash equivalents (F+/-E), including:</b>	<b>67,001</b>	<b>67,001</b>	<b>44,950</b>	<b>66,989</b>
- limited disposal	(516)	783	(415)	1,341

\*) Data for the fourth quarter of 2019 and 2018 were calculated by subtraction of the data presented in the report for the three quarters of 2019 or 2018 from the data for 12 months of 2019 or 2018.

## V. Additional Information and Commentary

### 1. Adopted Accounting Policies

This financial statement was prepared according to the Act passed on the 29<sup>th</sup> of September, 1994, on Accounting (unified text - Journal of Laws 2018, pos. 395 and subsequent changes) and the requirements specified in the Regulation issued by the Minister of Finance on the 29<sup>th</sup> 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 1<sup>st</sup> of January, 2018, until the 31<sup>st</sup> of December, 2018. If this financial statement for the 12 months ended the 31<sup>st</sup> of December, 2019, was prepared according to IFRS, the financial results would amount to PLN 88,269 thousand.

Profit according to the Act on Accounting	61,879
Depreciation of perpetual usufruct	(93)
Asset due to activity in the SEZ	(1,204)
Correction of revenue from the title of IFRS 15	27,972
Correction of revenue from the title of IFRS 16	(285)
<b>Profit according to IFRS</b>	<b>88,269</b>

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

Comarch S.A. created write-offs that revaluated goods in the amount PLN 9 thousand and write-offs that revaluated materials and finished products in the amount PLN 96 thousand as at the 31<sup>st</sup> of December, 2019. The company resolved write-offs revaluated goods and materials which had been created in the previous years in the amount of PLN 31 thousand.

No hedges were made on inventories owned by the Company.

As at the 31<sup>st</sup> of December, 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 3,124 thousand and created write-offs worth PLN 17,873 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 228 thousand was created and was resolved in the amount of PLN 350 thousand, a provision for deferred tax due to temporary differences was created in the amount of PLN 647 thousand and was resolved in the amount of PLN 44 thousand. The total effect of these operations on the result of 2019 amounted to minus PLN 725 thousand.

A provision for deferred income tax related to valuation of investment certificates in CCF FIZ was increased by PLN 451 thousand. This provision as well as certificates valuation are settled with revaluation reserve.

As at the 31<sup>st</sup> of December, 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

	31 December 2019	30 September 2019	31 December 2018
a) in subsidiaries and correlated parties	363,649	347,580	342,583
- interest or shares	205,435	200,980	204,977
- loans granted	36,794	27,660	18,560
- other securities	121,420	118,940	119,046
- other non-current financial assets, including:	-	-	-
- interest on granted loans	-	-	-
b) in other entities in which the Company holds equity interests	-	-	-
- interest or shares	-	-	-
- loans granted	-	-	-
c) in other entities	2,739	124	935
- other non-current financial assets (types)	2,739	124	935
- Forward contracts	2,739	124	935
<b>Total</b>	<b>366,388</b>	<b>347,704</b>	<b>343,518</b>

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

	Q4 2019	12 months 2019	Q4 2018	12 months 2018
<b>a) Opening balance</b>	<b>347,704</b>	<b>343,518</b>	<b>352,676</b>	<b>359,299</b>
- interests or shares	200,980	204,977	222,391	233,772
- loans granted	27,660	18,560	13,069	3,343
- other securities	118,940	119,046	115,712	119,347
- other non-current assets, including interest on granted loans	-	-	(15)	(29)
- others	124	935	1,519	2,837
<b>b) increases (due to)</b>	<b>19,000</b>	<b>31,956</b>	<b>7,026</b>	<b>17,738</b>
- purchases of shares in subsidiaries	4,635	6,324	1,443	1,783
- loans granted to subsidiaries	9,324	20,284	5,562	15,642
- change of the nature of loans on long-term from entities in which the Company holds equity interests	-	-	-	-
- interest to non-current loans	-	-	(90)	-
- balance sheet valuation long-term loans	(76)	-	50	65
- balance sheet and adjusted valuation of interest on long-term loans	-	-	(14)	-
- valuation of forward contracts	1,804	1,804	-	-
- balance sheet valuation of shares	(180)	34	75	248
- balance sheet valuation of investment certificates	2,374	2,374	-	-
- dissolving write-offs revaluating non-current loans	1,119	1136	-	-



<b>c) decreases (due to)</b>	<b>316</b>	<b>9,086</b>	<b>16,184</b>	<b>33,519</b>
- repayment of subsidiaries' loans	1,122	1,968	79	321
- repayment of loans from entities in which the Company holds equity interests	-	-	-	-
- repayment of interest on subsidiaries' loans	-	-	(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	80	80	-	-
- valuation of participation units in CCF FIZ	(107)	-	(3,334)	301
- valuation of forwards	(810)	-	584	1902
- revaluation of shares	-	5,900	18,932	30,826
- balance sheet valuation of loans	63	63	-	-
- balance sheet valuation of shares	-	-	-	-
- 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)	-	13	39
- creating revaluation write-offs on interest on loans to related parties	-	-	(15)	-
- redemption of loans in related parties	-	1,075	-	-
<b>d) Closing balance</b>	<b>366,388</b>	<b>366,388</b>	<b>343,518</b>	<b>343,518</b>

### 3.3. Current Financial Assets

	<b>31 December 2019</b>	<b>30 September 2019</b>	<b>31 December 2018</b>
a) in related parties	900	728	508
- loans granted	402	322	322
- other financial assets	498	406	186
b) in other entities in which the Company holds equity interests	-	-	-
- loans granted	-	-	-
- other financial assets	-	-	-
c) in other entities	4,923	1,231	3,264
- loans granted	-	-	-
- interest or shares	-	23	-
- other current financial assets, including:	4,923	1,208	3,264
- forward and IRS contracts	4,923	1,208	3,264
d) cash and cash equivalents	67,002	59,207	66,990
- cash in hand and at banks	67,001	59,206	66,989
- other monetary assets	1	1	1
<b>Total</b>	<b>72,825</b>	<b>61,166</b>	<b>70,762</b>

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

In 2019, Comarch S.A. achieved sales revenues 1.5% lower than last year (PLN 952,062 thousand in Q1-Q4 2019 compared to PLN 966,100 thousand in 2018). Net revenue from sales of products constituted 92.9 of the total Company's sales and recorded an increase of PLN 9,613 thousand. The Company's operating profit in 2019 amounted to PLN 36,760 thousand and net profit was PLN 61,879 thousand. EBIT margin amounted to 3.9% and net margin was 6.5%.

In the fourth quarter of 2019, Comarch S.A. achieved PLN 285,922 thousand revenue from sales, which means an increase by PLN 21,795 thousand, i.e. 8.3% compared to the same period of 2018. Net sales of products constituted 93.4% of the total Company's sales and were higher by PLN 17,997 thousand. In the fourth quarter of 2019, the Company generated operating profit in the amount of PLN -886 thousand and net profit was PLN 169 thousand.

#### **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 31<sup>st</sup> of December, 2019, decreased revenue and operating profit of Comarch S.A. by PLN 903 thousand (while in 2018 increased by PLN 6,044 thousand). Exchange rate differences from other activities increased the result of Comarch S.A. by PLN 1,336 thousand (while in 2018 decreased by PLN 5,245 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments increased the Company's net profit by PLN 5,856 thousand (while in 2018 increased it by PLN 1,067 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch S.A. in 2019 amounted to plus PLN 6,289 thousand (minus PLN 268 thousand in 2018).

As at the 31<sup>st</sup> of December, 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 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 12 months 2019 by PLN 14,040 thousand.

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

Over 2019, Comarch S.A. revenue structure was as follows: 25% of annual sales were achieved in the first quarter, 22% in the second quarter, 23% in the third quarter and 30% in the fourth quarter.

Over 2020, the Company expects the distribution of sales revenue similar to that of 2019.

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

Comarch S.A. created write-offs that revaluated goods in the amount PLN 9 thousand and write-offs that revaluated materials and finished products in the amount PLN 96 thousand as at the 31<sup>st</sup> of December, 2019. The Group resolved write-offs revaluated goods and materials which had been created in the previous years in the amount of PLN 31 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
<b>Balance at 1 January 2018</b>	<b>90,208</b>	-	-	-	<b>90,208</b>
Change:	30,862	-	-	-	30,862
- creation	30,862	-	-	-	30,862
- dissolution	-	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>121,034</b>	-	-	-	<b>121,034</b>
<b>Balance at 1 January 2019</b>	<b>121,034</b>	-	-	-	<b>121,034</b>
Change:					
- creation	5,900	-	-	-	5,900
- dissolution	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>126,934</b>	-	-	-	<b>126,934</b>

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

Current	Provisions for contracts costs	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for cash rewards	Total
<b>Balance at 1 January 2018</b>	<b>9,757,</b>	<b>9,960,</b>	<b>20,826,</b>	<b>56,903,</b>	<b>97,446,</b>
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)
<b>Balance at 31 December 2018</b>	<b>11,931</b>	<b>21,990</b>	<b>20,654</b>	<b>66,002</b>	<b>120,577</b>
<b>Balance at 1 January 2019</b>	<b>11,931</b>	<b>21,990</b>	<b>20,654</b>	<b>66,002</b>	<b>120,577</b>
Change:	1,951	(13,667)	3,352	23,730	15,366
- creation	8,899	2,181	17,310	97,012	125,402
- dissolution	(6,948)	(15,848)	(13,958)	(73,282)	(110,036)
<b>Balance at 31 December 2019</b>	<b>13,882</b>	<b>8,323</b>	<b>24,006</b>	<b>89,732</b>	<b>135,943</b>

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

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

	Asset due to deferred income tax	Provision due to deferred income tax
<b>Balance at 1 January 2018</b>	<b>5,816</b>	<b>25,255</b>
Creation in Q1-Q4 2018	388	14
Dissolution in Q1-Q4 2018	-	(1,537)
<b>Balance at 31 December 2018</b>	<b>6,204</b>	<b>23,732</b>
<b>Balance at 1 January 2019</b>	<b>6,204</b>	<b>23,732</b>
Creation in Q1-Q4 2019	228	1,098
Dissolution in Q1-Q4 2019	(350)	(44)
<b>Balance at 31 December 2019</b>	<b>6,082</b>	<b>24,786</b>

## 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 11,452 thousand, technical devices for the amount PLN 6,583 thousand and intangible assets for the amount of PLN 6,247 thousand.

In reporting period Comarch S.A., revenue from sales of property, plant and equipment amounted to PLN 3,267 thousand

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

As at 31<sup>st</sup> of December, 2019, Comarch S.A. has liabilities due to purchase of computer hardware in the amount of PLN 661 thousand, investment liabilities in the amount of PLN 105 thousand as well as liabilities due to purchase of intangible assets in the amount of PLN 349 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 3,380 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 27<sup>th</sup> 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 1<sup>st</sup> of January, 2018 to 31<sup>st</sup> 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 5<sup>th</sup> 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 15<sup>th</sup> 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 26<sup>th</sup> 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 26<sup>th</sup> of June, 2019). Dividend was paid on the 15<sup>th</sup> 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 31<sup>st</sup> of December, 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 90,725 thousand, whereas it was PLN 81,163 thousand as at the 31<sup>st</sup> of December, 2018.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 41,391 thousand of which PLN 6,345 thousand is covered by provisions included in the balance sheet at the 31<sup>st</sup> of December, 2019. In 2019, Comarch S.A. created provisions for claims covered by legal proceedings in the amount of PLN 851 thousand and resolved provisions in this respect for the amount of PLN 109 thousand.

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 3,674 thousand of which PLN 1,978 thousand is covered by provisions included in the balance sheet at the 31<sup>st</sup> of December, 2019. In 2019, Comarch S.A. created provisions for matters in disputes, but not legal proceedings in the amount of PLN 935 thousand and resolved provisions in this respect for the amount of PLN 52 thousand.

Due to the legal proceedings, in 2019 the Comarch Group did not created write-offs that revalue receivables. Due to the matters in disputes, but not legal proceedings, in 2019 the Comarch Group created write-offs that revalue receivables in the amount PLN 915 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.

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# **COMARCH CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENT**

**FOR THE PERIOD  
FROM 1<sup>ST</sup> OF JANUARY 2019  
TO 31<sup>ST</sup> OF DECEMBER 2019**

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

**Krakow, 28<sup>th</sup> of February 2020**

<b>COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 12 MONTHS 2019 .....</b>	<b>5</b>
<b>I. Consolidated Balance Sheet .....</b>	<b>5</b>
<b>II. Consolidated Income Statement .....</b>	<b>7</b>
<b>III. Total Income Consolidated Statement .....</b>	<b>8</b>
<b>IV. Consolidated Statement of Changes in Shareholders' Equity .....</b>	<b>9</b>
<b>V. Consolidated Cash Flow Statement .....</b>	<b>10</b>
<b>VI. Supplementary information .....</b>	<b>11</b>
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 Q4 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 12 Months 2019 .....	22
3.2. Property, Plant and Equipment .....	28
3.3. Asset due to the Right of Use .....	28
3.4. Investment Real Estate .....	29
3.5. Goodwill .....	29
3.6. Others Intangible Assets .....	29
3.7. Investment in Associates .....	30
3.8. Derivative Financial Instruments .....	31
3.9. Deferred Income Tax .....	32
3.10. Zapasy .....	33
3.11. Trade and Other Receivables .....	34
3.12. Long-term Contracts .....	34
3.13. Share Capital .....	35
3.14. Credits and Loans .....	37
3.15. Zobowiązania z tytułu leasingu .....	41
3.16. Provisions for Other Liabilities and Charges .....	42
3.17. Trade and Other Payables .....	42
3.18. Contingent Liabilities .....	43
3.19. Managerial Option Program for Members of the Management Board and Other Key Employees .....	44
3.20. Related-Party Transactions .....	44
3.21. Earnings per Share .....	46
4. Additional Notes .....	47
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 .....	47
4.2. Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results .....	49
4.3. Other Events in Q4 2019 .....	50
4.4. Events after the Balance Sheet Date not included in the Report .....	51
4.5. Commentary on Differences between Financial Results Presented in Annual Report and Results Forecast for the Given Year Published Before .....	51
4.6. Significant Legal, Arbitration or Administrative Proceedings .....	51
4.7. Information about Transactions with Related Parties on Terms Different from Market Condition .....	51
4.8. Information about Suretyships, as well as Guarantees Provided by the Issuer and Its Subsidiaries .....	51
4.9. Other Information Significant for the Assessment of Means and Employees, Financial Rating, Financial Results and Their Changes and Information Significant for the Assessment of the Possibility of the Execution of Obligations by the Issuer. ....	55

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 .....	56
5.1.	Revenues and Financial Results .....	56
5.2.	Sales Structure .....	58
5.3.	Comarch S.A. Stock Price Performance .....	63
5.4.	Events in the Fourth Quarter of 2019 that Greatly Impacted the Current Activities of the Comarch Group.....	64
5.5.	Events after the Balance Sheet Date that Greatly Impacted the Current Activities of the Comarch Group.....	64

**PLN  
154.5 million  
of operating  
profit**

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

**PLN 1,438  
million of  
sales  
revenue**

**Over  
6,300  
professionals  
employed**

**57  
companies  
worldwide**

**PLN 1.5  
billion of  
Comarch S.A.  
capitalisation  
on WSE**

**58.4% share of  
foreign sales in  
revenue from  
sales**

## COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 12 MONTHS 2019

### I. Consolidated Balance Sheet

ASSETS	Note	At 31 December 2019	At 1 January 2019*	At 31 December 2018
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	<a href="#">3.2</a>	539,604	551,063	551,063
Asset due to the right of use	<a href="#">3.3</a>	73,636	74,402*	-
Investment real estates	<a href="#">3.4</a>	36,587	32,683	32,683
Goodwill	<a href="#">3.5</a>	42,197	42,197	42,197
Other intangible assets	<a href="#">3.6</a>	57,399	59,447	59,447
Non-current prepayments		2,486	2,834	2,834
Investments in associates	<a href="#">3.7</a>	570	1,520	1,520
Other assets at fair value	<a href="#">3.8a</a>	2,739	935	935
Other investments		211	211	211
Deferred income tax assets	<a href="#">3.9</a>	34,002	35,045	35,045
Other receivables		8,891	20,906	20,906
		<b>798,322</b>	<b>821,243</b>	<b>746,841</b>
<b>CURRENT ASSETS</b>				
Inventories	<a href="#">3.10</a>	93,416	97,198	97,198
Trade and other receivables	<a href="#">3.11</a>	437,147	435,372	435,372
Current income tax receivables		3,407	2,555	2,555
Long-term contracts receivables	<a href="#">3.12</a>	193,773	134,800	134,800
Available-for-sale financial assets		-	-	-
Other financial assets at fair value – derivative financial instruments	<a href="#">3.8a</a>	4,923	3,264	3,264
Interest and shares		-	-	-
Cash and cash equivalents		322,718	245,915	245,915
		<b>1,055,384</b>	<b>919,104</b>	<b>919,104</b>
<b>Assets available-for-sale</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>1,853,706</b>	<b>1,740,347</b>	<b>1,665,945</b>

\*) In relation with the application on the 1<sup>st</sup> 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 31<sup>st</sup> of December, 2018, increased by PLN 74,402 thousand.

TOAL EQUITY AND LIABILITIES	Note	At 31 December 2019	At 1 January 2019*	At 31 December 2018
<b>EQUITY</b>				
<b>Capital and reserves attributable to the company's equity holders</b>				
Share capital	<a href="#">3.13</a>	8,133	8,133	8,133
Other capitals		143,041	143,041	143,041
Exchange differences		10,487	8,837	8,837
Net profit for the current period		115,592	30,616	30,616
Retained earnings		685,935	667,519	667,519
		<b>963,188</b>	<b>858,146</b>	<b>858,146</b>
Minority interest		18,596	17,962	17,962
<b>TOTAL EQUITY</b>		<b>981,784</b>	<b>876,108</b>	<b>876,108</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Credit and loans	<a href="#">3.14</a>	141,718	175,010	175,010
Other liabilities		4,998	9,801	9,801
Lease liability	<a href="#">3.15</a>	59,001	57,111*	-
Financial liabilities at fair value – derivative financial instruments	<a href="#">3.8b</a>	2,909	1,338	1,338
Other financial liabilities		-	410	410
Provision for deferred income tax	<a href="#">3.9</a>	47,012	43,625	43,625
Provisions for other liabilities and charges	<a href="#">3.16</a>	-	-	-
		<b>255,638</b>	<b>287,295</b>	<b>230,184</b>
<b>Current liabilities</b>				
Trade and other payables	<a href="#">3.17</a>	188,768	182,502	182,502
Current income tax liabilities		9,795	9,007	9,007
Long-term contracts liabilities	<a href="#">3.12</a>	172,637	163,818	163,818
Credit and loans	<a href="#">3.14</a>	41,091	40,267	40,267
Lease liability	<a href="#">3.15</a>	15,730	17,291*	-
Financial liabilities at fair value – derivative financial instruments	<a href="#">3.8b</a>	-	479	479
Other financial liabilities		4,009	328	328
Provisions for other liabilities and charges	<a href="#">3.16</a>	184,254	163,252	163,252
		<b>616,284</b>	<b>576,944</b>	<b>559,653</b>
<b>TOTAL LIABILITIES</b>		<b>871,922</b>	<b>864,239</b>	<b>789,837</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,853,706</b>	<b>1,740,347</b>	<b>1,665,945</b>

\*) In relation with the application on the 1<sup>st</sup> 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 31<sup>st</sup> of December, 2018, increased by PLN 74,402 thousand.

## II. Consolidated Income Statement

	Note	Q4 2019*	12 months 2019	Q4 2018	12 months 2018
<b>Revenue</b>		<b>416,901</b>	<b>1,437,867</b>	<b>420,300</b>	<b>1,369,619</b>
Cost of sales		(303,746)	(1,011,719)	(292,810)	(1,008,042)
<b>Gross profit</b>		<b>113,155</b>	<b>426,148</b>	<b>127,490</b>	<b>361,577</b>
Other operating income		9,693	33,815	2,082	20,160
Sales and marketing costs		(46,461)	(144,512)	(47,777)	(139,417)
Administrative expenses		(37,287)	(128,032)	(34,720)	(106,123)
Other operating expenses		3,058	(32,895)	(21,589)	(48,654)
<b>Operating profit</b>		<b>42,158</b>	<b>154,524</b>	<b>25,486</b>	<b>87,543</b>
Finance revenue - net		13,099	772	(5,888)	(13,951)
Share of profit / (loss) of associates		-	-	(7,131)	(11,112)
<b>Profit before income tax</b>		<b>55,257</b>	<b>155,296</b>	<b>12,467</b>	<b>62,480</b>
Income tax expense		(9,721)	(39,069)	(5,249)	(30,029)
<b>Net profit for the period</b>		<b>45,536</b>	<b>116,227</b>	<b>7,218</b>	<b>32,451</b>
Attributable to:					
<b>Shareholders of the parent company</b>		<b>45,913</b>	<b>115,592</b>	<b>8,154</b>	<b>30,616</b>
<i>Interests not entitled to control</i>		<i>(377)</i>	<i>635</i>	<i>(936)</i>	<i>1,835</i>
		<b>45,536</b>	<b>116,227</b>	<b>7,218</b>	<b>32,451</b>
<b>Earnings / (losses) per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)</b>					
– basic	<u>3.21</u>		14.21		3.76
– diluted	<u>3.21</u>		14.21		3.76

\*) Data for the fourth quarter of 2019 were calculated by subtraction of the data presented by the Group in the report for the 9 months of 2019 from the data for the 12 months of 2019.



**III. Total Income Consolidated Statement**

	Q4 2019*	12 months 2019	Q4 2018	12 months 2018
<b>Net profit / (loss) for the period</b>	<b>45,536</b>	<b>116,227</b>	<b>7,218</b>	<b>32,451</b>
<b>Other total income</b>				
Exchange differences from recalculation of subsidiaries	(3,930)	1,649	(542)	4,667
<b>Total other total income</b>	<b>(3,930)</b>	<b>1,649</b>	<b>(542)</b>	<b>4,667</b>
 <b>Sum of total income for the period</b>	 <b>41,606</b>	 <b>117,876</b>	 <b>6,676</b>	 <b>37,118</b>
Attributable to the parent company shareholders	41,982	117,242	7,612	35,284
Attributable to the interests not entitled to control	(376)	634	(936)	1,834

\*) Data for the fourth quarter of 2019 were calculated by subtraction of the data presented by the Group in the report for the 9 months of 2019 from the data for the 12 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		
<b>Balance at 1 January 2018</b>	<b>8,133</b>	<b>143,041</b>	<b>4,169</b>	<b>64,626</b>	<b>615,093</b>	<b>16,128</b>	<b>851,190</b>
Transferring result for 2017	-	-	-	(64,626)	64,626	-	-
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences <sup>(1)</sup>	-	-	4,668	-	-	(1)	4,667
Profit / (loss) for the period <sup>(2)</sup>	-	-	-	30,616	-	1,835	,32,451
Total income recognised in equity <sup>(1+2)</sup>	-	-	4,668	30,616	-	1,834	37,118
<b>Balance at 31 December 2018</b>	<b>8,133</b>	<b>143,041</b>	<b>8,837</b>	<b>30,616</b>	<b>667,519</b>	<b>17,962</b>	<b>876,108</b>
<b>Balance at 1 January 2019</b>	<b>8,133</b>	<b>143,041</b>	<b>8,837</b>	<b>30,616</b>	<b>667,519</b>	<b>17,962</b>	<b>876,108</b>
Transferring result for 2018	-	-	-	(30,616)	30,616	-	-
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences <sup>(1)</sup>	-	-	1,650	-	-	(1)	1,649
Profit for the period <sup>(2)</sup>	-	-	-	115,592	-	635	116,227
Total income recognised in equity <sup>(1+2)</sup>	-	-	1,650	115,592	-	634	117,876
<b>Balance at 31 December 2019</b>	<b>8,133</b>	<b>143,041</b>	<b>10,487</b>	<b>115,592</b>	<b>685,935</b>	<b>18,596</b>	<b>981,784</b>

Pursuant to the resolution of the Comarch S.A. Annual General Meeting held at the 26<sup>th</sup> 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 15<sup>th</sup> of July, 2019. As at the 30<sup>th</sup> 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 1<sup>st</sup> 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-Q4 2019 amounted to minus PLN 1,124 thousand.

**V. Consolidated Cash Flow Statement**

	12 months ended 31 December 2019	12 months ended 31 December 2018
<b>Cash flows from operating activities</b>		
Net profit	116,227	32,451
Total adjustments	92,709	136,830
Share in profits (losses) of subsidiaries valued using the equity method	-	11,112
Depreciation	84,714*	65,205
Profit (loss) from foreign exchange differences	3,157	(1,027)
Interest and profit sharing (dividends)	3,628	3,471
Profit (loss) on investing activities	(11,698)	(12,118)
Change in inventories	921	22,283
Change in receivables	(4,112)	(86,637)
Change in liabilities and provisions excluding credits and loans	16,099	134,508
Other adjustments	-	33
Net profit less total adjustments	208,936	169,281
Income tax paid	(38,988)	(29,799)
<b>Net cash generated (used) in operating activities</b>	<b>169,948</b>	<b>139,482</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(44,927)	(74,702)
Proceeds from sale of property, plant and equipment	4,055	5,037
Purchases of intangible assets	(9,933)	(11,861)
Proceeds from disposal of investment in real estate and intangible assets	10,397	9,934
Expenses for purchase of financial assets	-	(100)
Expenses for investment in real estates	(2,460)	(1,304)
Granted loans	-	(16,350)
Interest	338	312
Disposal of financial assets	3,355	6,485
Repayment of loans granted	1,900	10,870
Other proceeds from financial assets	1,928	-
Other investment expenses	-	-
<b>Net cash generated (used) in investing activities</b>	<b>(35,347)</b>	<b>(71,679)</b>
<b>Cash flows from financing activities</b>		
Dividends and other payments to owners	(12,200)	(12,200)
Proceeds from credits and loans	10,774	45,942
Repayments of credits and loans	(42,009)	(61,998)
Interest on credit	(2,863)	(3,361)
Interest on received loans	(431)	-
Granted loans	(23)	(1,891)
Proceeds from repaid loans	2,050	1,097
Proceeds from interest on loans	121	47
Payment of liabilities under finance lease agreements	(19,536)	(168)
Other financial proceeds	5,732	714
Other financial expenses	-	(1,048)
<b>Net cash generated (used) in financing activities</b>	<b>(58,385)</b>	<b>(32,866)</b>
<b>Net change in cash, cash equivalents and bank overdrafts</b>	<b>76,216</b>	<b>34,937</b>
Cash, cash equivalents and bank overdrafts at beginning of the period	245,906	207,925
Positive (negative) exchange differences in cash and bank overdrafts	590	3,044

<b>Cash, cash equivalents and bank overdrafts at end of the period</b>	<b>322,712</b>	<b>245,906</b>
<i>- including limited disposal</i>	<i>2,985</i>	<i>3,550</i>

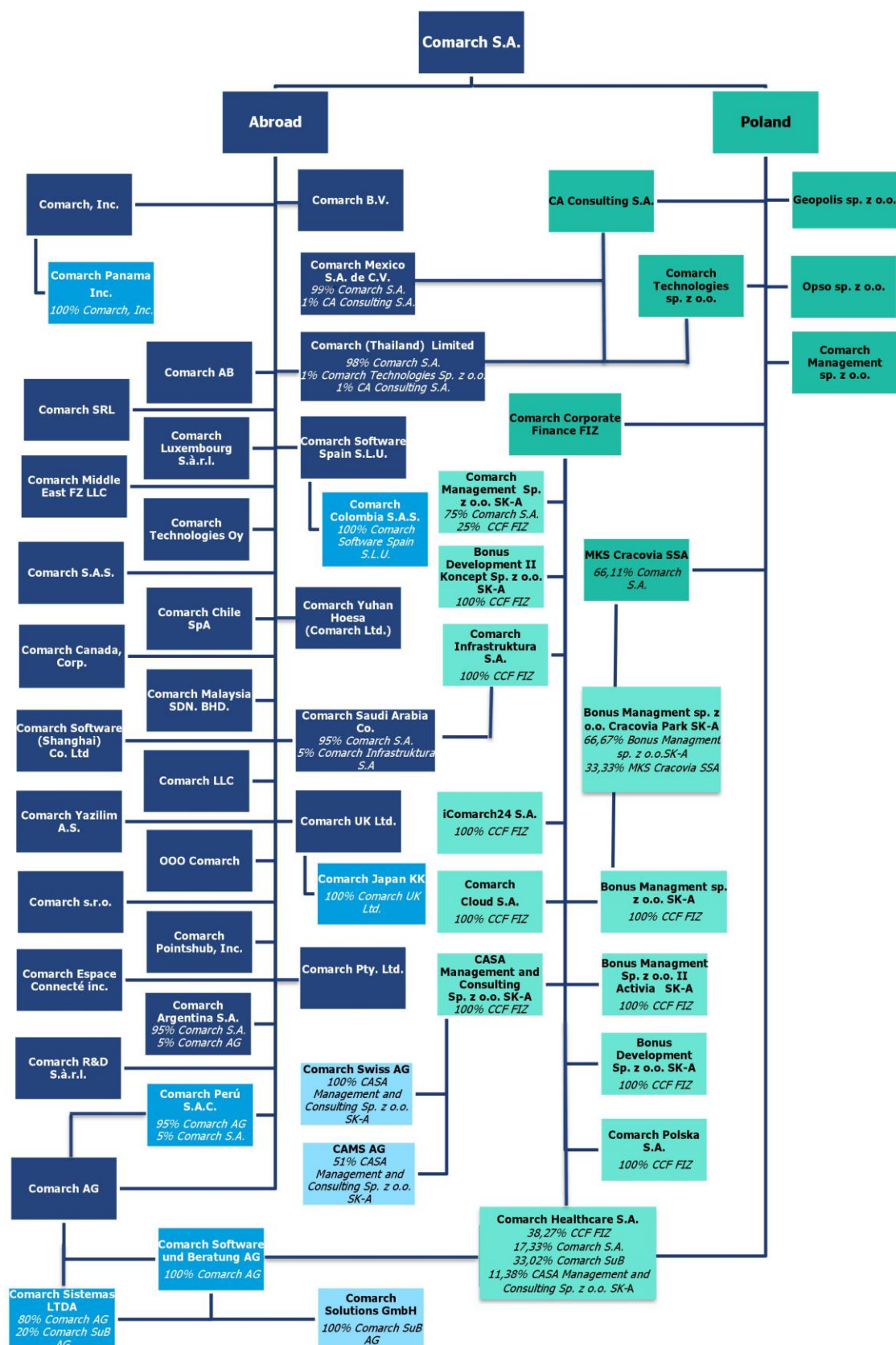
*\*) It comprises depreciation of asset due to right for use resulting from applying IFRS 16 in the amount of PLN 18,629.*

## 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 31<sup>st</sup> of December, 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).

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 Infrastuktura24 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 Q4 2019**

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

On the 8<sup>th</sup> of November, 2019, a resolution was passed to increase the share capital at Comarch Pty. Ltd (Australia) from AUD 100 (i.e. PLN 266) to AUD 100 100 (i.e. PLN 266 506).

On the 13<sup>th</sup> of November, 2019, the general meeting of shareholders of Comarch Peru S.A.C. passed a resolution to increase the share capital of Comarch Peru S.A.C. by PEN 1,435,000 (i.e. PLN 1,643,362) from the amount of PEN 165,000 (i.e. PLN 188,958) to the amount of PEN 1,600,000 (PLN 1,832,320) as a result of a contribution from Comarch AG and Comarch SA. As a result, Comarch AG owns 95% shares / votes (1,425,000 shares) and Comarch S.A. 5% shares / votes (75,000 shares) at the general meeting of shareholders of Comarch Peru S.A.C.. The above capital increase was registered on the 7<sup>th</sup> of January, 2020.

On the 25<sup>th</sup> of November, 2019, the capital of Comarch S.A.S. was changed up to the amount of EUR 1,000,000 (i.e. PLN 4,258,500) after a simultaneous reduction and increase of capital.

On the 6<sup>th</sup> of December, 2019, Comarch Pointshub Inc. has concluded a contract for the sale of shares in an associate, Thanks Again LLC. The contract value was USD 500,000 (i.e. PLN 1,898,850 PLN). As a result of the transaction, Thanks Again LLC as at the 31<sup>th</sup> of December, 2019 was not an associated company with the parent company.

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

On the 10<sup>th</sup> of February, 2020, the share capital of Comarch Pty. Ltd. was increased from the amount AUD 100,100 (i.e. PLN 266,506) to AUD 1,300,100 (i.e. PLN 3,461,386), i.e. by AUD 1,200,000 (i.e. PLN 3,194,880).

On the 21<sup>st</sup> of February 2020, has been registered the capital increase in Comarch BV from the amount of EUR 200,000 (i.e. PLN 851,700) to the amount of EUR 500,00 (i.e. PLN 2,129,250), i.e. by EUR 300,000 (i.e. PLN 1,277,550).



## **2. Description of the Applied Accounting Principles**

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 12 months ended the 31<sup>st</sup> of December, 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 12 months ended the 31<sup>st</sup> of December, 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 31<sup>st</sup> 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 12 months ended the 31<sup>st</sup> of December, 2019, does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the year ended the 31<sup>st</sup> of December, 2018 (notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31<sup>st</sup> of December, 2018).

The Interim Consolidated Financial Statement for the 12 months ended the 31<sup>st</sup> of December, 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 12 months ended the 31<sup>st</sup> of December, 2019, is prepared in thousands of Polish zloty ("PLN") and was authorized for issuance by the Management Board on the 28<sup>th</sup> of February, 2020.

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

#### **■ IFRS 16 Leasing**

The IFRS 16 standard was published on the 13<sup>th</sup> of January, 2016, and is effective for annual periods beginning on or after 1<sup>st</sup> 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 1<sup>st</sup> 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 1,500 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 1<sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> 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, 31<sup>st</sup> of December, 2019, the value of the right to use assets in the Group amounted to PLN 73,636 thousand and the value of lease liabilities PLN 74,731 thousand. The value of depreciation from the asset due to the right of use in 2019 amounted to PLN 18,629 thousand. The value of interest on leasing liabilities in 2019 amounted to PLN 2,310 thousand.

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

	At 31 December 2019- published data	At 31 December 2019- without IFRS 16
<b>Impact on the balance sheet</b>		
<b>Total assets</b>	<b>1,853,706</b>	<b>1,780,520</b>
Fixed assets	798,322	725,136
Asset due to the right of use	73,636	-
<b>Liabilities Total</b>	<b>1,853,706</b>	<b>1,780,520</b>
Total liabilities, including:	871,922	797,612
<i>Long-term liabilities</i>	<i>255,638</i>	<i>197,284</i>
<i>Current liabilities</i>	<i>616,284</i>	<i>600,328</i>
Lease liabilities, including:	74,731	-
<i>Long-term liabilities</i>	<i>59,001</i>	-
<i>Current liabilities</i>	<i>15,730</i>	-
<b>Equity attributable to the Company's shareholders</b>	<b>963,188</b>	<b>964,312</b>
<b>Impact on the profit and loss account</b>		
<b>Depreciation, including:</b>	<b>84,714</b>	<b>66,438</b>
<i>Depreciation of the right to use</i>	<i>18,629</i>	-
<b>Net profit, including</b>	<b>116,227</b>	<b>117,351</b>
<b>Net profit attributable to the company's shareholders</b>	<b>115,592</b>	<b>116,716</b>
<b>Impact on the profit and loss account</b>		
<b>Cash flow together</b>	<b>76,216</b>	<b>76,216</b>
Net cash flow from operating activities	169,948	150,807
Net cash flow from investing activities	(35,347)	(35,347)
Net cash flow from financing activities	(58,385)	(39,244)

Depreciation of assets under the right of use	12 months ended 31 December 2019
Leasing of means of transport and computer equipment	774
Rent	17,592
Perpetual usufruct	263

**Depreciation of assets under the right of use****18,629**

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 2019 amounted to approx. PLN 2,700.

**■ IFRS 9 "Financial instruments"**

The standard approved in the EU on 22<sup>nd</sup> of November, 2016, (effective for annual periods beginning on 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 18<sup>th</sup> 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 11<sup>th</sup> of September, 2014 (the adoption of the change has been halted),

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

**IFRIC 23 "Uncertainty over Income Tax Treatments"** – published on the 7<sup>th</sup> of June, 2017,

**Amendments to IFRS 28: Long-term Interests in Associates and Joint Ventures**, published on the 12<sup>th</sup> 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 12<sup>th</sup> of December, 2017,

**Amendments to IAS 19: Change, limitation and settlement of the program**, published on the 7<sup>th</sup> 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 12 months ended the 31<sup>st</sup> of December, 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 12 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 12 months of 2019 the share of none of the customer exceeded 10% of total sales of the Comarch Group.



Over 2019, Comarch Group revenue structure was as follows: 23% of annual sales were achieved in the first quarter, 23% in the second quarter, 25% in the third quarter and 29% in the fourth quarter. Over 2019, the Group expects the distribution of sales revenue similar to that of 2019.

12 months ended 31 December 2018	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
<b>Revenues per segment - sales to external clients</b>	<b>764,943</b>	<b>292,001</b>	<b>267,882</b>	<b>4,465</b>	<b>35,151</b>	<b>11,386</b>	<b>-</b>	<b>1,375,828</b>
<i>including:</i>								
<b>Revenues from sales</b>	<b>773,996</b>	<b>290,173</b>	<b>266,909</b>	<b>5,503</b>	<b>21,333</b>	<b>11,705</b>	<b>-</b>	<b>1,369,619</b>
<i>To customers in Telecommunication, Media, IT sector</i>	<i>124,558</i>	<i>80,384</i>	<i>111,474</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>316,416</i>
<i>To customers in Finance and Banking sector</i>	<i>151,416</i>	<i>37,935</i>	<i>15,181</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>204,532</i>
<i>To customers in Trade and services sector</i>	<i>58,934</i>	<i>33,985</i>	<i>109,487</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>202,406</i>
<i>To customers in Industry&amp;Utilities</i>	<i>76,798</i>	<i>28,983</i>	<i>27,755</i>	<i>4,808</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>138,344</i>
<i>To customers in Public sector</i>	<i>181,131</i>	<i>9,316</i>	<i>2,553</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>193,000</i>
<i>To customers in small and medium enterprises sector</i>	<i>160,874</i>	<i>99,568</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>260,442</i>
<i>To customers in Medicine sector</i>	<i>15,646</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>11,705</i>	<i>-</i>	<i>27,351</i>
<i>To other customers</i>	<i>4,639</i>	<i>2</i>	<i>459</i>	<i>695</i>	<i>21,333</i>	<i>-</i>	<i>-</i>	<i>27,128</i>
<i>Other operating revenue</i>	<i>1,153</i>	<i>1,532</i>	<i>3,503</i>	<i>51</i>	<i>13,600</i>	<i>321</i>	<i>-</i>	<i>20,160</i>
<i>Finance revenue</i>	<i>(10,206)</i>	<i>296</i>	<i>(2,530)</i>	<i>(1,089)</i>	<i>218</i>	<i>(640)</i>	<i>-</i>	<i>(13,951)</i>
Revenues per segment - sales to other segments	436,644	39,855	36,068	7,582	8,543	2,161	(530,853)	-
<b>Revenues per segment - total*</b>	<b>1,201,587</b>	<b>331,856</b>	<b>303,950</b>	<b>12,047</b>	<b>43,694</b>	<b>13,547</b>	<b>(530,853)</b>	<b>1,375,828</b>
Costs per segment relating to sales to external clients	715,882	246,208	290,030	5,995	29,969	14,152	-	1,302,236
Costs per segment relating to sales to other segments	436,644	39,855	36,068	7,582	8,543	2,161	(530,853)	-
<b>Costs per segment - total*</b>	<b>1,152,526</b>	<b>286,063</b>	<b>326,098</b>	<b>13,577</b>	<b>38,512</b>	<b>16,313</b>	<b>(530,853)</b>	<b>1,302,236</b>
Current taxes	(10,606)	(16,334)	(6,422)	(226)	(586)	-	-	(34,174)
Assets for the tax due to investment allowances and other tax relief	4,966	(3,344)	1,737	49	737	-	-	4,145
Share of segment in the result of parties valued using the equity method of accounting	(333)	-	(10,779)	-	-	-	-	(11,112)
<b>Net result</b>	<b>43,088</b>	<b>26,115</b>	<b>(37,612)</b>	<b>(1,707)</b>	<b>5,333</b>	<b>(2,766)</b>	<b>-</b>	<b>32,451</b>
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	<i>43,088</i>	<i>26,115</i>	<i>(37,612)</i>	<i>(1,700)</i>	<i>3,491</i>	<i>(2,766)</i>	<i>-</i>	<i>30,616</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(7)</i>	<i>1,842</i>	<i>-</i>	<i>-</i>	<i>1,835</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.

Aktywa i zobowiązania segmentów na dzień 31 grudnia 2018 r. oraz wydatki inwestycyjne i amortyzacja w okresie 12 miesięcy 2018 roku przedstawiają się następująco:

The following table presents the assets and liabilities of particular segments as at the 31<sup>st</sup> of December, 2019, as well as investment expenditures and depreciation in during 12 months of 2018:

**31 December 2018 / 12 months ended 31 December 2018**

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	938,951	216,790	300,800	137,797	65,962	5,645	<b>1,665,945</b>
Liabilities	546,112	73,378	116,556	32,535	20,027	1,229	<b>789,837</b>
Investment expenditures	61,696	6,783	10,009	19,274	5,050	1,505	<b>104,317</b>
Depreciation	45,723	5,528	4,549	2,255	4,256	2,894	<b>65,205</b>

12 months ended 31 December 2019	It Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
<b>Przychody segmentu–sprzedaż klientom zewnętrznym</b>	<b>789,005</b>	<b>291,803</b>	<b>339,847</b>	<b>1,720</b>	<b>37,973</b>	<b>12,106</b>	<b>-</b>	<b>1,472,454</b>
<i>w tym:</i>								
<b>Przychody ze sprzedaży:</b>	<b>781,275</b>	<b>289,032</b>	<b>325,850</b>	<b>1,961</b>	<b>29,404</b>	<b>10,345</b>	<b>-</b>	<b>1,437,867</b>
<i>na rzecz klientów z sektora Telekomunikacja, Media, IT</i>	146,127	80,815	107,456	-	-	-	-	334,398
<i>na rzecz klientów z sektora Finanse i Bankowość</i>	146,227	35,925	9,272	-	-	-	-	191,424
<i>na rzecz klientów z sektora Handel i Usługi</i>	69,422	26,995	155,556	-	-	-	-	251,973
<i>na rzecz klientów z sektora Przemysł i Utilities</i>	92,125	34,336	52,063	-	-	-	-	178,524
<i>na rzecz klientów z Sektora Publicznego</i>	121,856	10,534	-	-	-	-	-	132,390
<i>na rzecz Małych i Średnich Przedsiębiorstw</i>	190,475	100,411	-	-	-	-	-	290,886
<i>na rzecz klientów z sektora Medycyna</i>	14,114	15	1,449	-	-	10,345	-	25,923
<i>na rzecz pozostałych klientów</i>	929	1	54	1,961	29,404	-	-	32,349
<i>pozostałe przychody operacyjne</i>	3,403	3,718	16,567	185	8,562	1,380	-	33,815
<i>przychody finansowe</i>	4,327	(947)	(2,570)	(426)	7	381	-	772
Przychody segmentu–sprzedaż pozostałym segmentom	347,299	31,252	41,990	7,734	8,291	2,394	(438,960)	-
<b>Przychody segmentu ogółem*</b>	<b>1,136,304</b>	<b>323,055</b>	<b>381,837</b>	<b>9,454</b>	<b>46,264</b>	<b>14,500</b>	<b>(438,960)</b>	<b>1,472,454</b>
Koszty segmentu d/t sprzedaży klientom zewnętrznym	712,455	251,970	300,663	3,976	35,798	12,296	-	1,317,158
Koszty segmentu d/t sprzedaży pozostałym segmentom	347,300	31,252	41,989	7,735	8,291	2,393	(438,960)	-
<b>Koszty segmentu ogółem*</b>	<b>1,059,755</b>	<b>283,222</b>	<b>342,652</b>	<b>11,711</b>	<b>44,089</b>	<b>14,689</b>	<b>(438,960)</b>	<b>1,317,158</b>
Podatek bieżący	(11,316)	(11,932)	(10,761)	(167)	(463)	-	-	(34,639)
Aktywa i rezerwa na podatek z tytułu ulgi inwestycyjnej i pozostałych tytułów	(2,991)	895	(2,256)	(44)	(34)	-	-	(4,430)
Udział segmentu w wyniku jednostek wycenianych metodą prawa własności	-	-	-	-	-	-	-	-
<b>Wynik netto</b>	<b>62,242</b>	<b>28,796</b>	<b>26,168</b>	<b>(2,468)</b>	<b>1,678</b>	<b>(189)</b>	<b>-</b>	<b>116,227</b>
<i>w tym:</i>								
<i>wynik przypadający akcjonariuszom jednostki dominującej</i>	62,242	28,796	26,168	(2,462)	1,037	(189)	-	115,592
<i>wynik przypadający udziałom nie dającym kontroli</i>	-	-	-	(6)	641	-	-	-

\*) 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 31<sup>st</sup> of December, 2019, as well as investment expenditures and depreciation in during 12 months of 2019:

**31 December 2019 / 12 months ended 31 December 2019**

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	1,020,301	252,550	331,742	148,889	82,791	17,433	<b>1,853,706</b>
Liabilities	584,446	88,933	134,513	33,873	29,461	696	<b>871,922</b>
Investment expenditures	28,275	2,672	8,712	4,924	12,045	692	<b>57,320</b>
Depreciation	57,623	9,457	9,503	3,313	4,421	397	<b>84,714</b>

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

**Revenues from basic sales - activities location**

	12 months ended 31 December 2019		%	12 months ended 31 December 2018	
Poland	822,985	57.2		812,537	59.3
DACH region	289,032	20.1		290,173	21.2
Other countries	325,850	22.7		266,909	19.5
<b>Total</b>	<b>1,437,867</b>	<b>100.0</b>		<b>1,369,619</b>	<b>100.0</b>

**Assets – activities location**

	31 December 2019		%	31 December 2018	
Poland	1,269,414	68.48		1,148,355	68.93
DACH region	252,550	13.62		216,790	13.01
Other countries	331,742	17.90		300,800	18.06
<b>Total</b>	<b>1,853,706</b>	<b>100.00</b>		<b>1,665,945</b>	<b>100.0</b>

**Investment expenditures – activities location**

	12 months ended 31 December 2019	%	12 months ended 31 December 2018	%
Poland	45,936	80.13	87,525	83.90
DACH region	2,672	4.66	6,783	6.50
Other countries	8,712	15.21	10,009	9.60
<b>Total</b>	<b>57,320</b>	<b>100.00</b>	<b>104,317</b>	<b>100.0</b>

**3.2. Property, Plant and Equipment**

	31 December 2019	31 December 2018
Lands and buildings	384,074	392,592
Means of transport and machinery	124,703	138,438
Property, plant and equipment under construction	20,073	9,652
Others	8,706	10,360
Advance money for property, plant and equipment under construction	2,048	21
<b>Total</b>	<b>539,604</b>	<b>551,063</b>

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31<sup>st</sup> of December, 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 31<sup>st</sup> of December, 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 10,568 thousand).

**3.3. Asset due to the Right of Use**

	At 31 December 2019	At 1 January 2019	At 31 December 2018
Leasing of means of transport and IT equipment	1,735	1 257	-
Rent	53,533	54 514	-
Perpetual usufruct	18,368	18 631	-
<b>Total</b>	<b>73 636</b>	<b>74,402</b>	<b>-</b>

The creation of an asset due to the right of use is a consequence of the application of IFRS 16 from the 1<sup>st</sup> of January, 2019. As at the 31<sup>st</sup> of December, 2019, the value of the asset due to the right of use amounted to PLN 73,636 thousand. The value of the asset due to the right of use as at the 1<sup>st</sup> of January, 2019, amounted to PLN 74,402 thousand. Value of depreciation of the asset due to the right of use in 2019 amounted to PLN 18,629 thousand.

### 3.4. Investment Real Estate

	31 December 2019	31 December 2018
Lands	5,143	3,603
Buildings	31,444	29,080
<b>Total</b>	<b>36,587</b>	<b>32,683</b>

As at the 31<sup>st</sup> of December, 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:

	31 December 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
<b>Total</b>	<b>42,197</b>	<b>42,197</b>

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

### 3.6. Others Intangible Assets

	31 December 2019	31 December 2018
Costs of finished development works	-	143
Perpetual usufruct right	37,559	39,219
Licences and software	15,315	15,368
Other	4,525	4,717

Advance money for intangible assets	-	-
<b>Total</b>	<b>57,399</b>	<b>59,447</b>

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 4,213 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 31<sup>st</sup> of December, 2019, the Group had shares in associates:

<b>At 1 January 2018</b>	<b>11,233</b>
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.	1,390
Share in profit of Thanks Again LLC	(10,770)
<b>At 31 December 2018</b>	<b>1,520</b>
<b>At 1 January 2019</b>	<b>1,520</b>
Granting loan to SoInteractive S.A.	300
Repayment of loan by SoInteractive S.A.	(1,250)
<b>At 31 December 2019</b>	<b>570</b>

As at the 31<sup>st</sup> of December, 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

	31 December 2019	31 December 2018
Forward foreign exchange contracts – held-for-trading	7,662	4,199
Transaction on change of IRS	-	-
	<b>7,662</b>	<b>4,199</b>
<i>Current portion</i>	4,923	3,264
<i>Non-current portion</i>	2,739	935

#### b) Liabilities

	31 December 2019	31 December 2018
Forward foreign exchange contracts – held-for-trading	-	451
Transaction on change of IRS	2,909	1,366
	<b>2,909</b>	<b>1,817</b>
<i>Current portion</i>	-	479
<i>Non-current portion</i>	2,909	1,338

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 31<sup>st</sup> of December, 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 31<sup>st</sup> of December, 2019, amounted to EUR 47,000 thousand and USD 12,400 thousand.

On the 9<sup>th</sup> of July, 2014, Comarch S.A. concluded a transaction on change of IRS for investment credit taken in June 2006 from BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 10 years, i.e. till the 29<sup>th</sup> of July, 2024. As at the 31<sup>st</sup> of December, 2019, valuation of the IRS transaction amounted to minus PLN 355 thousand

On the 23<sup>rd</sup> of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4<sup>th</sup> of December, 2013, from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30<sup>th</sup> of November, 2023. As at the 31<sup>st</sup> of December, 2019, valuation of the IRS transaction amounted to minus PLN 318 thousand

On the 20<sup>th</sup> of February, 2017, Comarch S.A. concluded a transaction on change of IRS for an investment credit granted in May 2016 by the Bank Handlowy 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 29<sup>th</sup> of February, 2028. As at the 31<sup>st</sup> of December, 2019, valuation of the IRS transaction amounted to minus PLN 1,346 thousand.

On the 27<sup>th</sup> of November, 2017, Bonus Development Sp. z o.o. SKA concluded a transaction on change of IRS for an investment credit taken on the 29<sup>th</sup> 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 31<sup>st</sup> of May, 2030. As at the 31<sup>st</sup> of December, 2019, valuation of the IRS transaction amounted to minus PLN 890 thousand

### 3.9. Deferred Income Tax

	31 December 2019	31 December 2018
<b>Deferred income tax assets</b>		
Temporary differences	19,370	19,166
Asset due to a tax loss	4,674	4,717
Asset due to activities in Special Economic Zone ("SEZ")	9,958	11,162
<b>Total</b>	<b>34,002</b>	<b>35,045</b>
<i>Charged to financial result</i>	<i>34,002</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 31<sup>st</sup> of December, 2017, at present, pursuant to the Decision of the 18<sup>th</sup> 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 23<sup>rd</sup> of July, 2013, The Council of Ministers adopted a regulation extending the term of functioning of special economic zones in Poland to 2026.

Pursuant to IAS 12, unused tax relief as at the 31<sup>st</sup> of December, 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 31<sup>st</sup> of December, 2017). Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 2,887 thousand as at the 31<sup>st</sup> of December, 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 31<sup>st</sup> of December, 2019, 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 30<sup>th</sup> of September, 2019 (after discounting at the permit date). The company has no intention to use the permit obtained in February 2016 due to the fact of receiving (after obtaining it), co-financing of investment outlays to be incurred in this permit - to eliminate the risk of using two forms of public aid related to one investment.

During the 2019, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31<sup>st</sup> of December, 2018, and worth PLN 4,757 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 4,961 thousand. An asset due to tax loss was recognized in the amount of PLN 43 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 161 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 2019, the Group settled an assets created for the zone operations in the amount of PLN 11,162 thousand which were created as at 31<sup>st</sup> of December, 2018 and at the same time created in the amount of PLN 9,958 thousand. 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 of 2019 results is minus PLN 1,043 thousand.

	31 December 2019	31 December 2018
<b>Provision for deferred income tax</b>		
Temporary differences	18,808	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	22,774	22,323
<b>Total</b>	<b>47,012</b>	<b>43,625</b>
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>41,582</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 451 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 5,357 thousand and dissolved in the amount of PLN 2,421 thousand. The total effect of the above-mentioned operations on the net result of 2019 was minus PLN 3,387 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 4,430 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. Zapasy

	31 December 2019	31 December 2018
Raw materials	2,456	2,009
Work in progress	78,432	85,285
Goods	11,761	9,259
Finished products	65	121
Advance due to finished products	702	524
<b>Total</b>	<b>93,416</b>	<b>97,198</b>

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 402,589 thousand (12 months ended the 31<sup>st</sup> of December, 2019), PLN 415,034 thousand (12 months ended the 31<sup>st</sup> of December, 2018).

In 2019, Comarch Group created write-offs that revaluated goods in the amount PLN 9 thousand and write-offs that revaluated materials and finished products in the amount PLN 96 thousand. The Group resolved write-offs revaluated goods and materials which had been created in the previous years in the amount of PLN 31 thousand.

**3.11. Trade and Other Receivables**

	31 December 2019	31 December 2018
Trade receivables - net	382,552	385,749
<i>Trade receivables</i>	441,937	446,693
<i>Write-off revaluating receivables</i>	(59,385)	(60,944)
Other receivables	27,201	35,948
Short-term prepayments	15,527	12,294
Other prepayments	110	132
Loans	11,702	167
Trade receivables and other receivables from related parties - net	55	1,082
<i>Trade receivables and other receivables from related parties</i>	6,542	7,799
<i>Write-off revaluating receivables</i>	(6,487)	(6,717)
<b>Total</b>	<b>437,147</b>	<b>435,372</b>
<i>Current portion</i>	437,147	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. As at the 31<sup>st</sup> of December, 2019, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 25,048 thousand and dissolved previously created write-offs worth PLN 21,110 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.

	12 months ended 31 December 2019	12 months ended 31 December 2018
Revenues from completed contracts recognized in the reporting period	62,583	68,049
Revenues from contracts not completed recognized in the reporting period	436,521	392,002
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IFRS 15	50,154	(10,772)
<b>Razem</b>	<b>549,258</b>	<b>449,279</b>

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 31<sup>st</sup> of December, 2018, and the 31<sup>st</sup> of December, 2019, are presented below:

	31 December 2019	31 December 2018
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	1,480,505	1,106,975
Issued invoices	(1,459,369)	(1,135,993)
<b>Total</b>	<b>21,136</b>	<b>(29,018)</b>

	Long-term contracts receivables	Long-term contracts liabilities	Net
<b>Value as at 1 January, 2018 before adjustment for the application of IFRS 15</b>	<b>40,349</b>	<b>(30,754)</b>	<b>9,595</b>
Correction of the value at 1 January 2018 due to IFRS 15	6,537	(34,378)	(27,841)
<b>Value as at 1 January, 2018 as adjusted for IFRS 15</b>	<b>46,886</b>	<b>(65,132)</b>	<b>(18,246)</b>
Correction of the current period (reversal of the adjustment due to the application of IFRS 15)	(4,107)	22,368	18,261
Correction of the current period	92,020	(121,053)	(29,033)
<b>Value as at 31 December, 2018</b>	<b>134,799</b>	<b>(163,817)</b>	<b>(29,018)</b>
Change	87,913	(98,685)	(10,772)
<b>Value as at 1 January, 2019</b>	<b>134,799</b>	<b>(163,817)</b>	<b>(29,018)</b>
Correction of the current period (reversal of the adjustment due to the application of IFRS 15)	(6,537)	25,184	18,647
Correction of the current period	65,511	(34,004)	31,507
<b>Value as at 31 December, 2019</b>	<b>193,773</b>	<b>(172,637)</b>	<b>21,136</b>
Change	58,974	(8,820)	50,154

### 3.13. Share Capital

	Number of shares	Ordinary and preference shares	Own shares	Total
<b>At 1 January 2018</b>	<b>8,133,349</b>	<b>8,133,349</b>	-	<b>8,133,349</b>
<b>At 31 December 2018</b>	<b>8,133,349</b>	<b>8,133,349</b>	-	<b>8,133,349</b>
<b>At 31 December 2019</b>	<b>8,133,349</b>	<b>8,133,349</b>	-	<b>8,133,349</b>

The nominal value of one share is PLN 1.

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

- 1) 864,800 series A registered preference shares,
- 2) 75,200 series A ordinary bearer shares,
- 3) 883,600 series B registered preference shares,
- 4) 56,400 series B ordinary bearer shares,
- 5) 3,008,000 series C ordinary bearer shares,

- 6) 1,200,000 series D ordinary bearer shares,
- 7) 638,600 series E ordinary bearer shares,
- 8) 125,787 series G ordinary bearer shares,
- 9) 102,708 series G3 ordinary bearer shares,
- 10) 563,675 series H ordinary bearer shares,
- 11) 441,826 series I2 ordinary bearer shares,
- 12) 91,041 series J2 ordinary bearer shares,
- 13) 73,953 series K3 ordinary bearer shares,
- 14) 7,759 series L1 ordinary bearer shares.

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

- a) disposal for the benefit of persons who were shareholders of the company on the 18<sup>th</sup> of March, 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession.
- 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 Q4 2019**

None present.

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

None present.

**3.14. Credits and Loans**

	31 December 2019	31 December 2018
<b>Non-current</b>		
Non-revolving credits	136,880	165,783
Revolving credits	-	-
Loans	4,838	9,227
	<b>141,718</b>	<b>175,010</b>
<b>Current</b>		
Non-revolving credits	36,386	32,893
Revolving credits	-	-
Loans	4,705	7,374
	<b>41,091</b>	<b>40,267</b>
<b>Total credits and loans</b>	<b>182,809</b>	<b>215,277</b>

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

In 2019, the value of drawdown credits and loans granted to entities outside the Group amounted to PLN 41,709 thousand (it was only non-revolving credits and loans). In 2019, the Comarch Group launched non-revolving bank loans and loans from entities outside the Comarch Group amounted to PLN 10,774 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
<b>At 31 December 2018</b>				
Credits and loans	40,267	126,877	48,133	<b>215,277</b>
<b>At 31 December 2019</b>				
Credits and loans	41,091	105,552	36,166	<b>182,809</b>

The maturity of non-current bank credits, loans and financial liabilities	31 December 2019	31 December 2018
Between 1 and 2 years	35,815	38,755
Between 2 and 5 years	69,737	88,122
Over 5 years	36,166	48,133
	<b>141,718</b>	<b>175,010</b>

Currency structure of the balance sheet values of credits, loans and financial liabilities	31 December 2019	31 December 2018
In Polish currency (PLN)	9,542	16,601
In EUR (equivalence in PLN)	173,267	198,676
	<b>182,809</b>	<b>215,277</b>

Effective interest rates at the balance sheet date	31 December 2019	31 December 2018
Bank credits	1.53%	1.61%
Loans	2.93%	2.56%

### 3.14.1. Non-Revolving Credits and Loans

Debtor / Subject of financing	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
<b>Comarch S.A.</b>  office buildings SSE4 in Krakow	BGŻ BNP Paribas Bank Polska S.A.	44,000	PLN	2,919  (3 563 as at the 31 <sup>st</sup> of December, 2018)	EUR	12,432  (15 320 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin  IRS till the 29 <sup>th</sup> of July, 2024	29 <sup>th</sup> 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
<b>Comarch S.A.</b>  office buildings SSE5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	902  (1,418 as at the 31 <sup>st</sup> of December, 2018)	EUR	3,839  (6,099 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin	29 <sup>th</sup> 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
<b>Comarch S.A.</b>  nonrevealing operating credit	Santander Bank Polska S.A. (previously Bank Zachodni WBK S.A.)	7,400	EUR	953  (1,910 as at the 31 <sup>st</sup> of December, 2018)	EUR	4,057  (8,212 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin  IRS till the 28 <sup>th</sup> of June, 2019	31 <sup>st</sup> 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
<b>Comarch S.A.</b>  office buildings SSE6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	6,507  (8,188 as at the 31 <sup>st</sup> of December, 2018)	EUR	27,711  (35,209 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin  IRS till the 30 <sup>th</sup> of November, 2023	30 <sup>th</sup> 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



<b>Comarch S.A.</b>	Bank Handlowy w Warszawie S.A.	13,333	EUR	12,920 (13,333 as at the 31 <sup>st</sup> of December, 2018)	EUR	55,018 (57,330 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin  IRS till the 29 <sup>th</sup> of February, 2028	29 <sup>th</sup> of February, 2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
<b>Comarch S.A.</b>	Bank Handlowy w Warszawie S.A.	2,508	EUR	0 (1,188 as at the 31 <sup>st</sup> of December, 2018)	EUR	0 (5,109 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin  IRS till the 30 <sup>th</sup> of September, 2019	30 <sup>th</sup> of September, 2019	declaration of submission to enforcement
<b>Comarch S.A.</b>	DNB Bank Polska S.A.	2,531	EUR	1,400 (1,751 as at the 31 <sup>st</sup> of December, 2018)	EUR	5,961 (7,529 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin	30 <sup>th</sup> 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
<b>Bonus Development Sp. z o.o. SK-A</b>	Bank Polska Kasa Opieki S.A.	9,262	EUR	6,680 (7,346 as at the 31 <sup>st</sup> of December, 2018)	EUR	28,449 (31,586 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin  IRS till the 31 <sup>st</sup> of May, 2030	31 <sup>st</sup> 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.
<b>Comarch S.A.S, Comarch S.A.</b>	BGŻ BNP Paribas Bank Polska S.A	8,000	EUR	4,908	EUR	20,900	PLN	EURIBOR3M + bank margin	18 <sup>th</sup> 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

Data centre in Lille in France				(6,218 as at the 31 <sup>st</sup> of December, 2018)		(26,736 as at the 31 <sup>st</sup> of December, 2018)				insurance policy of the SSE4 building
<b>Comarch S.A.</b>				3,499		14,899				
Comarch infrastructure modernization program	CaixaBank S.A. Oddział w Polsce	3,500	EUR	(1,399 as at the 31 <sup>st</sup> of December, 2018)	EUR	(6,016 as at the 31 <sup>st</sup> of December, 2018)	PLN	EURIBOR1M + bank margin	23 <sup>rd</sup> of August, 2023	Declaration of submission to enforcement
<b>Comarch S.A.</b>						4,850				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			(7,463 as at the 31 <sup>st</sup> of December, 2018)	PLN	fixed	1 <sup>st</sup> of March, 2022	-
<b>Comarch S.A.</b>						0				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	17,691	PLN			(766 as at the 31 <sup>st</sup> of December, 2018)	PLN	fixed	31 <sup>st</sup> of January, 2019	-
<b>Comarch Polska S.A.</b>						2 144				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			(2,991 as at the 31 <sup>st</sup> of December, 2018)	PLN	fixed	1 <sup>st</sup> of May, 2022	Comarch S.A. guarantee
<b>Comarch S.A.</b>						0				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,474	PLN			(737 as at the 31 <sup>st</sup> of December, 2018)	PLN	fixed	1 <sup>st</sup> of July, 2019	-
<b>Comarch S.A.</b>						1,944				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			(2,745 as at the 31 <sup>st</sup> of December, 2018)	PLN	fixed	1 <sup>st</sup> of May, 2022	-
<b>Comarch Polska S.A.</b>						0				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,200	PLN			(900 as at the 31 <sup>st</sup> of December, 2018)	PLN	fixed	1 <sup>st</sup> of September, 2019	Comarch S.A. guarantee
<b>Comarch S.A.</b>						0				
	IBM Global Financing Polska Sp. z o.o.	999	PLN				PLN	fixed	1 <sup>st</sup> of December, 2019	-

Delivery of IT equipment related to IT project realized by the Comarch Group						(999 as at the 31 <sup>st</sup> of December, 2018)				
<b>Comarch S.A.</b>						605				
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,814	PLN			(0 as at the 31 <sup>st</sup> of December, 2018)	PLN	fixed	1 <sup>st</sup> of May, 2020	-

### 3.14.2. Current Credit Lines

Spółka Comarch S.A. korzysta z następujących odnawialnych kredytów w rachunku bieżącym:

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 <sup>th</sup> 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 <sup>th</sup> of June, 2020	declaration of submission to enforcement
Comarch S.A.	mBank S.A.	Financing operating activities	10,000	PLN	0	PLN	WIBOR O/N + bank margin	17 <sup>th</sup> of March, 2020	declaration of submission to enforcement

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

### 3.15. Zobowiązania z tytułu leasingu

	31 December 2019	31 December 2018
Leasing of means of transport and IT equipment	1,744	1,257
Rent	54,297	54,514
Perpetual usufruct	18,690	18,631
<i>Current portion</i>	<i>15,730</i>	<i>17,291</i>
<i>Non-current portion</i>	<i>59,001</i>	<i>57,111</i>

**Total****74,731****74,402**

The value of leasing liabilities results from the implementation of IFRS 16 from the 1<sup>st</sup> of January, 2019. The value of lease liabilities as at the 1<sup>st</sup> 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	756	988	-	<b>1,744</b>
Rent	14,932	31,381	7,984	<b>54,297</b>
Perpetual usufruct	42	193	18,455	<b>18,690</b>
<b>Liabilities due to lease</b>	<b>15,730</b>	<b>32,562</b>	<b>26,439</b>	<b>74,731</b>

**3.16. Provisions for Other Liabilities and Charges**

	Costs related to current period that will be incurred in future	Provisions for costs of contracts	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for premiums	Total
<b>At 1 January 2018</b>	<b>3,927</b>	<b>13,755</b>	<b>19,657</b>	<b>28,973</b>	<b>66,102</b>	<b>132,414</b>
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)
<b>At 31 December 2018</b>	<b>3,743</b>	<b>12,006</b>	<b>40,419</b>	<b>29,541</b>	<b>77,543</b>	<b>163,252</b>
<b>At 1 January 2019</b>	<b>3,743</b>	<b>12,006</b>	<b>40,419</b>	<b>29,541</b>	<b>77,543</b>	<b>163,252</b>
Change:	2,526	3,135	(13,772)	4,032	25,081	21,002
<i>Provisions created</i>	18,847	18,366	16,191	23,336	107,086	183,826
<i>Provisions used and dissolved</i>	(16,321)	(15,231)	(29,963)	(19,304)	(82,005)	(162,824)
<b>At 31 December 2019</b>	<b>6,269</b>	<b>15,141</b>	<b>26,647</b>	<b>33,573</b>	<b>102,624</b>	<b>184,254</b>

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

**3.17. Trade and Other Payables**

	31 December 2019	31 December 2018
Trade payables	56,709	59,163
Advance payments received due to services	1,101	1,098
Trade payables and other liabilities to related parties	1	195
Liabilities due to social insurance and other tax charges	62,440	63,993

Investments liabilities	1,112	2,685
Liabilities due to remuneration	30,333	28,201
Revenues from the future periods	29,053	20,321
Other payables	6,327	5,063
Special funds (Social Services Fund and Residential Fund)	1,692	1,783
<b>Total</b>	<b>188,768</b>	<b>182,502</b>

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

### 3.18. Contingent Liabilities

On the 31<sup>st</sup> of December, 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 90,725 thousand, whereas it was PLN 81,163 thousand on the 31<sup>st</sup> of December, 2018.

On the 31<sup>st</sup> of December, 2019, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 0 thousand, whereas it was PLN 63 thousand on the 31<sup>st</sup> of December, 2018

On the 31<sup>st</sup> of December, 2019, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 392 thousand, i.e. PLN 1,668 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,673 thousand on the 31<sup>st</sup> of December, 2018

On the 31<sup>st</sup> of December, 2019, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 68 thousand, whereas it was EUR 16 thousand, i.e. PLN 69 thousand on the 31<sup>st</sup> of December, 2018.

Comarch S.A. declared a possibility to grant a financial support ("letters of comfort") for its subsidiaries: Comarch R&D S.à r.l. (valid for an indefinite period), Comarch Argentina S.A. (valid for an indefinite period), Comarch Malaysia SDN. BHD. (valid for an indefinite period), Comarch Healthcare S.A. (valid for an indefinite period and till 30<sup>th</sup> of June, 2020), Comarch Middle East FZ-LLC (valid for an indefinite period), Comarch Japan KK (valid for an indefinite period), Comarch SAS (valid for an indefinite period) and Comarch Polska S.A. (valid till 30<sup>th</sup> of June, 2020).

	31 December 2019	31 December 2018
<b>Granted credit lines for financing of current activities</b>		
(guarantees, letters of credit, credit lines in current account)		
Credit lines *	239,273	229,293
	<b>239,273</b>	<b>229,293</b>

\* 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 51,626 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31<sup>st</sup> of December, 2019, and are worth PLN 10,952 thousand. In 2019, Comarch Group created provisions for claims covered by legal proceedings in the amount of PLN 4,000 thousand and resolved provisions in this respect for the amount of PLN 504 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 34,599 thousand. Provisions for part of these claims presented in the balance sheet as at the 31<sup>st</sup> of December, 2019, and are worth PLN 6,854 thousand. In 2019, Comarch Group created provisions for matters in disputes, but not legal proceedings in the

amount of PLN 3,514 thousand and resolved provisions in this respect for the amount of PLN 10,994 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 280 thousand.

Due to the matters in disputes, but not legal proceedings in 2019 the Comarch Group created write-offs that revalue receivables in the amount of PLN 1,757 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

	12 months ended 31 December 2019	12 months ended 31 December 2018
<b>Revenues from sales of goods</b>		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
<b>Revenues from sales of services</b>		
SoInteractive S.A.	79	270
Thanks Again LLC	1,110	1,056
Metrum Capital S.A.	-	-
	<b>1,189</b>	<b>1,326</b>
	<b>1,189</b>	<b>1,326</b>

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

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

**3.20.2. Purchase of Goods and Services**

	12 months ended 31 December 2019	12 months ended 31 December 2018
<b>Purchases of goods</b>		
SoInteractive S.A.	73	-
Thanks Again LLC	-	-
	<b>73</b>	<b>-</b>
<b>Purchases of services</b>		
SoInteractive S.A.		
<i>Included in generation costs</i>	434	1,441
<i>Included in other costs</i>	27	1,341
	<b>461</b>	<b>2,782</b>
Thanks Again LLC		
<i>Included in generation costs</i>	-	31
<i>Included in other costs</i>	-	-
	<b>-</b>	<b>31</b>
<b>Total</b>	<b>534</b>	<b>2,813</b>

**3.20.3. Salda rozrachunków na dzień bilansowy powstałe w wyniku sprzedaży/zakupu towarów/usług**

	12 months ended 31 December 2019	12 months ended 31 December 2018
<b>Receivables from related parties</b>		
SoInteractive S.A.	52	213
Thanks Again LLC	3	3
	<b>55</b>	<b>216</b>
<b>Payables from related parties</b>		
SoInteractive S.A.	-	194
Thanks Again LLC	-	1
	<b>-</b>	<b>195</b>

**3.20.4. Transactions with Associates and Personally Related Entities**

	12 months ended 31 December 2019	12 months ended 31 December 2018
Purchases from personally related entities	4,380	4,414
Sales to personally related entities	1,578	4,998

Loans and interest on loans repaid by personally related entities	1,987	11,405
Loans and interest on loans granted to personally related entities	-	16,703**
Purchases from associates	534	2,813
Sales to associates	1,189	1,326
Loans and interest on loans repaid by associates	2,171	776
Loans and interest on loans granted to associates	300	1,520
Loans and other payments received from personally related entities	4,201*	-

\*)The item contains a payment from the person supervising Comarch S.A. to the company Bonus Management Sp. z o.o. SK-A.

\*\*)The item contains a loan in the amount of PLN 2,353 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

	31 December 2019	31 December 2018
Trade receivables from personally related parties	789	2,846
Loans receivables from personally related parties	11,239	12,780
Trade payables to personally related parties	952	457
Liabilities due to loans from personally related parties	4,009*	-

\*)This item contains the liability of Bonus Management Sp. z o.o. SK-A towards the supervisor of Comarch S.A.

### 3.21. Earnings per Share

	12 months ended 31 December 2019	12 months ended 31 December 2018
Net profit for the period attributable to equity holders of the Company	115,592	30,616
Weighted average number of shares in issue	8,133	8,133
<b>Basic earnings per share (PLN)</b>	<b>14.21</b>	<b>3.76</b>
Diluted number of shares	8,133	8,133
<b>Diluted earnings per share (PLN)</b>	<b>14.21</b>	<b>3.76</b>

Basic earnings per share in the column "12 months ended 31 December 2019" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1<sup>st</sup> of January, 2019, to the 31<sup>st</sup> of December, 2019, by the weighted average number of shares in issue between the 1<sup>st</sup> of January, 2019, to the 31<sup>st</sup> of December, 2019, where the number of days is the weight. Basic earnings per share in the column "12 months ended 31 December 2018" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1<sup>st</sup> of January, 2018, to the 31<sup>st</sup> of December, 2018, by the weighted average number of shares in issue between the 1<sup>st</sup> of January, 2018, to the 31<sup>st</sup> of December, 2018, where the number of days is the weight.

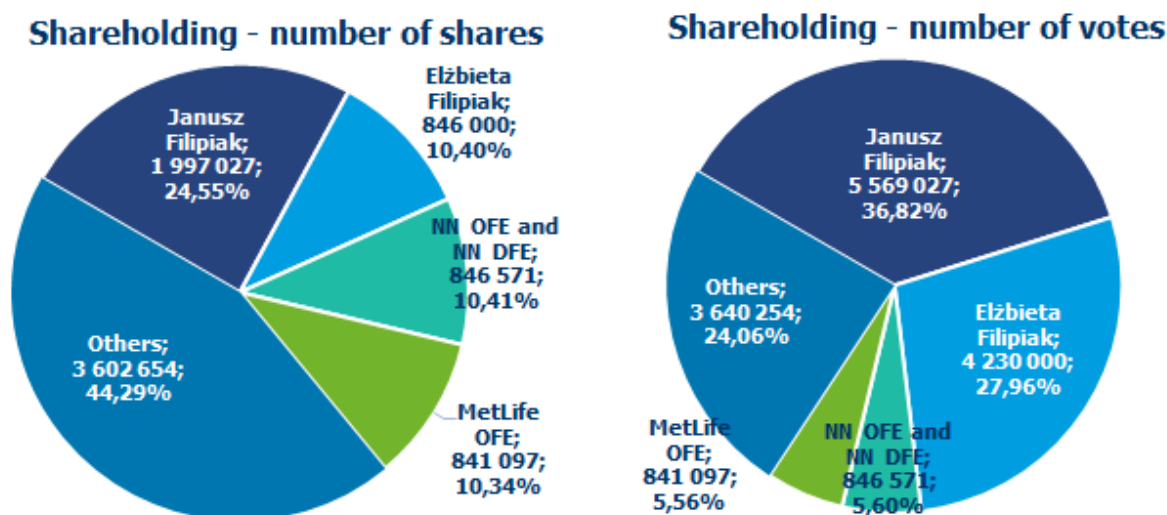


Diluted earnings per share in the column "12 months ended 31 December 2019" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1<sup>st</sup> of January, 2019, to the 31<sup>st</sup> of December, 2019, by the sum of the weighted average number of shares in issue between the 1<sup>st</sup> of January, 2019, to the 31<sup>st</sup> of December, 2019, where the number of days is the weight and diluted number of shares. Diluted earnings per share in the column "12 months ended 31 December 2018" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1<sup>st</sup> of January, 2018, to the 31<sup>st</sup> of December, 2018, by the sum of the weighted average number of shares in issue between the 1<sup>st</sup> of January, 2018, to the 31<sup>st</sup> of December, 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 28 February, 2020



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

On the 27<sup>th</sup> of January, 2020, 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 16<sup>th</sup> of April, 2014 on market abuse. The notification concerned the disposal of 335,926 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 198.00 per 1 share, which value amounted to PLN 66,513,348, on the 24<sup>th</sup> of January, 2020. The company announced details in current report no. [RB-2-2020](#) (ENG: [RB-2-2020](#)) dated on the 27<sup>th</sup> of January, 2020.

In addition, the Management Board of Comarch S.A. received a notification from Mrs. Elżbieta Filipiak pursuant to art. 69 clause 2 point 1) letter a) The Act on public offering and conditions for introducing financial instruments to organized trading, and on public companies on changing the share in the total number of votes in Comarch S.A. The current number of votes held by Mrs. Elżbieta Filipiak amounts to 4,230,000, i.e. 27.96% of total number of votes at the AGM. The company announced details in current report no. [RB-3-2020](#) (ENG: [RB-3-2020](#)) dated on the 27<sup>th</sup> of January, 2020.

#### 4.1.3. Changes in Significant Holdings of Comarch S.A. Shares from the Publication of the Last Periodical report, i.e. 15<sup>th</sup> November 2019

Entity	At 28 February 2020				At 15 November 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	846,000	10.40	4,230,000	27.96	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 15<sup>th</sup> November 2019 and 28<sup>th</sup> of February, 2020

W poniższej tabeli przedstawiono stan posiadania akcji Comarch S.A. przez osoby zarządzające i nadzorujące na dzień opublikowania skonsolidowanego raportu za trzy kwartały 2019 roku, tj. 15 listopada 2019 r. oraz w dniu 28 lutego 2020 r., zgodnie z posiadanymi przez Spółkę informacjami.

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the consolidated report for Q1-Q3 2019 was published, i.e. on the 15<sup>th</sup> of November, 2019, and on the 28<sup>th</sup> of February, 2020, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 28 February 2020		At 15 November 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	846,000	27.96	1,181,926	30.18
Marcin Dąbrowski*	Vice-President of the Management Board	n/a	n/a	0	0
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

\*) On the 29th of January, 2020, Marcin Dąbrowski resigned from the position of Vice President of the Management Board of Comarch S.A. with effect as of 29th of January, 2020.

## 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 2019, the Group settled in part a deferred tax asset related to temporary differences that was established as at the 31<sup>st</sup> of December, 2018, and worth PLN 4,757 thousand, as well as an asset due to temporary differences was recognised in the amount of PLN 4,961 thousand. An asset due to tax loss was dissolved in the amount of PLN 43 thousand. The total effect of changes in the deferred tax on the net result of the Comarch Group in 2019 amounted to +PLN 161 thousand. During 2019, the Group settled in part an asset created for the zone operations in the amount of PLN 11,162 thousand which was created as at 31<sup>st</sup> of December, 2018. At the same time, an asset was created in the amount of PLN 9,958 thousand as at 31<sup>st</sup> of December, 2019. The total impact of changes in assets on the Group's 2019 results is minus PLN 1,043 thousand.

W związku z wyceną wartości aktywów netto CCF FIZ dokonano w 2019 roku zwiększenia utworzonej w latach poprzednich rezerwy o kwotę 451 tys. PLN. Równocześnie dokonano utworzenia rezerwy na podatek odroczoney z tytułu różnic przejściowych w kwocie 5 357 tys. PLN i rozwiązania z tego samego tytułu w kwocie 2 421 tys. PLN. Łączny wpływ powyższych operacji na wynik netto w 2019 roku wyniósł -3 387 tys. PLN.

In 2019, related to valuation of net assets of CCF FIZ, a provision which was created in the previous years was increased by PLN 451 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 5,357 thousand and dissolved in the amount of PLN 2,421 thousand. The total effect of the all above-mentioned operations on the net result of 2019 amounted to minus PLN 3,387 thousand.

Total changes in deferred tax resulted in a decrease in net profit by PLN 4,430 thousand.

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

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

Różnice kursowe zrealizowane oraz wycena bilansowa różnic kursowych od należności i zobowiązań na dzień 31 grudnia 2019 r. zwiększyły przychody i wynik operacyjny Grupy Comarch o 789 tys. PLN (podczas gdy w analogicznym okresie 2018 roku zmniejszyły o 485 tys. PLN), natomiast różnice kursowe z pozostałych tytułów zmniejszyły wynik Grupy Comarch o 2 496 tys. PLN (podczas gdy w analogicznym okresie 2018 roku zmniejszyły o 8 770 tys. PLN). Natomiast wycena instrumentów finansowych oraz transakcje zrealizowane (głównie kontrakty typu forward) wraz z rezerwą na podatek odroczoney od ich wyceny, zwiększyły wynik netto Grupy o 7 697 tys. PLN (podczas gdy w analogicznym okresie 2018 zmniejszyły o 1 599 tys. PLN). Łączny wpływ różnic kursowych oraz wyceny i realizacji instrumentów pochodnych na wynik netto Grupy Comarch za rok 2019 wyniósł +5 990 PLN (-10 854 tys. PLN w 2018 roku).

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 31<sup>st</sup> of December, 2019, increased revenue and operating profit of Comarch Group by PLN 789 thousand (while in 2018 decreased by PLN 485 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 2,496 thousand (while in 2018 decreased by PLN 8,770 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments increased the Group's result by PLN 7,697 thousand (while in the corresponding period of 2018 decreased by PLN 1,599 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 2019 amounted to PLN 5,990 thousand (minus PLN 10,854 thousand in 2018).

#### **4.2.3. Creation of Write-offs for Bad Debts**

In 2019, the Group created impairment losses on trade receivables in the amount of PLN 25,048 thousand and dissolved previously created write-offs in the amount of PLN 21,110 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 12 months 2019 by PLN 24,203 thousand.

### **4.3. Other Events in Q4 2019**

#### **4.3.1. Dates of Periodical Financial Reports in 2020**

On the 3<sup>rd</sup> of January, 2020, in the current report no. [RB-1-2020](#) (ENG: [RB-1-2020](#)) Comarch S.A.'s Management Board set dates of periodical financial reports in 2020:

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

- 1) Q4 2019 - on 28<sup>th</sup> of February, 2020
- 2) Q1 2020 - on 15<sup>th</sup> of May, 2020
- 3) Q2 2020 - Pursuant to §79 sec. 2 of the Regulation issued by the Minister of Finance concerning current and periodical information pertaining to companies traded on the stock exchange and on the conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, Comarch S.A. will not publish quarterly report for the second quarter of 2020
- 4) Q3 2020 - on 17<sup>th</sup> of November, 2020.

ANNUAL AND HALF-YEAR REPORTS:

- 1) Annual report for 2019 - on 29<sup>th</sup> of April, 2020
- 2) Consolidated annual report for 2019 - on 29<sup>th</sup> of April, 2020
- 3) Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2020 - on 28<sup>th</sup> of August, 2020.

#### **4.3.2. 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 8<sup>th</sup> of November, 2019, about the conclusion on the 8<sup>th</sup> 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 27<sup>th</sup> of August, 2019. The provisions of the Settlement meet the assumptions included in the above mentioned agreement.

#### **4.3.3. 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 13<sup>th</sup> of November, 2019, about receiving on the 13<sup>th</sup> 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. Events after the Balance Sheet Date not included in the Report

##### 4.4.1. Resignation of the Managing Person

The Management informed in the current report no. [RB-4-2020](#) (ENG: [RB-4-2020](#)) dated on the 29<sup>th</sup> of January, 2020, that Mr. Marcin Dąbrowski, head of the telecommunication sector resigned from the position of the Vice-President of the Management Board of Comarch S.A. with effect from 29<sup>th</sup> of January, 2020.

##### 4.4.2. Forward Contracts Concluded after the Balance Sheet Date

Between the 1<sup>st</sup> of January, 2020, and the 28<sup>th</sup> of February, 2020, Comarch Group concluded new forward contracts. The total net value of open forward contracts as of the 28<sup>th</sup> of February, 2020, amounted to EUR 46,600 thousand and USD 18,200 thousand. The contracts will be settled within 31 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.

#### 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 or for fourth 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 51,626 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 34,599 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 sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11<sup>th</sup> of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1<sup>st</sup> of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31<sup>st</sup> of December, 2021.
- 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

forementioned 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 15<sup>th</sup> of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15<sup>th</sup> of May, 2020.
- 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 31<sup>st</sup> 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 31<sup>st</sup> 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. o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28<sup>th</sup> of June, 2030.
- 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 31<sup>st</sup> 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 14<sup>th</sup> of September, 2021.
- 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.
- W związku z zawarciem przez COMARCH Middle East FZ-LLC spółkę zależną Comarch SA, umowy z jednym z klientów na wdrożenie, serwisowanie i dostarczenie potrzebnych licencji CLM, zostało udzielone przez Comarch SA poręczenie za zobowiązania spółki zależnej COMARCH Middle East FZ-



LLC wynikające z tej umowy. Poręczenie jest ważne przez czas trwania umowy, a jej wartość wynosi 3 155 tys. USD.

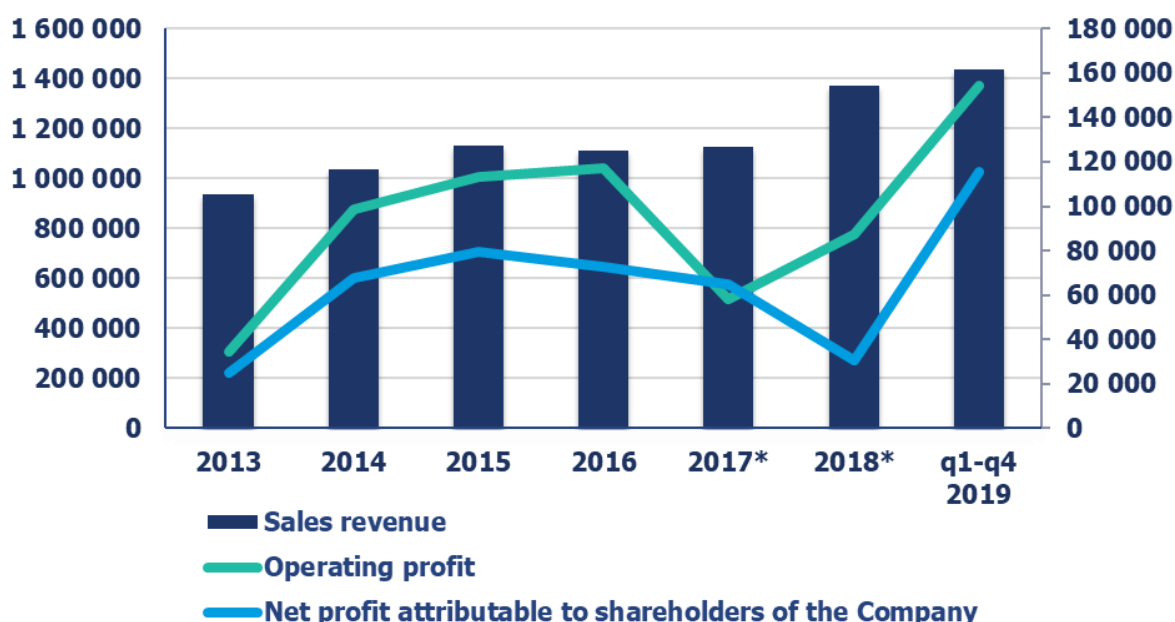
- Due to conclusion of a contract by COMARCH Middle East FZ-LLC , a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses CLM, a surety for liabilities of COMARCH Middle East FZ-LLC was granted to the amount of USD 3,155 thousand by Comarch S.A. 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.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for delivery of BSSv7 platform, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 11,175 thousand by Comarch S.A. and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Swiss AG, a subsidiary of Comarch S.A., the contract for implementation of Convergent Billing together with license, a surety for liabilities of Comarch Swiss AG was granted to the amount of CHF 12,144 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 1<sup>st</sup> of January, 2018, the Group started to apply the principles resulting from IFRS 15. For comparative purposes, the data for 2017 were also transformed in accordance with IFRS 15.

In the fourth quarter of 2019, the Comarch Group generated sales revenue of PLN 416,901 thousand, similar to that achieved in the fourth quarter of 2018 (a change of minus PLN 3,399 thousand, i.e. - 0.8%). Operating profit amounted to PLN 42,158 thousand and was higher by PLN 16,672,000, i.e. by 65.4% than in the fourth quarter of 2018. Net result attributable to the shareholders of the parent company in the fourth quarter of 2019 amounted to PLN 45,913 thousand and was higher by PLN 37,759 thousand, i.e. by 463.1% than in the fourth quarter of 2018. EBIT margin in the reported period was +10.1%, while net margin + 11%. In the fourth quarter of 2019, the Comarch Group generated EBITDA of PLN 63,154 thousand, higher by PLN 20,023 thousand, i.e. by 46.4% than in the corresponding period of the previous year.

The profitability of the Comarch Group's operations in the fourth quarter of 2019 significantly improved compared to the comparable period of the previous year. The results achieved by the Comarch Group in the fourth quarter of 2019 were affected, among others, by:

- increase in domestic sales revenue (of PLN 11,473,000, i.e. 6.7% compared to the fourth quarter of the previous year), which was the result of very good business development in the ERP area, as well as the implementation of new contracts in the public sector,
- decrease in foreign sales revenue, which amounted to PLN 14,872 thousand, (i.e. 6%) compared to the fourth quarter of 2018. This is mainly due to lower sales revenue to customers in the telecommunications and financial and banking sector,
- increase in operating expenses as a result of wage pressure in the IT sector as well as the introduction of contributions to PPK - the basic wage fund in the Comarch Group in the reporting period increased by 11.1% compared to the fourth quarter of 2018,
- dissolving and creating write-offs for bad debts mainly related to operations in the Middle East and South America, which increased the Group's operating result in the fourth quarter of 2019 by PLN 7,301 thousand,

- the application of the IFRS 15 accounting standard, as a result of which a portion of the revenues derived from the sales of Comarch software licenses is settled over time, in accordance with the stage of completion of the projects. The value of this adjustment in the fourth quarter of 2019 was +PLN 103 thousand,
- occurrence of negative exchange rate differences on the balance sheet valuation of receivables and liabilities related to the strengthening of the PLN exchange rate against foreign currencies in the fourth quarter of 2019, which reduced the operating result in the period in question by PLN 4,952 thousand,
- occurrence of a positive balance sheet valuation of financial instruments, loans and borrowings in foreign currencies as well as leasing liabilities valued in accordance with IFRS 16, which value in the reporting period amounted to +PLN 9,902 thousand.

In 2019, the Comarch Group generated sales revenue of PLN 1,437,867 thousand. They were higher by PLN 68,248 thousand, i.e. by 5% than in 2018. Operating result amounted to PLN 154,524 thousand and was higher by PLN 66,981 thousand, i.e. by 76.5% than achieved in 2018. Net result attributable to the shareholders of the parent company amounted to PLN 115,592 thousand and was higher by PLN 84,976 thousand, i.e. by 277.6% than in 2018. EBIT margin in the reported period was +10.7%, while net profitability +8%. In the reporting period, the Comarch Group generated EBITDA of PLN 239,238 thousand, higher by PLN 86,490 thousand, i.e. by 56.6% compared to the same period of the previous year.

The results achieved by the Comarch Group in 2019 were affected, among others, by:

- increase in foreign sales revenue, which amounted to PLN 102,474 thousand (i.e. of 13.9%), which was achieved mainly due to increased sales of IT solutions for telecommunications, the commercial and services sector as well as industrial companies in European countries and in Asia,
- a decrease in domestic sales (of PLN 34,226 thousand, i.e. of 5.4%), which was mainly the effect of lower value of Comarch finished goods deliveries to the public sector in 2019,
- increase in operating expenses as a result of wage pressure in the IT sector - the basic wage fund in the Comarch Group increased by 12.9% in the reporting period compared to 2018,
- taking into account in the third quarter of 2019 a settlement with ZUS regarding the ZUS KSI contract, which increased the operating result and net result of the Comarch Group by PLN 24,203 thousand,
- current income tax, which was the result of high profitability of operations of the Group's companies in Poland, German, the United Kingdom and Russia, its value amounted to PLN 34,639 thousand,
- profit from the sales of non-financial non-current assets, which increased other operating income and operating result of the Group by PLN 8,352 thousand and was achieved mainly by MKS Cracovia SSA in Q1 2019,
- creation and dissolution of write-offs for bad debts mainly related to operations in the Middle East and South America, which reduced the Group's operating result by PLN 3,938 thousand,
- application of the IFRS 15 accounting standard, as a result of which a portion of the revenues derived from the sales of Comarch software licenses is settled over time, in accordance with the stage of completion of the projects. The value of the correction in this respect in 2019 was +PLN 31,093 thousand,
- the application of the IFRS 16 accounting standard for the first time in 2019, which caused the increase in depreciation value, and thus the value of EBITDA in 2019, of PLN 18,629 thousand,
- occurrence of positive exchange rate differences on the balance sheet valuation of receivables and liabilities, related to the weakening of the PLN exchange rate against foreign currencies, which increased the operating result in the described period by PLN 789 thousand,
- occurrence of a negative balance sheet valuation of financial instruments, loans and borrowings in foreign currencies as well as leasing liabilities valued in accordance with IFRS 16, whose value in the described period amounted to -PLN 499 thousand.

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

In 2019, the employment rate at the Comarch Group increased by 5.1%, mainly as a result of conducting summer student internships in the third quarter. As at the 31<sup>st</sup> of December, 2019, the Comarch Group employed 6,348 people, i.e. 308 more than as at the 31<sup>st</sup> of December, 2018.

The Comarch Group is actively looking for new markets (e.g. in Western Europe and Asia), continues to invest in new IT products and services, and is constantly expanding and modernizing existing infrastructure. Due to very good financial results achieved in 2019, the financial situation of the Comarch Group is very good and guarantees the security of operations in the event of 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 activities on new foreign markets, thus investing in building a competitive advantage for the future.

In the next periods, the Group intends to continue the strategy assuming:

- significant investments in human resources,
- development and sales of IT solutions based mostly on own products,
- development of sales on foreign markets, in particular in Western Europe, Asia and Oceania, and North America,
- continuous improvement of operational efficiency of operations through the improvement of procedures and cost rationalization,
- developing further business areas, especially in the field of medicine, Internet of Things (IoT) and solutions based on Comarch Cloud technology,
- promoting the IT sales services model,
- investments in own technologies and IT infrastructure.

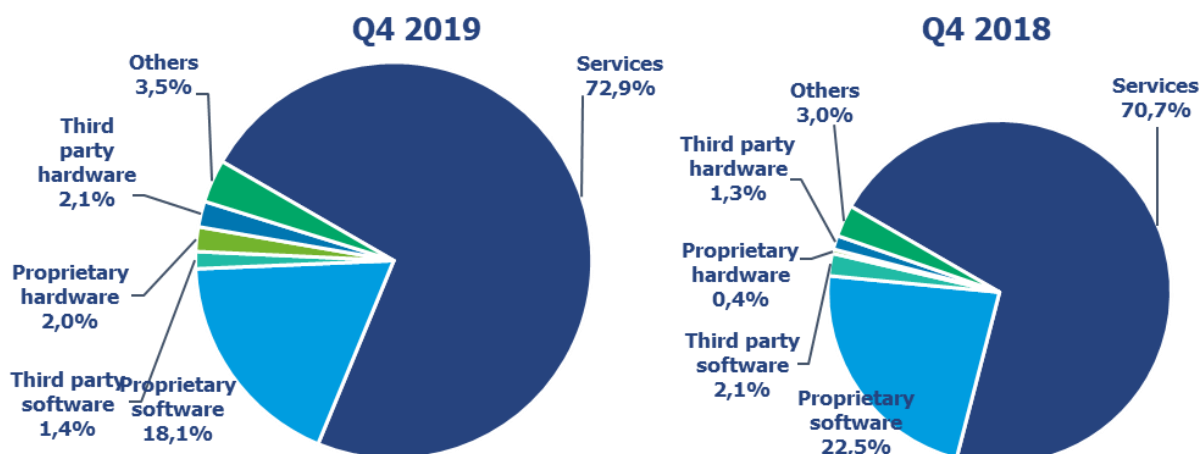
## 5.2. Sales Structure

### Products Sales Structure (in thousands of PLN)

In the fourth quarter of 2019, the products structure of sales revenue of the Comarch Group changed significantly compared to that recorded in the fourth quarter of the previous year.

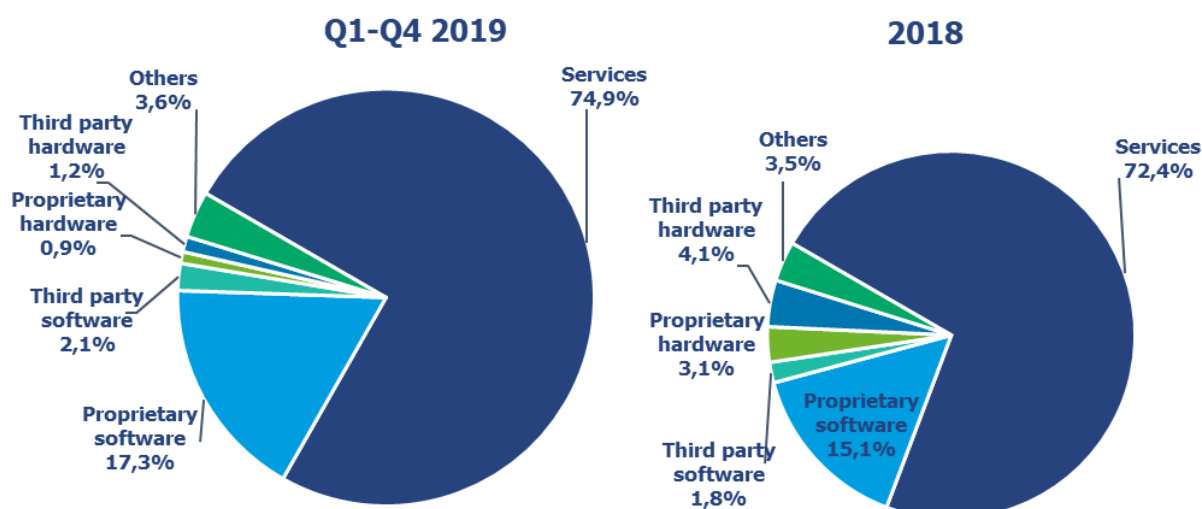
Products sales structure	Q4 2019	%	Q4 2018	%	Change in PLN	Change in %
Services	303,877	72.9%	297,131	70.7%	6,746	2.3%
Proprietary software	75,102	18.1%	94,761	22.5%	-19,659	-20.7%
Third party software	5,937	1.4%	8,847	2.1%	-2,910	-32.9%
Proprietary hardware	8,495	2.0%	1,544	0.4%	6,951	450.2%
Third party hardware	8,918	2.1%	5,496	1.3%	3,422	62.3%
Others	14,572	3.5%	12,521	3.0%	2,051	16.4%
<b>Total</b>	<b>416,901</b>	<b>100.0%</b>	<b>420,300</b>	<b>100.00%</b>	<b>-3,399</b>	<b>-0.8%</b>

In the fourth quarter of 2019, the Group generated an increase in revenue from sales of services, it amounted to PLN 6,746 thousand, i.e. increase of 2.3%. Revenue from sales of proprietary software decreased by PLN 19,659 thousand, i.e. by 20.7%, that was the result of lower than in the very successful fourth quarter of 2018 revenue from sales of proprietary software in the telecommunications and financial and banking sectors. The value of revenue from the sales of third-party software was lower by PLN 2,910 thousand, i.e. by 32.9% from the one recorded in the fourth quarter of the previous year. The value of foreign hardware sales was higher by PLN 3,422 thousand, i.e. by 62.3% than in the fourth quarter of 2018. Sales of finished products also increased: by PLN 6,951 thousand PLN, i.e. by 450.2%. This was due to the delivery of finished goods and foreign hardware to the public sector in the fourth quarter of 2019, while in the fourth quarter of 2018 no such deliveries were made. The value of other sales increased by PLN 2,051 thousand, i.e. by 16.4%.



Products sales structure	2019	%	2018	%	Change in PLN	Change in %
Services	1,076,087	74.9%	992,627	72.4%	83,460	8.4%
Proprietary software	249,127	17.3%	207,271	15.1%	41,856	20.2%
Third party software	30,724	2.1%	24,041	1.8%	6,683	27.8%
Proprietary hardware	13,472	0.9%	42,216	3.1%	-28,744	-68.1%
Third party hardware	16,589	1.2%	55,728	4.1%	-39,139	-70.2%
Others	51,868	3.6%	47,736	3.5%	4,132	8.7%
<b>Total</b>	<b>1,437,867</b>	<b>100.0%</b>	<b>1,369,619</b>	<b>100.0%</b>	<b>68,248</b>	<b>5.0%</b>

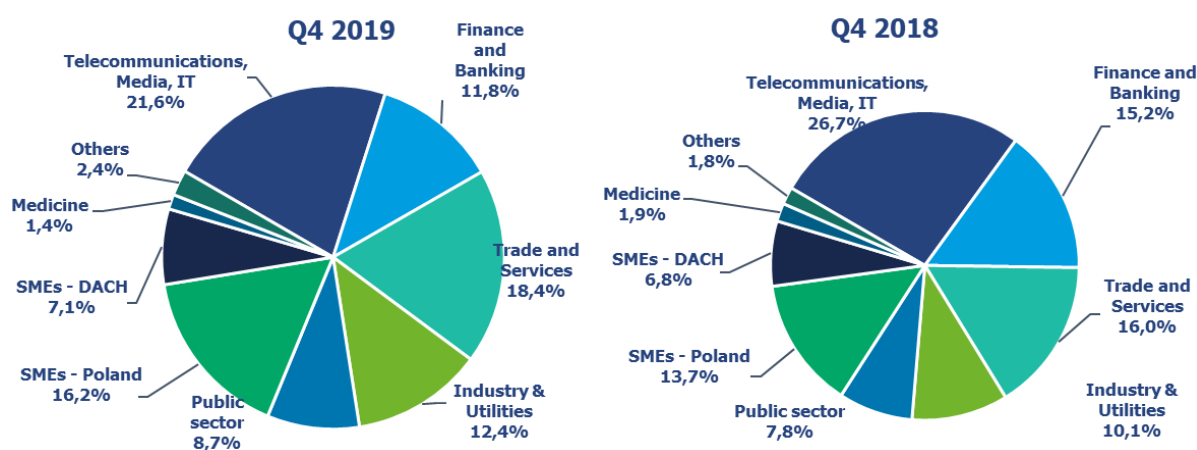
In the period of 12 months of 2019, the products structure of sales revenue of the Comarch Group changed significantly compared to that recorded in 2018. Revenue from sales of IT services increased by PLN 83,460 thousand, i.e. by 8.4%. Revenue from sales of proprietary software also increased significantly: by PLN 41,856 thousand, i.e. by 20.2%. The increase in the value of revenue from services and proprietary software was the result of the acquisition in 2018 and the implementation of contracts of significant value in 2019, especially in the field of telecommunications and commercial and service (contracts presented according to IFRS 15). Revenue from sales of third-party software increased by PLN 6,683 thousand, i.e. by 27.8%. The sales of own finished products clearly decreased compared to the last year (by PLN 28,744 thousand, i.e. by 68.1%), the sales of third-party hardware behaved similarly, with a decrease in revenues of PLN 39,139 thousand (i.e. of 70.2%). In both cases, this was the result of a lower value of deliveries of finished goods and foreign hardware to the public sector in 2019. In the 12 months of 2019, other sales increased by PLN 4,133 thousand, i.e. by 8.7%.



## Market Sales Structure (in thousands of PLN)

Market sales structure	Q4 2019	%	Q4 2018	%	Change in PLN	Change in %
Telecommunications, Media, IT	90,139	21.6%	112,338	26.7%	-22,199	-19.8%
Finance and Banking	49,058	11.8%	63,764	15.2%	-14,706	-23.1%
Trade and Services	76,803	18.4%	67,412	16.0%	9,391	13.9%
Industry & Utilities	51,859	12.4%	42,359	10.1%	9,500	22.4%
Public sector	36,255	8.7%	32,775	7.8%	3,480	10.6%
Small and Medium-Sized Enterprises - Poland	67,109	16.2%	57,371	13.7%	9,738	17.0%
Small and Medium-Sized Enterprises - DACH	29,699	7.1%	28,593	6.8%	1,106	3.9%
Medicine	5,951	1.4%	8,075	1.9%	-2,124	-26.3%
Others	10,028	2.4%	7,613	1.8%	2,415	31.7%
<b>Total</b>	<b>416,901</b>	<b>100.0%</b>	<b>420,300</b>	<b>100.0%</b>	<b>-3,399</b>	<b>-0.8%</b>

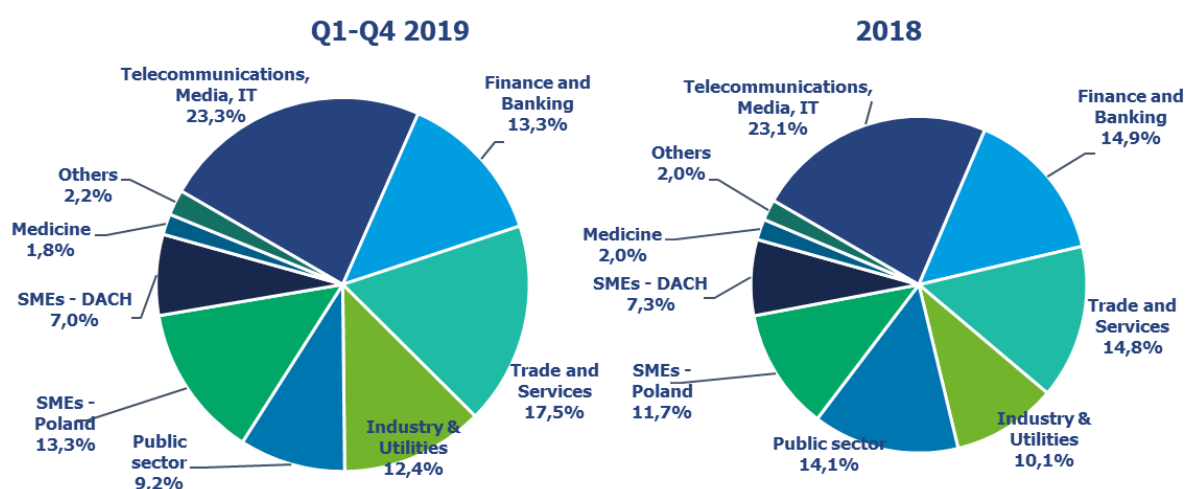
In the fourth quarter of 2019, the value of Comarch Group's sales revenue to customers in the TMT sector amounted to PLN 90,139 thousand, which means a decrease of PLN 22,199 thousand (i.e. 19.8%) compared to the fourth quarter of 2018. This was due to lower sales in the Asian market and South America than in the fourth quarter of 2018. In the fourth quarter of 2019, customers from the finance and banking sector purchased products and services worth PLN 49,058 thousand, lower by PLN 14,706 thousand, i.e. by 23.1% from the one achieved in the same period of the previous year. This decrease was mainly the result of settlement of revenues invoiced in the fourth quarter of 2019 in accordance with IFRS 15. The upward trend was continued when selling ERP solutions to small and medium-sized enterprises in Poland (an increase of PLN 9,738 thousand, i.e. of 17.0%). In the case of sales to customers from the SME sector in the DACH region, the increase in revenue amounted to PLN 1,106 thousand, i.e. increase of 3.9%. Revenue from the sales of loyalty solutions, EDI and XaaS to customers in the trade and services sector increased by PLN 9,391 thousand, i.e. by 13.9%, while in the case of customers from the industrial sector they increased by PLN 9,500 thousand, i.e. by 22.4%. In the fourth quarter of 2019, sales revenue to the public entities increased by PLN 3,480 thousand, i.e. by 10.6%. In the discussed period, however, sales revenue to customers in the medicine sector dropped by PLN 2,124 thousand, i.e. by 26.3%. Sales revenue to other customers increased by PLN 2,415 thousand, i.e. by 31.7%.





Market sales structure	2019	%	2018	%	Change in PLN	Change in %
Telecommunications, Media, IT	334,398	23.3%	316,416	23.1%	17,982	5.7%
Finance and Banking	191,424	13.3%	204,532	14.9%	-13,108	-6.4%
Trade and Services	251,973	17.5%	202,406	14.8%	49,567	24.5%
Industry & Utilities	178,524	12.4%	138,344	10.1%	40,180	29.0%
Public sector	132,390	9.2%	193,000	14.1%	-60,610	-31.4%
Small and Medium-Sized Enterprises - Poland	190,475	13.3%	160,874	11.7%	29,601	18.4%
Small and Medium-Sized Enterprises - DACH	100,411	7.0%	99,568	7.3%	843	0.8%
Medicine	25,923	1.8%	27,351	2.0%	-1,428	-5.2%
Others	32,349	2.2%	27,128	2.0%	5,221	19.2%
<b>Total</b>	<b>1,437,867</b>	<b>100.0%</b>	<b>1,369,619</b>	<b>100.0%</b>	<b>68,248</b>	<b>5.0%</b>

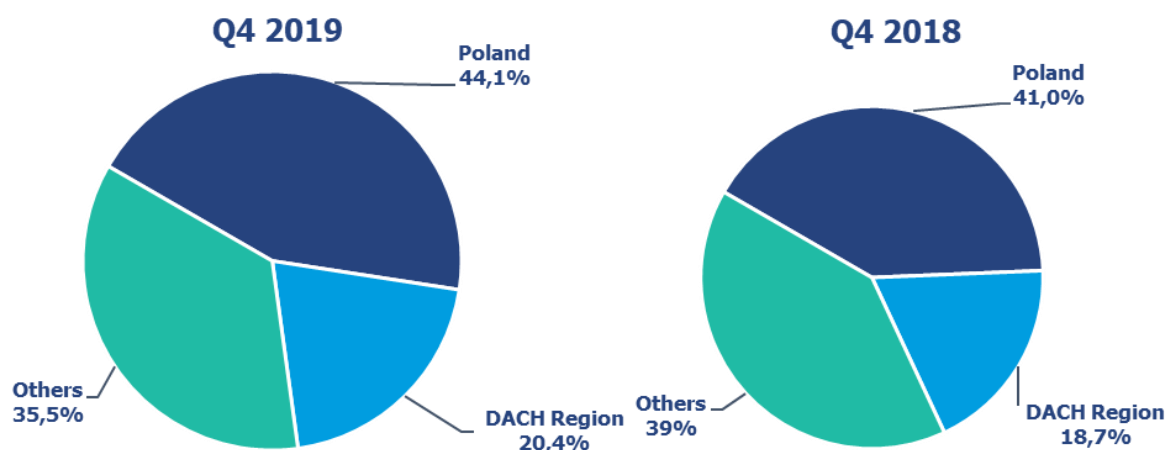
In the 12 months of 2019, sales to customers from the TMT sector amounted to PLN 334,398 thousand, which means an increase of PLN 17,982 thousand (i.e. 5.7%) compared to the same period of 2018. Customers in the finance and banking sector purchased products and services worth PLN 191,424 thousand, lower than in the same period of the previous year by PLN 13,108 thousand, i.e. by 6.4%. Sales to customers from the trade and services sector recorded a significant increase (an increase of PLN 49,567 thousand, i.e. of 24.5%). Also revenue from sales to customers in the industry and utilities sector recorded a significant increase, of PLN 40,180 thousand, i.e. of 29.0%. Revenue from sales to customers in the public sector decreased significantly, by PLN 60,610 thousand, i.e. by 31.4%. This was the result of a much lower value of deliveries of finished products and third-party hardware to customers from this sector than in 2018. A slight decrease in revenue occurred in the case of sales to the medicine sector (of PLN 1,428 thousand, i.e. of 5.2%). Customers from the SME-Poland sector bought products and services worth PLN 29,601 thousand PLN, i.e. 18.4% higher than in the same period last year. Sales to customers in the SME-DACH sector reached a value very close to last year (PLN 100,411 thousand, i.e. + 0.8%). Revenue from sales to other customers increased by PLN 5,221 thousand, i.e. by 19.2%. The business situation during the 12 month of 2019 confirmed that maintaining diversification of revenue sources and diversity of the offer is beneficial for the stable development of the Comarch Group's operations. Due to the concentration on sales of own solutions, the Group recorded a significant increase in revenues and improvement of operating profitability.



## Geographical sales structure (in thousands of PLN)

Geographical sales structure	Q4 2019	%	Q4 2018	%	Change in PLN	Change in %
Domestic (Poland)	183,896	44.1%	172,423	41.0%	11,473	6.7%
Export	233,005	55.9%	247,877	59.0%	-14,872	-6.0%
<b>Total</b>	<b>416,901</b>	<b>100.0%</b>	<b>420,300</b>	<b>100.0%</b>	<b>-3,399</b>	<b>-0.8%</b>

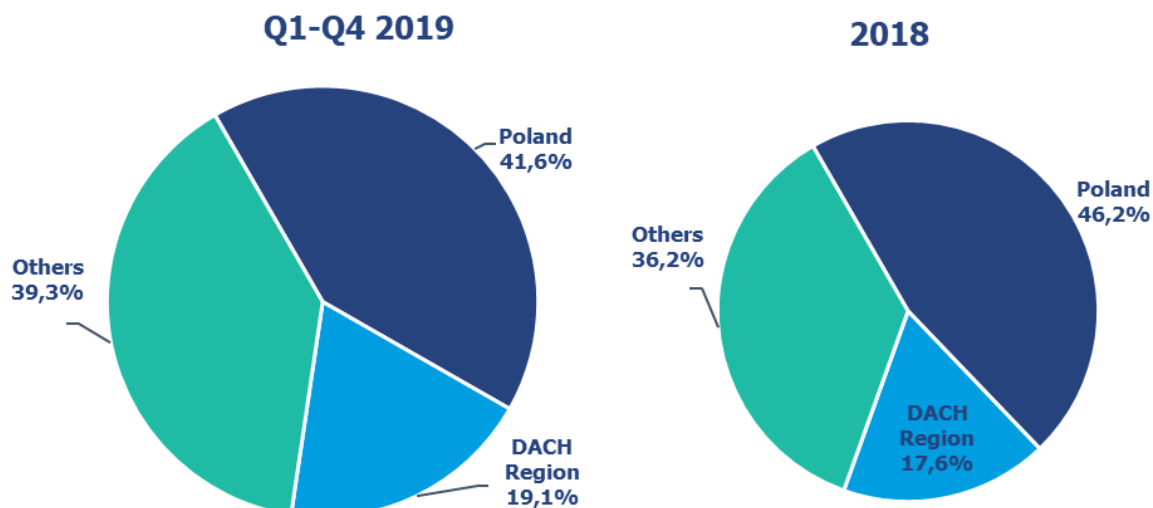
In the fourth quarter of 2019, the Group recorded an increase in sales revenue on the domestic market and a decrease in sales revenue on foreign markets. The value of domestic sales increased by PLN 11,473 thousand, i.e. by 6.7% compared to the fourth quarter of 2018. This was due to very good business development in the field of ERP, as well as the implementation of new contracts in the public sector. In the discussed period, the Group recorded PLN 233,005 thousand of revenue from export sales, less by PLN 14,872 thousand (i.e. by 6%) than in the fourth quarter of the previous year. This is mainly due to lower than in the very successful fourth quarter of 2018 sales revenue to customers from the telecommunications and financial and banking sectors. Export sales accounted for 55.9% of the Group's total revenues in the fourth quarter of 2019.



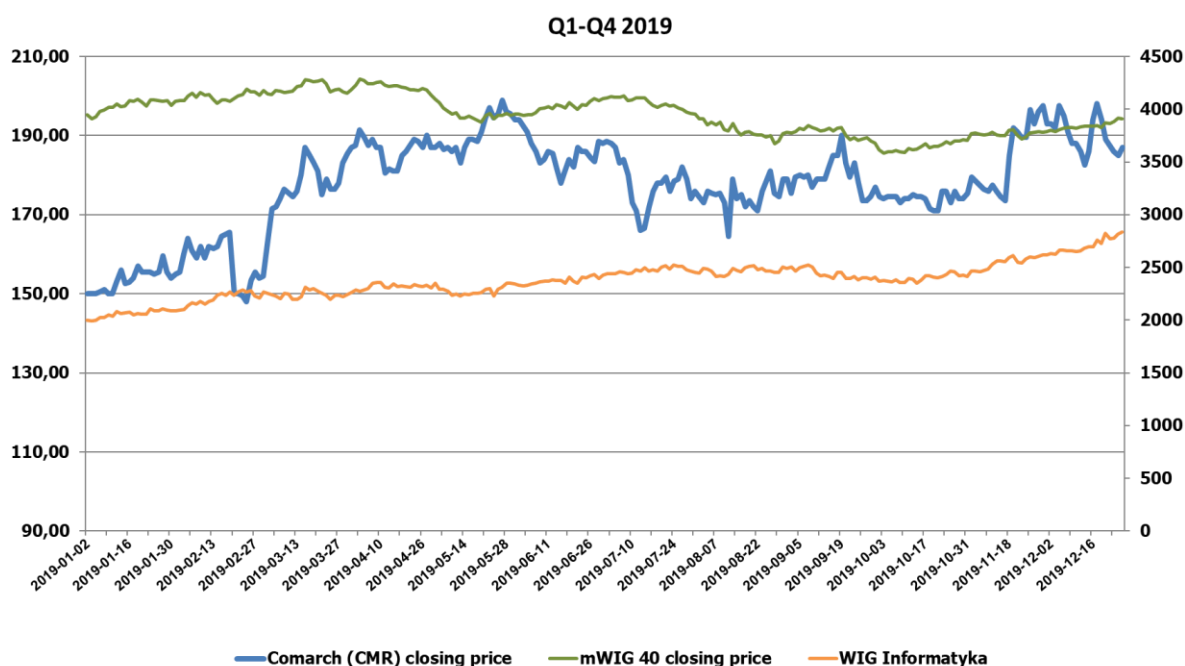
Geographical sales structure	2019	%	2018	%	Change in PLN	Change in %
Domestic (Poland)	598,146	41.6%	632,372	46.2%	-34,226	-5.4%
Export	839,721	58.4%	737,247	53.8%	102,474	13.9%
<b>Total</b>	<b>1,437,867</b>	<b>100.0%</b>	<b>1,369,619</b>	<b>100.0%</b>	<b>68,248</b>	<b>5.0%</b>

During the 12 months of 2019, the Group recorded PLN 598,146 thousand of revenue from domestic sales, less by PLN 34,226 thousand (i.e. by 5.4%) than in the corresponding period of 2018. This was caused by a significant drop in sales to the public sector in Q2 and Q3 2019, partly covered by very good business development in the ERP area in Poland. Export sales during the 12 months of 2019 reached PLN 839,721 thousand and was higher by PLN 102,474 thousand (i.e. by 13.9%) than in the corresponding period of the previous year. This is mainly due to the increase in sales revenue to customers in the telecommunications, trade and services sector as well as in the industrial sector. Export sales accounted for 58.4% of the total revenues of the Group during the 12 months of 2019.





### 5.3. Comarch S.A. Stock Price Performance



On the 31<sup>st</sup> of December, 2019, the share price of Comarch S.A. amounted to PLN 187.0, which is an increase of 23% compared to PLN 152 of 31<sup>st</sup> of December, 2018. The results of the Group and the price of Comarch shares in subsequent quarters will depend primarily on the dynamics of sales development of Comarch products and services, shaped by the situation economic and political in Poland and Europe as well as the financial situation of medium and large enterprises, which constitute the basic customer base of the Group. The level of EUR/PLN, USD/PLN, GBP/PLN and BRL/PLN exchange rates will also have a significant impact and the rate of increase of remuneration for IT employees.

	2019 / 31.12.2019	2018 / 31.12.2018
Closing price at the balance sheet date	187.00	152.00
Average price during the reporting period	177.36	159.96
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	3,123	3,236
Capitalization at the balance sheet date	1,520,936,263	1,236,269,048
<i>Ratios for unconsolidated data</i>		
P/E at the balance sheet date	24.58	24.90
P/BV at the balance sheet date	1.72	1.48
P/S at the balance sheet date	1.60	1.28
<i>Ratios for consolidated data</i>		
P/E at the balance sheet date	13.16	40.38
P/BV at the balance sheet date	1.58	1.44
P/S at the balance sheet date	1.06	0.90

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

### 5.4.1. 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 8<sup>th</sup> of November, 2019, about the conclusion on the 8<sup>th</sup> 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 27<sup>th</sup> of August, 2019. The provisions of the Settlement meet the assumptions included in the abovementioned agreement.

### 5.4.2. 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 13<sup>th</sup> of November, 2019, about receiving on the 13<sup>th</sup> 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.

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

### 5.5.1. Resignation of the Managing Person

The Management informed in the current report no. [RB-4-2020](#) (ENG: [RB-4-2020](#)) dated on the 29<sup>th</sup> of January, 2020, that Mr. Marcin Dąbrowski, head of the telecommunication sector resigned from the position of the Vice-President of the Management Board of Comarch S.A. with effect from 29<sup>th</sup> of January, 2020.

## **Comarch S.A.**

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