

FINANCIAL SUPERVISION AUTHORITY**CONSOLIDATED ANNUAL REPORT RS 2018**

(pursuant to §60 sec.2 of the Regulation in relation to current and periodical reports)
for issuers of securities managing production, construction, trade and services activities

for financial year 2018 from 2018-01-01 to 2018-12-31
including consolidated annual financial statement according to International Financial Reporting Standards (IFRS)
in currency PLN
date of publication 2019-04-29

COMARCH SA	
(full name of an issuer)	
COMARCH	Information Technology (IT)
(abbreviated name of issuer)	(sector according to WSE classification)
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BDO Sp. z o.o. Sp. K.

(An auditor entitled to audit financial statements)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	2018	2017	2018	2017
I. Net revenues from sales of products, goods and materials	1,369,619	1,125,110	320,987	265,062
II. Profit (loss) on operating activities	87,543	58,364	20,517	13,750
III. Gross profit (loss)	62,480	87,149	14,643	20,531
IV. Net profit (loss)	30,616	64,626	7,175	15,225
V. Cash flows from operating activities	139,482	62,915	32,689	14,822
VI. Cash flows from investing activities	-71,679	-116,191	-16,799	-27,373
VII. Cash flows from financing activities	-32,866	39,443	-7,703	9,292
VIII. Total net cash flows	34,937	-13,833	8,188	-3,259
IX. Total assets	1,665,945	1,508,452	387,429	361,661
X. Liabilities and provisions for liabilities	789,837	657,262	183,683	157,583
XI. Non-current liabilities	230,184	237,668	53,531	56,982
XII. Current liabilities	559,653	419,594	130,152	100,600
XIII. Equity	876,108	851,190	203,746	204,078
XIV. Share capital	8,133	8,133	1,891	1,950
XV. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XVI. Earnings (losses) per single share (PLN/EURO)	3.76	7.95	0.88	1.87
XVII. Diluted earnings (losses) per single share (PLN/EURO)	3.76	7.95	0.88	1.87
XVIII. Book value per single share (PLN/EURO)	107.72	104.65	25.05	25.09
XIX. Diluted book value per single share (PLN/EURO)	107.72	104.65	25.05	25.09

Euro exchange rates used for calculation of the selected financial data:
 Arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2018 to 31.12.2018: 4.2669;
 Arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2017 to 31.12.2017: 4.2447;
 The balance sheet items were presented based on NBP average exchange rates as of the end of the period:
 31.12.2018: 4.3000;
 31.12.2017: 4.1709.

ANNUAL REPORT INCLUDES:

File	Description
RS 2018 Report.pdf	Report of an Auditor authorized to audit Financial Statements- attachment no. 1
RS 2018 Letter of the President of The Management Board.pdf	Letter of the President of The Management Board- attachment no. 2
RS 2018 Consolidated Financial Statement.pdf	Consolidated Financial Statement- attachment no. 3
RS 2018 Report of the Management Board.pdf	Report of the Management Board- attachment no. 4
RS 2018 Supervisory Board's statement regarding the Audit Committee.pdf	Supervisory Board's statement regarding the Audit Committee - attachment no. 5
RS 2018 Assessment by the Supervisory Board of the compliance of the consolidated financial statements.pdf	Assessment by the Supervisory Board of the compliance of the consolidated financial statements- attachment no. 6
RS 2018 The Management Board's statement regarding the independent auditor.pdf	Information of the Management Board regarding the selection of the auditor- attachment no. 7
RS 2018 The Management Board's statement regarding the reliability of the financial statement.pdf	The Management Board's statement regarding the reliability of the financial statement- attachment no. 8
RS 2018 Report regarding Corporate Governance Principles.pdf	Report regarding Corporate Governance Principles- attachment no. 9
RS 2018 Non-financial Data Report.pdf	Non-financial Data Report- attachment no. 10

SIGNATURES OF ALL MEMBERS OF THE BOARD

Date	Name and surname	Position	Signature
2019-04-29	Janusz Filipiak	President of the Management Board	
2019-04-29	Marcin Dąbrowski	Vice-President of the Management Board	
2019-04-29	Paweł Prokop	Vice-President of the Management Board	
2019-04-29	Andrzej Przewięźlikowski	Vice-President of the Management Board	
2019-04-29	Zbigniew Rymarczyk	Vice-President of the Management Board	
2019-04-29	Konrad Tarański	Vice-President of the Management Board	
2019-04-29	Marcin Warwas	Vice-president of the Management Board	

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

Date	Name and surname	Position	Signature
2019-04-29	Maria Smolińska	Head Accountant	

REPORT OF THE INDEPENDENT AUDITOR FROM THE AUDIT for the General Meeting and the Supervisory Board of COMARCH S.A.

Report on the audit of the annual financial statements

Opinion

We have audited the annual consolidated financial statements of the capital group, in which the parent company is Comarch S.A. ("Parent company") ("Capital Group") containing consolidated balance sheet as at December 31st, 2018 and consolidated profit and loss account and losses, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the year ended on that day and additional information including a description of the accounting principles adopted and other information clarifying ("consolidated financial statements").

In our opinion, attached consolidated financial statements:

- presents a reliable and clear picture of the Group's consolidated property and financial situation as at December 31st, 2018 and its consolidated financial result and consolidated cash flows for the financial year ended on that day in accordance with those applicable International Financial Reporting Standards approved by the Union European and accepted accounting principles (policy);
- agrees on the form and content of the applicable law and the Statute of the Entity parent.

This opinion is consistent with the additional report for the Audit Committee that we have issued as of the date of this report.

Basis of the opinion

We conducted our research in accordance with the International Standards of Research as adopted as National Standards of Research by the National Council of Statutory Auditors ("KSB") and in accordance with Act of November May 11st, 2017 on statutory auditors, audit firms and public supervision ("Act on certified auditors" - Journal of Laws of 2017, item 1089 with later amendments) and EU Regulation No. 537/2014 of 16 April 2014 on detailed statutory requirement audits of financial statements of public-interest entities ("EU Regulation" - Journal of Laws of the EU L158). Our liability in accordance with these standards is further described in our section reports Auditor's responsibility for auditing the consolidated financial statements financial statements.

We are independent of the Group companies in accordance with the Code of Ethics for Professional Accountants International Federation of Accountants ("IFAC Code") adopted by the resolutions of the National Council of Experts Auditors and other ethical requirements that apply to the audit of reports financial in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the audit, a key certified auditor and an audit company they remained independent of the Parent Company in accordance with the independence requirements set out in the Act on chartered auditors and in the EU Regulation.

We believe that the audit evidence we have obtained is adequate and appropriate to provide the basis for our opinion.

Key research matters

The key matters of investigation are matters that, according to our professional judgment, were the most significant during the audit of the consolidated financial statements for the current period reporting. They include the most significant assessed significant risks distortions, including assessed risks of material misstatement due to fraud. We referred to these matters in the context of our audit of the consolidated report as a whole and when formulating our opinion and summarized our response to these types of risks, and in those cases in which we deemed it appropriate we presented the most important observations related to these types of risk. We do not express a separate opinion on these matters.

1. Goodwill - impairment analysis

Key research matter

In accordance with the IFRS regulations, the Group is required to conduct an annual impairment test goodwill.

The test for impairment was a key issue of the study due to the annual obligation test for loss of value by the Management Board of the Company. The company values subject to tests amount to PLN 42,197 thousand, which is 2.5% of the balance sheet total and is significant for the financial statements.

The goodwill impairment test is based on significant assumptions and estimates prepared by Management such as the Group's strategy, future revenues, costs and cash flows, weighted average cost of capital ("WACC").

As a result, the future implementation of these assumptions depends on expectations with respect to future ones market and economic conditions, thus being exposed to a significant risk of distortion.

Disclosures in the financial statements

The applied accounting policy regarding the goodwill of subsidiaries has been disclosed by the Company in the notes to the consolidated financial statements in note 2.1.5. of Additional information can be found in note 3.5. of Additional information.

Auditor procedures in response to the identified risk

As part of the audit procedures of the consolidated financial statements of the Capital Group:

1. we have made a critical evaluation of the impairment test process,
2. we assessed the identification of the cash generating unit,
3. we have analyzed the key assumptions of the test
4. we tested the test for its mathematical correctness,
5. we have verified the applied discount rates,
6. we assessed the Company's analysis of the sensitivity of the test to key input factors model,
7. we have assessed the correctness and completeness of the required disclosures in the financial statements.

2. Risk related to production in progress

Key research matter

Production in progress are capitalized costs associated with creating new or upgrading existing software. The value of production in progress as at December 31st, 2018 is PLN 85,285 thousand and represents 5.1% of the consolidated balance sheet total.

In accordance with the accounting policy, capitalized costs should be recognized as an asset total income in the period not longer than 36 months from the date of their payment in the form of a cost sale or write-down.

We treat in connection with the above and with the assumptions adopted by the Management Board of the Company as to the possibility of future use of production effects in progress as a key area of research.

In this area, we identify the risk associated with not including capitalized costs in the required accounting policy period and capitalization of related costs with software that may not generate economic benefits.

Disclosures in the financial statements

The applied accounting policy regarding capitalization of production costs in progress was disclosed by the Company in the notes to the consolidated financial statements in note 2.1.6.

Additional information is included in the notes to the consolidated financial statements in note 3.11.

Auditor procedures in response to the identified risk

s part of the audit procedures of the consolidated financial statements of the Capital Group:

1. Accounting policy records have been verified,
2. A list of items treated as work-in-progress was obtained, with reference to periods of incurring capitalized costs,
3. The correctness of applying the adopted accounting principles was assessed in the scope of:
 - recognizing the cost of sales of capitalized costs in other total incomes in connection with obtaining revenues from the sale of software,
 - compliance with the adopted accounting policy, recognized in other comprehensive income capitalized costs in case the software is in the development phase (planned write-downs),
 - explanations of the board regarding factors causing delays in the individual settlement position, as well as plans and prospects for the settlement of these items in the future.
4. Rated for significant production items in the course of capacity to generate economic benefits.

3. Risk of distortion of the financial result due to the recognition of revenues in accordance with the degree of advance of long-term contracts not completed as at the balance sheet date

Key research matter

Sales revenues for the year ended December 31st, 2018 amounted to PLN 1,369,619 thousand.

An important part of the revenues generated by the Capital Group were revenues from implementation IT implementation contracts, which are recognized by the Group in accordance with IFRS 15 guidelines "Revenues from contracts with customers".

For settling implementation contracts, the Group adopts the method of percentage involvement costs and revenues.

The issue was considered the key area of the study due to the significance of sales revenue implementation services and the complex nature of the balance sheet valuation process based on material estimates of the Management Board regarding:

- establishing the budgeted cost of execution, and its updating during the service,
- correct allocation of costs to the relevant project and the relevant period,
- Identify service obligations and assign appropriate remuneration to them,

which may have a significant impact on the value of recognized revenue in the period.

Disclosures in the financial statements

The details of the accounting policy applied by the Group in the area of revenue recognition are disclosed in note 2.2 of the notes to the consolidated financial statements.

Additional information is included in the notes to the consolidated financial statements in note 3.13.

Auditor procedures in response to the identified risk

As part of the audit of the consolidated financial statements of the Comarch Capital Group we reviewed the adopted accounting policy in the field of recognition and recognition revenues from sales in terms of compliance with the regulations of relevant standards accounting.

In particular, we have carried out procedures to understand and evaluate the controls internal, which the Company has implemented in relation to the valuation of long-term contracts.

During the audit we also carried out the following procedures relating to identified risk:

- we have assessed how the budgets used to calculate revenues are analyzed and updated, and finally accepted;
 - we have reconciled the actual data from the books to the last day of the period under review with the updated ones data in the budgets on the valuation day;
 - we analyzed the consistency of budget structures through mutual comparisons and reconciliations to real subcontracting contracts;
 - we performed an analysis of the mathematical correctness of the calculation of all contracts.
-

Responsibility of the Management Board and the Supervisory Board for the financial statements

The Management Board of the Parent Company is responsible for preparing the consolidated financial statements which provides a reliable and clear picture of the property and financial situation and result in accordance with the International Financial Reporting Standards approved by the European Union, accepted accounting principles (policy) and the Group's legal regulations and statute, as well as internal control, which the Management Board The parent company considers it necessary to enable consolidated preparation financial statements not causing material distortion due to fraud or mistake.

When preparing consolidated financial statements, the Management Board of the Parent Company is responsible for assessing the Group's ability to continue as a going concern, disclosing if it has it application, matters related to the going concern, and adoption of the continuation principle as an accounting basis, except when the Management Board intends to do so liquidation of the Group, either abandon business or there is no real alternative to it liquidation or discontinuation of activity.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are obliged to ensure that the consolidated financial statements meet the requirements provided for in the Act of September 29th, 1994 on accounting ("Accounting Act" - Journal of Laws of 2019, Pos. 351). The members of the Supervisory Board of the Parent Company are responsible for supervision the financial reporting process.

Auditor's responsibility for auditing the financial statements

Our goals are to gain reasonable assurance whether the consolidated financial statements as the whole does not contain significant distortion caused by fraud or error and release test reports containing our opinion. Rational certainty is a high level certainty, but it does not guarantee that the test carried out in accordance with the KSB will always detect existing ones significant distortion. Distortions can arise from fraud or error and are considered to be important if it can reasonably be expected that one or both of them could affect decisions Users' business undertaken on the basis of these consolidated financial statements.

The concept of materiality is used by the auditor both in planning and conducting the study as well as when assessing the impact of the distortions detected during the study, and uncorrected misstatements, if any, on the financial statements, as well as on formulating the auditor's opinion. Therefore, all opinions and statements contained in the audit report are expressed in terms of quality and value the level of significance determined in accordance with the auditor's standards and the professional judgment of an expert auditor.

he scope of the audit does not include assurance as to the Group's future profitability or efficiency or the effectiveness of conducting its affairs by the Management Board of the Parent Company currently or in the future.

We use professional judgment while maintaining a professional skepticism, and:

- we identify and assess the risks of material misstatement of the consolidated financial statements due to fraud or error, we design and carry out procedures research corresponding to these risks and we obtain audit evidence that is sufficient and appropriate to form the basis for our opinion. The risk of not finding a significant one the distortion resulting from the fraud is greater than that resulting from the error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- we gain an understanding of the internal control appropriate for the study to be designed audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we assess the appropriateness of the accounting principles (policy) used and the reasonableness of the estimates accountants and related disclosures made by the Management Board of the Parent;
- we draw a conclusion on the appropriateness of the Parent Company's management application the going concern principle as the accounting basis and, based on the obtained evidence of testing whether there is a significant uncertainty related to events or conditions that it may subject significant doubt to the Group's ability to continue as a going concern. If we come to the conclusion that there is a significant uncertainty, it is required to pay attention to us our auditor's report on related disclosures in the consolidated in the financial statements or, if such disclosures are inadequate, we modify our opinion.

Our conclusions are based on evidence of research obtained up to the date of our preparation auditor's reports, however future events or conditions may cause that The Group will cease its operations;

- we assess the overall presentation, structure and content of the consolidated financial statements, including disclosure, and whether the consolidated financial statements present them the basis of transactions and events in a manner that ensures a fair presentation;
- we obtain sufficient relevant audit evidence about financial information units or business activities within the Group to express an opinion on the subject consolidated financial statements. We are responsible for management, supervision and conducting the Group study and we remain solely responsible for our opinion from the study.

We provide the Supervisory Board of the Parent Company with information about, among other things, planned the scope and time of the examination and significant findings of the audit, including any significant weaknesses of internal control that we will identify during the test.

We submit a declaration to the Supervisory Board of the Parent Company that we have observed applicable laws ethical requirements for independence and that we will inform them all connections and other matters that could be reasonably considered to pose a threat to our independence, and where applicable, we inform you about the applied security.

From among the matters forwarded to the Supervisory Board of the Parent Company, we have established those matters which were the most significant during the audit of the consolidated financial statements as current reporting period and that is why we considered them key issues of the study. We describe these matters in our auditor's report, unless laws or regulations prohibit us disclose them publicly or when, in exceptional circumstances, we determine that the issue should not be presented in our report, because it would be reasonable to expect that the negative consequences would outweigh the benefits of such information to the public interest.

Other information, including an activity report

Other information includes a report on the Group's operations for the financial year ended December 31st, 2018 ("Activity Report") together with a statement on corporate governance referred to in Art. 49b (1) of the Accounting Act, which is a separate part of this report (together "Other information").

Responsibility of the Management Board and the Supervisory Board of the Parent Company

The Management Board of the Parent Company is responsible for preparing Other Information in accordance with the law.

The Management Board of the Parent Company and members of the Supervisory Board of the Parent Company are obliged to ensure that the Report on the Group's operations along with the separated part meets requirements provided for in the Accounting Act.

Responsibility of the auditor

Our opinion on the audit of the consolidated financial statements does not include other information. In connection with the audit of the consolidated financial statements, our duty is getting acquainted with other information, and by doing so, considering whether other information is not significant inconsistent with the consolidated financial statements or our knowledge gained during the audit, or otherwise appear to be significantly distorted. If based on the work done, we will find out significant distortions in other information, we are obliged to inform you in our test report. Our duty in accordance with the requirements of the Act on statutory auditors is also issuing an opinion or report on the Group's operations has been prepared in accordance with the regulations and whether it is consistent with the information contained in the consolidated financial statements. Also we are required to give an opinion on whether the Group is in a statement on the application of corporate governance has the required information.

We obtained a report on the Group's operations before the date of this audit report, and the Annual Report will be available after this date. In the case when we find a significant distortion in the Annual Report we are obliged to inform the Supervisory Board of the Unit about this parent.

Opinion on the Report on operations

Based on the work carried out during the study, in our opinion, the Report on the Group's operations:

- it has been drawn up in accordance with Article 49 of the Accounting Act and paragraph 71 of the Regulation Minister of Finance of March 29th, 2018 regarding current and periodic information provided by issuers of securities and conditions for recognition as equivalent to information required by the laws of a non-state member ("Regulation on current information" - Journal of Laws of 2018, item 757);
- is consistent with the information contained in the consolidated financial statements.

In addition, in the light of knowledge about the Group and its surroundings obtained during our audit, we declare that we have not identified material misstatements in the Group's Report on the Group's operations.

Opinion on the statement on the application of corporate governance

In our opinion, the Group has all information in the statement on the application of corporate governance referred to in paragraph 70, paragraph 6 point 5 of the Regulation on current information. In addition, ours in the opinion, the information indicated in paragraph 70 para. 6 point 5 lit. c-f, h and lit. and this Regulation included in the statement on the application of corporate governance are in accordance with applicable provisions and information contained in the consolidated financial statements.

Report on other legal and regulatory requirements

Declaration on services provided that are non-audit of financial statements

To the best of our knowledge and belief, we declare that services that are not auditing financial statements we provide to Group entities are compliant with laws and regulations in force in Poland and that we have not provided non-audit services that are prohibited under Art. 5 section 1 of the EU regulation and art.136 of the Act on auditors.

Choosing an auditing company

We have been selected to audit the financial statements with a resolution of the Company's Supervisory Board of May 29, 2017. The Company's financial statements are tested continuously starting from the financial year ended December 31st, 2017, that is for the next two years.

The key certified auditor responsible for the audit, which resulted in this report of the independent statutory auditor is Marcin Krupa.

**BDO Sp. z o.o. sp.k. with its registered office in Warsaw,
entered into the list of audit firms under number 3355**

on behalf of which the key certified auditor operates

*Signed by a qualified
electronic signature*

Marcin Krupa

Certified auditor

No. in the register 11142

Krakow, April 29th, 2019



COMARCH

COMARCH CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR 2018

**Financial Statement Prepared Compliant
with International Financial Reporting Standards**

Kraków, 29th of April, 2019

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COMARCH CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 12 MONTHS ENDED 31 DECEMBER 2018

I. Consolidated Balance Sheet

ASSETS	Note	31 December 2018	31 December 2017	1 January 2017*
NON-CURRENT ASSETS				
Property, plant and equipment	3.3	551,063	556,838	501,111
Investment real estates	3.4	32,683	15,357	15,626
Goodwill	3.5	42,197	42,197	40,735
Other intangible assets	3.6	59,447	63,319	61,343
Non-current prepayments	3.7	2,834	3,321	1,118
Investments in associates	3.8	1,520	11,233	14,395
Other assets at fair value	3.9a	935	2,904	492
Other investments		211	112	106
Deferred income tax assets	3.10	35,045	31,237	35,007
Other non-current receivables		20,906	5,392	3,914
		746,841	731,910	673,847
CURRENT ASSETS				
Inventories	3.11	97,198	114,967	76,555
Trade and other receivables	3.12	435,372	392,153	406,721
Current income tax receivables		2,555	2,222	5,210
Long-term contracts receivables	3.13	134,800	46,886	40,842
Available-for-sale financial assets		0	-	-
Other financial assets at fair value – derivative financial instruments	3.9a	3,264	8,516	1,149
Interest and shares		0	-	1
Cash and cash equivalents	3.15	245,915	207,937	235,834
		919,104	772,681	766,312
Assets qualified for sale		3,861	3,861	5,598
TOTAL ASSETS		1,665,945	1,508,452	1,445,757

*) Data as at 31st of December, 2017 were restated according to the principles resulting from the application of IFRS 15.

EQUITY AND LIABILITIES	Note	31 December 2018	31 December 2017*	1 January 2017*
EQUITY				
Capital and reserves attributable to the company's equity holders				
Share capital	3.16	8,133	8,133	8,133
Other capitals	3.17	143,041	143,041	143,041
Exchange differences		8,837	4,169	18,524
Net profit for the current period		30,616	64,626	73,034
Retained earnings		667,519	665,525	604,691
		-	(50,432)	(50,432)
Minority interest		858,146	835,062	796,991
Total equity		17,962	16,128	14,641
		876,108	851,190	811,632
LIABILITIES				
Non-current liabilities				
Credits and loans	3.18	175,010	185,596	146,331
Other liabilities		9,801	6,928	5278
Financial assets at fair value – derivative financial instruments	3.9b	1,338	736	2,537
Other financial liabilities	3.20	410	446	631
Provision for deferred income tax	3.10	43,625	43,962	42,144
Provisions for other liabilities and charges	3.20	-	-	-
		230,184	237,668	196,921
Current liabilities				
Trade and other payables	3.21	182,502	177,320	154,493
Current income tax liabilities		9,007	4,942	16,800
Long-term contracts liabilities	3.13	163,818	65,133	91,358
Credits and loans	3.18	40,267	39,111	28,469
Financial assets at fair value – derivative financial instruments	3.9b	479	509	2,350
Other financial liabilities	3.19	328	165	6,530
Provisions for other liabilities and charges	3.20	163,252	132,414	137,204
		559,653	419,594	437,204
Total liabilities		789,837	657,262	634,125
TOTAL EQUITY AND LIABILITIES		1,665,945	1,508,452	1,445,757

*) Data as at 31st of December, 2017 were restated according to the principles resulting from the application of IFRS 15.

II. Consolidated Income Statement

	Note	12 months ended 31 December 2018	12 months ended 31 December 2017*
Revenue	3.24	1,369,619	1,125,110
Cost of sales	3.25	(1,008,042)	(832,750)
Gross profit		361,577	292,360
Other operating income	3.26	20,160	17,673
Sales and marketing costs		(139,417)	(134,529)
Administrative expenses		(106,123)	(98,076)
Other operating expenses	3.27	(48,654)	(19,064)
Operating profit		87,543	58,364
Finance revenue/(costs)-net	3.28	(13,951)	31,867
Share of profit/(loss) of associates		(11,112)	(3,082)
Profit before income tax		62,480	87,149
Income tax expense	3.29	(30,029)	(21,038)
Net profit for the period		32,451	66,111
including:			
Net profit attributable to the Parent Company's shareholders (in PLN per share)		30,616	64,626
Net profit attributable to the interests not entitled to control		1,835	1,485
		32,451	66,111
Earnings per share for profit attributable to the equity holders of the company during the period (expressed in PLN per share)			
– basic	3.31	3.76	7.95
– diluted	3.31	3.76	7.95

*) Data as at 31st of December, 2017 were restated according to the principles resulting from the application of IFRS 15.

III. Total Income Consolidated Statement

	12 months ended 31 December 2018	12 months ended 31 December 2017*
Net profit for the period	32,451	66,111
Other total income		
Currency translation differences from currency translation in related parties	4,667	(14,353)
Other total income	4,667	(14,353)
Sum of total income for the period	37,118	51,758
Attributable to the company's shareholders	35,284	50,271
Attributable to the minority	1,834	1,487

Other total income comprises items, which may be transferred to income statement in the following years.

*) Data as at 31st of December, 2017 were restated according to the principles resulting from the application of IFRS 15.

IV. Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the Parent Company					Capitals attributable to interests not entitled to control	Total equity Share capital
	Share capital	Other capitals	Exchange differences	Net profit for the current period	Retained earnings		
Balance at 1 January 2017	8,133	143,041	18,524	73,034	604,691	14,641	862,064
Transferring result for 2015	-	-	-	(73,034)	73,034	-	-
Changes in retained earnings due to IFRS 15*	-	-	-	-	(50,432)	-	(50,432)
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	(14,355)	-	-	2	(14,353)
Profit for the period ⁽²⁾	-	-	-	64,626	-	1,485	66,111
Total income recognised in equity ⁽¹⁺²⁾	-	-	(14,355)	64,626	-	1,487	51,758
Balance at 31 December 2017	8,133	143,041	4,169	64,626	615,093	16,128	851,190
Balance at 1 January 2018	8,133	143,041	4,169	64,626	615,093	16,128	851,190
Transferring result for 2017	-	-	-	(64,626)	64,626	-	-
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	4,668	-	-	(1)	4,667
Profit for the period ⁽²⁾	-	-	-	30,616	-	1,835	32,451
Total income recognised in equity ⁽¹⁺²⁾	-	-	4,668	30,616	-	1,834	37,118
Balance at 31 December 2018	8,133	143,041	8,837	30,616	667,519	17,962	876,108

*) From the 1st of January, 2018, the Group started to apply the principles resulting from IFRS 15. In connection with the above, the difference between revenues from previous years calculated in accordance with the principles applied previously and revenues from previous years calculated in accordance with the principles resulting from IFRS 15 was determined (recognized as a correction of the result for previous years in connection with interim settlement of revenues from long-term contracts). The following methodology was used to calculate the difference: contracts during the implementation as at the 31st of December, 2017, was identified, and revenues from these contracts were converted according to IFRS 15 for the entire period of their implementation, i.e. from the starting date to the 31st of December, 2017. The impact of the described changes on the net profit in Q1-Q4 2017 amounted to PLN 22,590. Currently presented result for the year for 2017, which originally amounted to PLN 42,036 thousand for comparative purposes, was adjusted for the above change.

Dividend in total amount of PLN 12,200 thousand was paid by the Parent Company to its shareholders on originally scheduled day, i.e. on the 31st of August, 2018.

V. Consolidated Cash Flow Statement

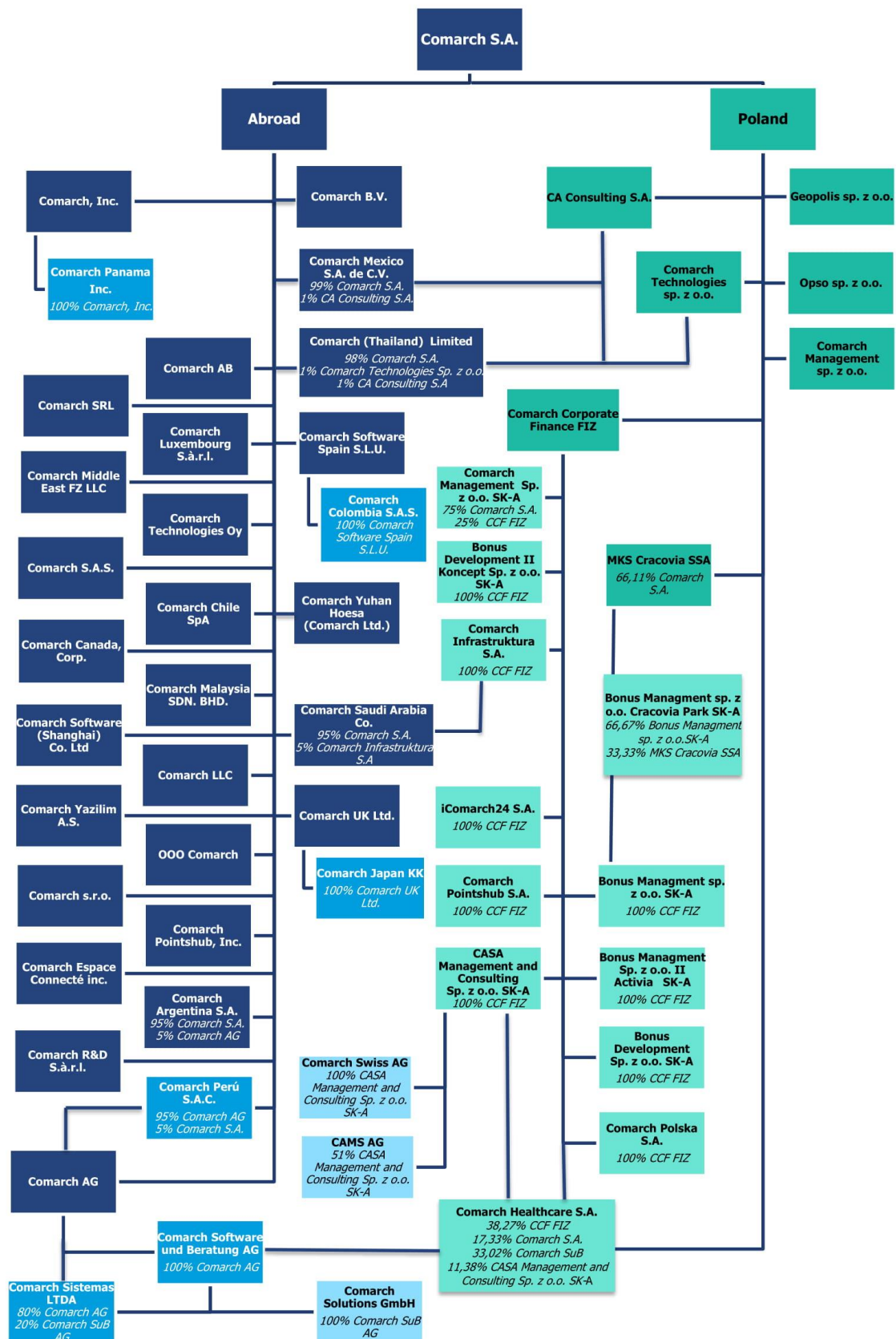
	12 months ended 31 December 2018	12 months ended 31 December 2017
Cash flows from operating activities		
Net profit	32,451	66,111
Total adjustments	136,830	16,188
Share in net gains (losses) of related parties valued using the equity method of accounting	11,112	3,082
Depreciation	65,205	64,309
Exchange gains (losses)	(1,027)	(1,221)
Interest and profit-sharing (dividends)	3,471	3,712
Profit (loss) on investing activities	(12,118)	(4,264)
Change in inventories	22,283	(34,802)
Change in receivables	(86,637)	(31,922)
Change in liabilities and provisions excluding credits and loans	134,508	17,011
Other adjustments	33	283
Net profit less total adjustments	169,281	82,299
Income tax paid	(29,799)	(19,384)
Net cash from operating activities	139,482	62,915
Cash flows from investing activities		
Purchases of property, plant and equipment	(74,702)	(121,530)
Proceeds from sale of property, plant and equipment	5,037	12,643
Purchases of intangible assets	(11,861)	(18,971)
Proceeds from disposal of investment in real estates, intangible assets	9,934	9,407
Expenses for acquisition of financial assets	(100)	(6,310)
Expenses for investment in real estates	(1,304)	(2,130)
Granted loans	(16,350)	(4,624)
Paid loans	10,870	2,090
Interest	312	267
Purchases of financial assets	6,485	13,082
Other expenses on financial assets	-	-
Other investment proceeds	-	48
Other investment expenses	-	(163)
Net cash used in investing activities	(71,679)	(116,191)
Cash flows from financing activities		
Payment in relation to shares issue	-	-
Proceeds from credits and loans	45,942	89,869
Repayments of credits and loans	(61,998)	(33,359)
Interest on the loan	(3,361)	(3,088)
Proceeds from repaid loans	1,097	-
Proceeds from interest on loans	47	2,630
Other financial liabilities (loans granted)	(1,891)	(5,000)
Dividend and expenses due to profit sharing but other than those to owners	(12,200)	(12,200)
Payments of liabilities in relation to finance lease agreements	(168)	(175)
Other financial proceeds	714	1,330
Other financial expenses	(1,048)	(564)
Net cash used in financing activities	(32,866)	39,443
Net change in cash, cash equivalents and bank overdrafts	34,937	(13,833)
Cash, cash equivalents and bank overdrafts at beginning of the period	207,925	235,825
Positive (negative) exchange differences in cash and bank overdrafts	3,044	(14,067)
Cash, cash equivalents and bank overdrafts at end of the period	245,906	207,925
- including limited disposal	3,550	3,737

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 a Parent Company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, The Eleventh Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the Parent Company is not limited.

1.1. Organisational Structure of Comarch Group



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

On the 31st of December, 2018, associates of the Parent Company are:

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

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

1.2. Activities Structure in the Comarch Group

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

- The Parent Company Comarch S.A. acquires the majority of contracts and in large part executes them;
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co. , Comarch Mexico S.A. de C.V., Comarch Yuhan Hoesa (Comarch Ltd.), Comarch (Thailand) Limited, Comarch BV and Comarch Software (Shanghai) Co. Ltd acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- Comarch Polska S.A. acquire IT contracts in domestic markets, mostly in Public sector, and execute them in their entirety or in part;
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software;
- CA Consulting S.A. specialises in data communications relating to the provision of connections for the own needs of the Comarch Group, as well as the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractors;
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market;
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A and Bonus Management sp. z o.o. II Activia SK-A, Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT;
- The subject matter of activities of Bonus Development sp. z o.o. SKA and Bonus Development sp. z o.o. II Koncept SKA are activities related to real estates;
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector;
- The subject matter of activities of Comarch Pointshub S.A. are activities related to Smart City;
- Comarch Infrastruktura S.A. (formerly Infrastruktura24 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 sports, wellness and recreation;
- Opso sp. z o.o. provides catering services;
- Comarch s.r.o. and Comarch Pointshub S.A. are currently not operating.

1.3. Changes in Ownership and Organisational Structure in 2018

On the 22nd of March, 2018, the Extraordinary General Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share.

On the 11th of May, 2018, has been registered the capital increase in Comarch Management Sp. z o.o. in amount PLN 100 thousand, i.e. from PLN 300 thousand to PLN 400 thousand.

On the 13th of April, 2018, a subsidiary company Comarch Mexico S.A. de C.V. was registered. The share capital of the company amounts to MXN 500 thousand and consists of 500 shares with nominal value of MXN 1,000 each. Comarch S.A. owns 495 shares i.e. 99% in share capital and votes of Comarch Mexico S.A. de S.V. while CA Consulting S.A. owns 5 shares i.e. 1% in share capital and votes of company.

On the 2nd of July, 2018, Extraordinary General Meeting of Comarch Japan KK has adopted a resolution about the increase of the share capital by JPY 10 million i.e. from JPY 5 million to JPY 15 million. Comarch UK acquired in its entirety a new share issue, i.e. 200 shares with a nominal value of JPY 50,000. Until the date of publication of this report, the above capital increase has not been registered. Until the date of publication of this report, the above capital increase has not been registered.

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

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

In October 2018, Comarch (Thailand) Limited commenced operations. The owners of 100% shares in the company were originally three natural persons who are members of the management board of Comarch S.A. On 14th of December, 2018, a contract for the purchase of shares in Comarch (Thailand) Limited by the following companies was signed: Comarch SA, CA Consulting SA, Comarch Technologies Sp. z o.o. The shares were paid up and this change was legally registered in Thailand on December 24, 2018. The share capital of the company is THB 8,000,000, THB 100 per share.

On the 23rd of November, 2018 was registered a subsidiary Comarch BV with headquarter in Rotterdam. The share capital of the company amounts to EUR 100,000 and consists of 100,000 shares with value of EUR 1 each. Comarch S.A. owns 100% in share capital and votes of company Comarch BV.

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

None present.

2. Description of the Applied Accounting Principles

This consolidated financial statement for the 12 months ended the 31st of December, 2018 was prepared pursuant to the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and interpretations published by the Committee for Interpretation of International Financial Reporting, as approved by the European Union.

This financial statement was prepared pursuant to the historical cost principle with the exception of those items that are appraised in another way pursuant to these principles.

Preparation of the statement pursuant to IFRS requires a number of estimates to be done and the application of individual judgement. Note 2.5 presents those areas of the financial statement, which require significant estimates or for which significant judgement is required.

The financial statement was prepared with the assumption of the continuation of commercial activities by the Comarch Group in the foreseeable future. According to Parent Company's management, there are no circumstances suggesting any threat to the continuation of activities.

The Comarch Group prepares its income statement in the calculation version, whereas the cash flow statement is prepared according to the indirect method.

The consolidated financial statement of the Comarch Group for the 12 months ended the 31st of December, 2018, comprises the financial statements of the following companies:

	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% votes held by Comarch AG, 20% votes 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	100.00% held by Comarch AG *)
Comarch Solutions GmbH	subsidiary	full	100.00% 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	100.00% 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 Japan KK	subsidiary	full	100% held by Comarch UK
Comarch UK Ltd.	subsidiary	full	100%
Comarch Chile SpA	subsidiary	full	100%
Comarch Software Spain S.L.U.	subsidiary	full	100%
Comarch Colombia S.A.S.	subsidiary	full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	subsidiary	full	100%
Comarch SRL	subsidiary	full	100%
Comarch Malaysia SDN. BHD.	subsidiary	full	100%
Comarch s.r.o.	subsidiary	full	100%
Comarch Pointshub Inc.	subsidiary	full	100%
Comarch AB	subsidiary	full	100%
Comarch Argentina S.A.	subsidiary	full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	subsidiary	full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch 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	98% held by Comarch S.A., 1% held by CA Consulting S.A., 1% held by Comarch Technologies Sp. z o.o.
Comarch BV	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% in total number of investment certificates
Comarch Management sp. z o.o. SKA	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. SKA to be redeemed
Bonus Management sp. z o.o. SKA	subsidiary	full	100.00% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o. Cracovia Park SK-A	Bonus Management sp. z o.o. SKA	subsidiary	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA

Bonus Development sp. z o.o. SKA	subsidiary	full	100% held by CCF FIZ
Bonus Management sp. z o.o. II Activia SKA	subsidiary	full	100% held by CCF FIZ
Bonus Development sp. z o.o. II Koncept SKA	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 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	100.00%
MKS Cracovia SSA	subsidiary	full	66.11%

2.1. Methods of Valuation of Assets and Liabilities and the Determination of Financial Results

2.1.1. Segment Information

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

- the sale of IT systems and services, 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 and software production, as well as medical equipment for medicine sector (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.

On account of geographical distribution of activities, Comarch Group distinguishes the following market segments: Poland, DACH Region (Germany, Austria, and Switzerland), Other countries. Sport Segment, Investment Segment and Medical Segment carry out their activities exclusively in Poland. Due to the fact that only the IT Segment operates outside of the country and at the same time incurred in the IT segment costs are largely common to export and domestic sales, it is not intentionally to set the result separately for export and domestic activities.

Comarch Group's sales is highly diversified and is not dependent on a single customer. In 2018, the share of none of the contractor exceeded 10% of the sales of Comarch Group.

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

2.1.2. Consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities), over which Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Acquisitions of companies and the individual parts of the activity are accounted for with the purchase method. The cost of merging companies is evaluated in the aggregated fair value of the assets transferred, born or acquired and capital instruments issued by the Group in return for taking control over the acquired entity. Acquisition-related costs are recognised in profit or loss as incurred.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. All other changes are recognised in accordance with the respective IFRS regulations. Changes in the fair value of the contingent consideration that qualify as equity transactions are not recognised.

Identifiable assets, liabilities and contingent liabilities of the acquire meeting the requirements of recognition in accordance with the IFRS 3 "Merging economic entities" is recognized at fair value as at the day of acquisition, except exclusions in accordance with the IFRS 3.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss.

Goodwill arising on an acquisition of a business is recognised in assets and initially carried at cost, assumed exceed the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities. If, after reassessment, the share of the Group in net of the acquisition-date amounts of the identifiable assets, liabilities and contingent liabilities of the acquire, assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss.

Transactions, settlements and unrealised gains on transactions between parties in the Group are eliminated. Unrealised gains are also eliminated, unless a transaction gives evidence for impairment of assets. Accounting principles applied by subsidiaries have been changed everywhere it has been necessary to ensure compliance with accounting principles applied by the Group.

b) Associates

Associates are all entities over which the Group has significant influence but not control; this generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for by the equity method of accounting and are initially recognised as costs. The Group's investment in associates includes goodwill identified on acquisition

The Group's share of the post-acquisition profits or losses of its associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Principles for the Presentation of the Comarch SuB Group within the Financial Statement

Comarch Software und Beratung AG is the parent company for the companies of the Comarch SuB Group and from 2013 has not prepared independently the consolidated financial statement, including data from Comarch Software und Beratung AG and its subsidiaries. Comarch S.A. is the Parent Company of the Comarch Group and prepares directly the consolidated financial statement, including data from Comarch S.A. and all other subsidiaries (including Comarch SuB and its subsidiaries).

2.1.3. Foreign Currency Translation

a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Polish zlotys (PLN), which is the Parent Company's functional and presentation currency.

b) Transactions and Balances in Foreign Currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit and loss, are reported as part of their fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale assets, are included in the available-for-sale reserve in equity.

c) Group Companies

The results and financial position of all group entities (none of which operates in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate of the date of the balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the dates of the transactions); and all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of credits and loans and other currency instruments designated as hedges of such investments, are included in shareholder equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

EURO rates used to financial data

NBP average exchange rates

at 31.12.2018	4.3000
at 31.12.2017	4.1709

NBP arithmetic average exchange rates as at the end of every month

for the period 1.01 - 31.12.2018	4.2669
for the period 1.01 - 31.12.2017	4.2447

Selected currency rates used to financial data

NBP average exchange rates for USD

at 31.12.2018	3.6227
at 31.12.2017	3.4813

NBP average exchange rates for CHF

at 31.12.2018	3.8166
at 31.12.2017	3.5672

NBP average exchange rates for GBP

at 31.12.2018	4.7985
at 31.12.2017	4.7001

NBP average exchange rates for DKK

at 31.12.2018	0.5759
at 31.12.2017	0.5602

NBP average exchange rates for CAD

at 31.12.2018	2.7620
at 31.12.2017	2.7765

2.1.4. Investment

a) Financial Assets and Liabilities at Fair Value through Profit or Loss

This category comprises two subcategories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of sale in the short term or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges. This type of derivative is classified separately in 'Derivative financial instruments' in the balance sheet. Assets in this category are classified as current if they are either held for trading or are expected to be realised within 12 months from the balance sheet.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. These arise when the Group gives cash, goods or services directly to the debtor, without the intention of introducing its receivables into trading.

They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

c) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

d) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are no longer recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets available-for-sale and financial assets carried at fair value, through profit or loss are initially recognised at fair value. Loans, receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Unrealised gains or losses arising from changes in the fair value of the non-monetary securities classified as 'available-for-sale' are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or if a security is unlisted), the Group establishes fair value by using valuation techniques. These comprise the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis and models (commonly regarded as correct) of the valuation of derivative instruments based on input data from the active market.

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each balance sheet date. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.1.5. Non-Current Assets

a) Intangible Assets

Intangible assets are recorded at their acquisition prices less the current redemption as well as possible write-offs due to permanent loss in value. The Group carries out depreciation write-offs using the straight-line method. The following depreciation rates have been adopted:

■ computer software	30%
■ licences	30%
■ copyrights	30%
■ other rights	10-20%

Adopted depreciation rates are related to the estimated useful life of intangible assets, excluding the players' cards (MKS Cracovia SSA), which are depreciated within the period of the agreement signed with a given player.

In the case of intangible assets that were acquired for a particular project, the depreciation period is established as the duration of the project.

The right of perpetual usufruct of land relating to MKS Cracovia SSA is classified as an intangible asset with an undefined useful life, therefore it is not depreciated. Lands that MKS Cracovia SSA holds in perpetual usufruct are not depreciated, because of an undefined useful life, since the company expects that the perpetual usufruct rights will be renewed without any major costs, as it is not obliged to meet any conditions, upon which the extension of these rights depends.

In Poland, perpetual usufruct is considered synonymous to ownership, as opposed to a lease after which a user releases land. The company does not expect to incur any major costs for the renewal of perpetual usufruct rights as the co-owner of MKS Cracovia SSA is the City of Krakow. The city supports sports activities, including those of MKS Cracovia SSA through initiatives that include:

- refinancing sports infrastructure;
- redeeming real estate taxes;
- providing fees for perpetual usufruct.

The right of perpetual usufruct of land relating to the Parent Company is depreciated for a defined useful life, which depends on the time of acquisition and amounts from 84 till 99 years. The average depreciation rate equals 1.2%.

Intangible assets purchased as a result of the acquisition of the A-MEA Informatik AG (currently Comarch Swiss AG) are comprised of the value of the company's relationships with customers. These assets were presented in fair value in the Comarch Group's balance sheet. The Group performs by way of the linear method depreciation write-offs of intangible assets purchased as a result of the acquisition of the A-MEA Informatik AG. It was assumed the depreciation period is equal to the predicted period of economic benefit from the company's relationships with customers, i.e. 60 months. The depreciation settlement was completed in 2016.

Intangible assets purchased as a result of the acquisition of the ESAProjekt sp. z o.o. (currently Comarch Healthcare S.A.) are comprised of property rights for the software: Optimed, OptiNFZKom, BaKS, Carber, SDK, Repos. These assets were presented in fair value in the Comarch Group's balance sheet. The Group performs by way of the linear method depreciation write-offs of intangible assets purchased as a result of the acquisition of the ESAProjekt sp. o.o. It was assumed the depreciation period is equal to the predicted period of economic benefit from the software sales, i.e. 60 months. The depreciation settlement was completed in 2016.

b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill recognised separately is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carriage of an amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

c) Property, Plant and Equipment

Property, Plant and Equipment in Use

Property, plant and equipment in use were valued according to acquisition prices or production costs less current redemption and possible write-offs due to losses in value. The adopted depreciation rates correspond to the economic utility of property, plant and equipment in use.

The following detailed principles of depreciation of property, plant and equipment in use have been adopted by the company: assets are depreciated with the straight-line method with application of

depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5% (for buildings), 30% (for machines and devices) and 20% (for furniture, equipment and other assets). In case of property, plant and equipment in use acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

Property, Plant and Equipment under Construction

Property, plant and equipment under construction are valued according to the acquisition price less any possible write-offs due to permanent loss in value. The company applies the rule that interests on investment credit, in the period when the investment is realised, are recognised as property, plant and equipment under construction. Interests on investment credit decrease the annual result within finance costs, after non-current asset, financed by credit, was brought to use.

Improvements in Third Party Property, Plant and Equipment Assets

Improvements in third party property, plant and equipment are valued according to the acquisition price less any current redemptions and possible write-offs due to loss in value.

d) Leases

The Group uses leased vehicles and computer hardware. As, according to the agreements made, practically all risks and benefits resulting from the title of ownership of the subject matter leased have been transferred, these are classified as finance leases. They have been classified as assets and liabilities in the amounts equal to the minimum leasing fees set forth as at the date of lease initiation. Leasing fees are divided into finance costs and reductions of the unpaid balance of liabilities. The interest part of finance costs is charged to the income statement throughout the lease term so as to obtain a constant periodic interest rate on the remaining balance of the liability for each period. The means used on lease principles are subject to depreciation within a shorter period of time of either the asset's useful life or the lease term.

e) Non-Current Prepayments

Non-current prepayments refer to the non-current part of prepayments costs.

f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount carried may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sales costs and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2.1.6. Current Assets

a) Inventories, Products in Progress and Finished Goods

Production in progress given in the statement refers to software produced by the Group and allocated for multiple sales. Production in progress is valued according to direct technical production costs.

Application software produced by the Group and allocated for multiple sales is valued in the period when it benefits, no longer than 36 months from an initial sale, in the amount of surplus of software production costs over net revenues obtained from sales of these products within the following 36 months. Software production costs, not written off after this period of time, increase other operational costs.

Expenditures incurred for software production, in the amount of 50% to 100% of the invoiced sale in the above time period of sales, are written off into its own costs, provided that the 50% rate is the basic rate. If the company is aware of limits to sales capacity at an earlier point, it immediately performs a write-off revaluing production in progress in the amount of expenses in reference to which there is a

probability that they will not be recovered, or does a one-time write-off of the entirety of unsettled expenses (depending on the degree of risk valuation) into its own cost of sales.

The register of materials and finished goods is managed at current purchase prices. Expenses are appraised according to the FIFO principle. Finished goods are appraised according to actual purchase prices, no higher than net selling prices.

b) Receivables

Receivables are recognised initially at fair value and subsequently according to adjusted acquisition prices (at amortised cost).

Receivables are recognised as current or non-current receivables depending on maturity (depending on whether this is less than or over 12 months from the balance sheet date).

In order to make their value real, receivables are decreased by write-offs revaluating bad debts. Write-offs due to loss in value correspond with the difference between balance sheet value and the current value of actual cash flows from the given item of assets. Due to the specific nature of activities (limited scope of receivables from mass contractors), appropriate updating of write-offs is carried out by way of a detailed identification of receivables and an assessment of risk of the inflow of funds resulting from contractual and business conditions.

c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at banks, bank deposit payable on demand, liquid current securities and other current investment with high liquidity.

d) Settlement of Long-Term Contracts

Costs related to long-term contracts are given when they occur. The result in contracts is determined according to the progress of work if a reliable determination of such is possible. If it is not possible to determine the results in contracts, revenues are recognised uniquely up to the amount of a contract's costs incurred, which are probable to recover. The progress of work is measured based on the value of costs incurred by the balance sheet date divided by the total estimated costs due to contracts, expressed as a percentage. If it is probable that the total costs due to an agreement exceed total revenues, the anticipated loss is recognised immediately.

In assets, the Group presents 'Long-term contracts receivables' for cases where there is a surplus in incurred costs and recognised profits due to long-term contracts over the value of invoiced sales for contractors. Otherwise, when there is a surplus of the invoiced sales to contractors over the value of incurred costs and recognised profits due to long-term contracts, the Group presents an item in the liabilities called 'Long-term contracts liabilities'. The above surpluses are determined for each contract separately and are presented separately without balancing particular items.

e) Assets Designated for Sales

Assets and groups for disposal are classified as designated for sales if their balance sheet values will be recovered more as a result of sales transactions than in the result of their further usage. This condition is considered to be met only when a sale transaction is very probable to perform and an assets' item or a group for disposal are available for immediate sales in their present shape. An assets' item may be classified as designated for sales when the company's management is going to make a transaction within one year from change of classification.

Assets and groups for disposal classified as designated for sales are evaluated at lower of two values: initial balance sheet value or fair value less transaction costs.

2.1.7. Equity

Equity includes:

- a) the share capital of the Parent Company presented at nominal value,
- b) other capitals established:

- from profit-sharing,
 - from surpluses of shares sold above their nominal value (premium share)
 - from the valuation of managerial options,
- c) retained profit resulting from adjustments resulting from changes to accounting principles and from the results achieved by the entities of the Group, which were not transferred to other capitals,
- d) currency exchange differences.

2.1.8. Employee Benefits

a) Share-Based Plans

By 2014, the Parent Company had a share-based reward scheme. The fair value of employee services received in exchange for every grant of options increases costs. The total amount to be spent over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Vesting conditions were included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revised its estimates of the number of options that are expected to vest. It recognised the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received when the option is exercised, i.e. proceeds from comprising shares (less transaction costs related directly to option exercising) were credited to share capital (nominal value) and the share premium is credited to supplementary capital.

2.1.9. Liabilities and Provisions for Liabilities

a) Trade Liabilities and Other Liabilities

Initially trade and other liabilities are recognised at their fair value and at the balance sheet date they are recognised at adjusted acquisition prices (depreciated cost). Liabilities, depending on maturity (up to or over 12 months from the balance sheet date) are recorded as current or non-current items.

b) Financial Liabilities

At the time of initial recognition, financial liabilities are valued at fair value, increased (in case of an item of liabilities not qualified as valued at fair value by the financial result) by transaction costs. After the initial recognition, the unit appraises financial liabilities according to depreciated costs using the effective interest method, with the exception of derivative instruments, which are valued at fair value. Financial liabilities set as items being hedged are subject to appraisal pursuant to hedge accounting principles.

c) Provisions for Liabilities

Provisions for restructuring costs, guarantee repairs, legal claims and for other events (especially for leaves and rewards), which result in the Group's current obligation from past events, are recognised if:

- The Group has current legal or customary liabilities resulting from past events;
- There is a high probability that expending Group funds may be necessary to settle these liabilities, and
- Their value has been reliably assessed.

Restructuring provisions mostly comprise employee severance payments. These provisions are not recognised in reference to future operational losses.

If there are a number of similar liabilities, the probability of the necessity for expending funds for settlement is assessed for the whole group of similar liabilities. The provision is recognised even if the probability of expending funds in reference to one item within the group of liabilities is small.

The provisions are appraised at the current value of costs assessed according to the best knowledge of company management. Incurring such costs is necessary in order to settle the current liability at the

balance sheet date. The discount rate applied for determining current value reflects the current market assessment of the time value of money and impairments relating to a given liability.

2.1.10. Deferred Income Tax

The general principle, pursuant to IAS12, is applied. It states that due to temporary differences between the presented value of assets and liabilities as well as their tax value and tax loss it will be possible to deduct in the future, a provision is established and deferred income tax assets are defined.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences and due to income tax relief in connection with activities in Special Economic Zone, which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over three years (including the year for which the financial statement is prepared).

Deferred income tax liabilities are established in the amount of income tax payable in the future in reference to positive temporary differences, which would result in increasing the basis of taxation in the future.

Deferred income tax is established using fiscal rates (and regulations) which are legally binding at the balance sheet date, which according to expectations shall be in force at the moment of realisation of relevant deferred income tax assets or settlement of deferred income tax liability.

The difference between deferred income tax liabilities and deferred income tax assets at the end and at the beginning of the reporting period affects the financial results. In addition, liabilities and assets due to deferred income tax related to operations settled with equity are referred into shareholders' equity.

2.2. Recognition of Revenues and Costs

The Comarch Group's operations mostly consist of producing software for multiple sales and implementing IT integration contracts. As part of its integration contracts, Comarch offers the implementation of IT turnkey systems consisting of (own and third party) software and/or computer hardware and/or services such as:

- implementation services,
- installation services,
- guarantee and post-guarantee services,
- technical assistance services,
- software customisation services,
- sharing IT service solutions in the Cloud model,
- other IT and non-IT services necessary for system implementation.

In determining the total revenues from contracts, the following items are taken into account:

- revenues from proprietary software (irrespective of form, i.e. licences, property rights, etc.),
- revenues from services specified in the previous point.

Unit managers may decide to include estimated revenues that are highly probable to be realised into the total revenues from a contract (e.g. during the implementation of the contract, project modifications are carried out for technical reasons and it is justified to assume with some probability that the ordering party will accept the modifications and that there will be revenues flowing from them).

When integration contracts under which software is allocated for multiple sales are Comarch property, the revenues and costs related to this software and the revenues and costs related to the other part of the integration contract are recognised separately.

Several integration contracts are combined and recognised as one contract, if:

- the agreements are executed at the same time or sequentially one after another and the precise separation of the costs of their execution is impossible, or
- the agreements are so closely inter-related that they are actually parts of a single project and share a single profit margin for the entire project.

The contracts are executed based on the concluded contracts and the benefits are usually considered to be made within the time limits defined in them, usually based on bilateral work acceptance reports

Revenues from other services (e.g. technical services, technical assistance) are recognised equally during the term of an agreement/service provision. Revenues from hardware sales and the sale of other finished goods are recognised in accordance with agreed delivery terms.

Revenues from sales of other services, products, finished goods and property items comprise sums of fair values from due invoiced revenues taking into account discounts and rebates without commodity and services taxes.

In the case of individual IT contracts, payment dates are determined individually depending on their size, duration of the implementation period, estimated cost expenditure. Depending on the specificity of the contract, payroll amounts may be fixed as defined in the contract or may contain variable elements depending on the number and progress of work.

It also happens that during the contract's execution, the contractor changes to the agreed scope of work, which results in changes in the amount of the originally set remuneration.

In the case of the sale of reusable software, customary payment terms are usually used.

Sales costs include marketing costs and the costs of order acquisition by sales centres (departments) in the Comarch Group. General costs consist of the costs of the Comarch Group functioning as a whole and include administrative expenses and the costs of departments that operate for the general needs of the Group.

Exchange rate differences related to receivables are presented in 'Revenues from sales' and those related to liabilities are presented in 'Cost of sales.'

Subsidies

The Group receives subsidies for the financing of R&D projects within the framework of European Union aid programmes. These subsidies are systematically recognised as revenue in particular periods so as to ensure that they are adequate to incurred costs, which should be compensated by subsidies respectively to the reason of their settlement. These subsidies diminish the respective direct costs, which are presented in the cost of sales just after they are compensated with subsidies.

a) Other Operational Revenues and Costs

Other operational revenues and costs comprise revenues and costs not directly related to the regular activities of the units and mostly include: the result of the sale of property, plant and equipment and intangibles, subsidies, established provisions and the consequences of asset revaluation.

b) Financial Revenues and Costs

Financial revenues and costs mostly include: revenues and costs due to interest, those from the result achieved due to exchange rate differences in financial activities, those from disposal of financial assets and those arising as the consequences of the investment revaluation.

Interest charges due to investment credit are recognised in finance costs beginning from the moment when asset finance with the credit was completed for use.

2.3. Financial Risk Management

2.3.1. Credit Risk

The Group establishes the financial credibility of potential clients before signing contracts for the supply of IT systems and adjusts the conditions of each contract to the potential risk depending on its assessment of the financial standing of the client. Concentration of credit risk is limited due to diversification of the Group's sales to a significant number of customers in different branch of economy, in different world's regions.

2.3.2. Risk of Change in Interest Rest

The company is exposed to the risk of changes in interest rates related to cash and cash equivalents and long-term investment credits to finance the construction of new production buildings in the Special Economic Zone in Krakow. These are credits at variable interest rates based on the WIBOR and LIBOR index. The Parent Company has been hedging this interest rate risk using IRS contracts, but also still monitors market situation in this scope. The influence of interest rate changes on the amount of interest on credit paid is partly compensated for by a change in the amount of interest received on cash and cash equivalents.

An analysis of the sensitivity of the Group's financial results to interest rate risk carried out in accordance with IFRS 7 principles indicates that if, on the balance sheet date, the interest rates had been 50 base points higher/lower, net profit for 2018 would have been PLN 3.5 million higher/lower given that the other variables remained constant. This would largely have been the result of higher/lower revenue arising from interest received on cash and cash equivalents. Conducting an analogous analysis as at the 31st of December, 2017, indicates that if interest rates had been 50 base points higher/lower net profit for 2017 would have been PLN 2.7 million higher/lower, given that the other variables remained constant. An analysis of the sensitivity of the Group's financial results to interest rate risk was carried out using a simplified method that assumes that the rates' increases and decreases close at the same amount.

2.3.3. Risk of Fluctuation in the Exchange Rates

The company is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies, especially in relation to foreign exchange of EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, BRL/PLN, CHF/EUR and RUB/PLN. At the same time, part of the Parent Company's costs is also expressed in or related to exchange rates for foreign currencies. In individual cases, the company hedges future payments with forward contracts, and it tries to use natural hedging through adjusting structures of assets, liabilities and equity denominated in foreign currencies (for example through a change in currency investment loans).

The balance sheet value of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date. These values were presented in note [3.14](#).

An analysis of the Group's sensitivity to exchange rate fluctuation risk conducted in accordance with IFRS 7 indicated that if the actual exchange rate in relation to the balance sheet exchange rate valuation for the EUR, USD, GBP and BRL had risen/fallen by 5% with all other variables remaining constant, the Group's net result for the 12 months ended 31st of December, 2018, would have been PLN 7,263 thousand higher/lower. This is made up of an increase/decrease of PLN 1,875 thousand from financial assets and liabilities expressed in EUR, an increase/decrease of PLN 3,150 thousand from financial assets and liabilities expressed in USD, an increase/decrease of PLN 1,828 thousand from financial assets and liabilities expressed in GBP and an increase/decrease of PLN 410 thousand from financial assets and liabilities expressed in BRL. Assets and financial liabilities expressed in foreign currencies have only a slight share in currency structure of assets and liabilities.

If the exchange rate in relation to the balance sheet exchange date for currencies the (EUR, USD, GBP, CAD, CHF, CNY, RUB, UAH, CLP, TRY, BRL, MYR, SEK, SGD, AED, ALLARS, COP and PEN) had risen/fallen by 10% with all other variables remaining constant, the Group's net result resulting from long-term contracts for the 12 months ended 31st of December, 2018, would have been PLN 18,052 thousand higher / PLN 18,052 thousand lower. The assessment above of the effect of exchange rate risk on the financial result was calculated using a symmetrical method that assumes that the rates' increases and decreases close at the same amount.

2.3.4. Financial Liquidity Risk

The Group has a liquidity risk management system to manage its short, medium and long-term funds. The fundamental financial liquidity risk arises because the majority of costs incurred by the Group are fixed, while revenue from sales, as is typical for a services company, fluctuates. The Group manages liquidity risk by holding the appropriate amount of working capital, by holding reserve credit lines in the current account, by constantly monitoring the forecasted and actual cash flows and by analysing the maturity profiles of financial assets and liabilities.

Information on dates of contractual maturity of financial liabilities is presented in note [3.15](#).

2.4. Accounting of Derivative Financial Instruments and Hedging Activities

Derivative financial instruments designated as 'hedging instruments' according to IFRS 9, qualified as fair value hedging, are recognised at fair value and changes in their valuation refer to the results of financial operations.

Derivative financial instruments designated as 'hedging instruments' according to IFRS 9, qualified as cash flow hedging are recognised at fair value and change to their valuation refers to:

- capital from the revaluation of prices (in the part constituting effective hedging),
- the results of financial operations (in the part not constituting effective hedging).

Derivative financial instruments designated as 'non-hedging instruments' according to IFRS 9 are valued at fair value and changes in their valuation refers to the results of financial operations.

2.5. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including anticipations of future events that are believed to be reasonable under given circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

2.5.1. Estimation of the Periods of Economic Utility of Intangible Assets and Property, Plant and Equipment in Use

a) Intangible assets

The following depreciation rates have been adopted:

- | | |
|---------------------|--------|
| ■ computer software | 30% |
| ■ licences | 30% |
| ■ copyrights | 30% |
| ■ other rights | 10-20% |

In the case of intangible assets that were acquired for a particular project, the depreciation period is established as the duration of the project.

For depreciation write-offs of intangible assets purchased as a result of the acquisitions, it was assumed the depreciation period is equal to the predicted period of economic benefit from the software sales, i.e. 60 months.

b) Property, Plant and Equipment in Use

Assets are depreciated with the straight-line method with application of depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5% (for buildings), 30% (for machines and devices) and 20% (for furniture, equipment and other assets). In case of property, plant and equipment in use acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

2.5.2. Estimation of the total costs of the execution of projects related to the appraisal of long-term contracts, pursuant to IFRS 11

Pursuant to the accounting principles adopted by the company, the company determines the degree of progress for long-term contracts by way of determining the ratio of currently incurred costs for a given project to the total estimated project costs. Due to the long-term nature of projects under way and their complex structure, as well as the possibility of unexpected difficulties related to their execution it may happen that the actual total costs for project execution differ from the estimates made for specific balance sheet dates. Changes in estimates of total project execution costs could result in the definition of project progress at the balance sheet date and consequently recognised revenues, in different amounts.

2.5.3. Estimation related to the determination and recognition of deferred income tax assets, pursuant to IAS 12

As the company operates in the Special Economic Zone and enjoys investment allowances as a result, the Parent Company determines the value of deferred income tax assets on the basis of forecasts relating to the shape of the tax-exempt income and the period, in which such income may be noted. Due to high business fluctuations in the IT industry (in which the Parent Company is active) it is possible that the actual results and tax-exempt income may differ from the Parent Company's anticipations. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over three years, selected from the five-year period (including the year for which the financial statement is prepared), after rejecting two extreme values.

2.5.4. Estimation of possible costs related to current court proceedings against the company, pursuant to IAS 37

At the balance sheet date, the Group is the plaintiff and the defendant in a number of court proceedings. Preparing the financial statement, the Group always assesses the opportunities and risks related to court proceedings and, in accordance with the results of such analyses, establishes provisions for potential losses. However, there is always a risk that the courts will pronounce verdicts different from the expectations of the companies and the established provisions will be insufficient or excessive in comparison with the actual results of the proceedings.

2.5.5. Estimation due to carrying out yearly test on loss in the goodwill according to IFRS 3 and IAS 36

At the end of every fiscal year the Group carries out tests on losses in the goodwill according to accounting rules contained in note 3.5. The Group considers IT Segment as a cash generating unit thereby doesn't allocate the goodwill to particular companies of the Group. The recoverable amount of cash generating unit was determined on the basis of calculations of its fair value. These calculations require to the use of estimates related to cash flow in the IT segment in the following financial year and an anticipated development of the IT market in Poland and regions where the Group is active in the following years. Due to a high fluctuation in the economic situation of the IT branch, where the Group operates, it is possible that real cash flow will differ from the one estimated by the Group.

2.5.6. Fair value assessment of intangible assets purchased as a result of the acquisitions

As at the acquisition date Comarch SuB Group, ESAProjekt sp. z o.o. and Amea Informatik AG (currently Comarch Swiss AG, after the merger of both companies in 2013) the assessment of the fair value of assets held by these companies, was done based on the useful value valuation model with the discounted cash flow method (DCF). The discount rate applied in the assessment of the current value of the predicted cash flow is based on a weighted average capital cost (WACC). Particular items of WACC were estimated on a basis of market data on risk-free interest rate (profitability of treasury bills), beta factor, data on the structure of debt/capital and the expected value of premium for risk.

2.6. New Standards and IFRIC Interpretations

This consolidated financial statement was prepared in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union.

Accounting principles (policy) applied when preparing the consolidated financial statement for 2018 are coherent with the principles applied when preparing the consolidated financial statement for 2017, providing changes described below. The same rules were adopted for the current and comparable periods, unless a standard or an interpretation assumed only prospective application.

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

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

The Comarch Group applied IFRS 15 for the first time in preparing the financial report for the first quarter of 2018. Corrections in result for 2017 and for the previous years, resulting from the adoption of IFRS 15, were presented in the balance sheet as at the 31st of December, 2017, changes in equity and note 3.11. For comparative purposes, financial data as at the 30th of June, 2017, were converted in accordance with IFRS 15.

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

Total	882	3,805	4,312	4,983	6,537
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On the 8th of December, 2016, a slight improvements have been made to the following 3 standards, as a result of the review of IFRS:

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

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

- **MSSF 9 "Financial Instruments"** - approved by the UE on 22nd of November, 2016 (effective for annual periods beginning on or after the 1st of January, 2018),

The 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 for the first time as of January 1, 2018, the Group made 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 receivables**

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.

- **Amendments to IFRS 2 "Share-based Payments"** - published on 20th of June, 2016, and is effective for annual periods beginning on or after 1st of January, 2018. The purpose of amendments to the standard was classification and measurement of share-based payment transactions.

- **Amendments to IFRS 4 "Insurance Contracts"** - Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Instruments" was published on 12th of September, 2016, and is effective for annual periods beginning on or after 1st of January, 2018.
- **Amendments to IAS 40 Transfer of investment properties** – published on 8th of December, 2016, and is effective for annual periods beginning on or after 1st of January, 2018.

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

New standards and amendments published by IASB and approved by the EU, but not yet effective

At the date of authorisation of these financial statements the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were in issue but not effective until 31st of December, 2018.

■ **MSSF 16 Leasing**

The new standard was published on the 13th of January, 2016 and is effective for annual periods beginning on or after 1st of January, 2019, with earlier adoption permitted (if IFRS 15 has also been applied).

The Group has not decided to apply these standards and interpretations earlier. The Management Board of the Parent Company informs that application of IFRS 16 will, in the future, impact the amounts and recognitions presented in the consolidated financial statement of the Capital Group. The Group plans to implement the application of the IFRS 16 standard retrospectively, with the combined effect of the first application of IFRS 16 recognized as at 1st of January, 2019, without restatement of comparative data.

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

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

- for lease contracts: approx. PLN 59,606 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.

For reporting periods beginning on 1st of January, 2019, contracts meeting the criteria for leasing pursuant to IFRS 16 are discounted, and then they will be recognized in the Group's financial statements as a component of assets under the right to use and as an liability component of lease liabilities.

According to the Group's estimates, as a result of applying IFRS 16, the value of assets due to the right of use and leasing liabilities, and thus the value of the Group's balance sheet total as at 1st of January, 2019, will increase by PLN 73,848 thousand as a result of the capture.

- for lease contracts: approx. PLN 53,959 thousand,
- for the right of perpetual usufruct of land (for the period until 2089): approx. PLN 18,632 thousand,
- for leasing of means of transport and computer equipment: approx. PLN 1,257 thousand.

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

- recognition of liabilities under lease of perpetual usufruct rights, which were classified as leasing agreements as at 1st of January, 2019

- exclude from the valuation according to IFRS 16 short-term contracts, contracts for an indefinite period with a notice period shorter than one year and agreements regarding low-value assets, i.e. with an initial value below USD 5,000 USD;

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

New standards and amendments adopted by IASB but not yet approved by the EU

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

- **IFRS 14 "Deferred Balances from Regulated Activity"** (effective for annual periods beginning on or after 1st of January, 2016) - European Commission has decided not to initiate the process of approving this provisional standard for use within the EU until the final version of IFRS 14,
- **IFRS 17 "Insurance Contract"** – published on the 18th of May, 2017,
- **Amendments to IFRS 10 and IAS 28: Sale or transfer of assets between an investor and an associate or a joint venture** was published on the 11th of September, 2014 (the adoption of the change has been halted),
- **IFRIC 22 "Transactions in foreign currencies and advanced payments"** – published on the 8th of December, 2016,
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** – published on the 7th of June, 2017,
- **Amendments to IFRS 9: Prepayment Features with Negative Compensation**, published on the 12th of October, 2017,
- **Amendments to IFRS 28: Long-term Interests in Associates and Joint Ventures**, published on the 12th of October, 2017,
- **Amendments to various standards adopted within the frame of annual improvements process to IFRS "Annual Improvements (period 2015-2017)"**, published on the 12th of December, 2017,
- **Amendments to IAS 19: Change, limitation and settlement of the program**, published on the 7th of February, 2018.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities have not been adopted by the EU. According to the Parent Company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to **IFRS 9: "Financial Instruments: Recognition and Measurement"**, would not significantly impact the financial statements, if applied as at the balance sheet date.

3. Notes to the Consolidated Financial Statement

3.1. Approving the Financial Statement for 2016

The consolidated financial statement for the year 2017 was approved on the 27th of June, 2018, by the General Meeting of Shareholders of Comarch S.A. On the 4th of July, 2018, in accordance with the law, it was submitted to the National Court Register.

3.2. Segment Information

In the Comarch Group, the business segments are basic type of operating segments, and geographical segments, by the place of business 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 related services, including production of software for medicine sector and sales of IT hardware (hereinafter referred to as the "IT segment"),
- professional sports activity conducted by MKS Cracovia SSA (hereinafter referred to as the "Sport segment"),
- investment activity on capital market and real estate market (hereinafter referred to as the "Investment segment"),
- activities related to medical services (hereinafter referred to as the "Medical segment").

The IT segment has a dominant share in revenue from sales, results and assets. Due to the specific nature of the business, the IT segment is presented with the spin-off of the DACH market (Germany, Austria, Switzerland), the Polish market and other markets.

Due to the geographical breakdown of activities, Comarch Group has defined the following market segments: Poland, DACH Region (Germany, Austria and Switzerland) and Other countries. Segments: Sport, Investment and Medical 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, defining separate results for export and domestic activities is not deliberate.

Comarch Group's sales is highly diversified and is not dependent on a single customer. In 2018, the share of none of the contractor exceeded 10% of the sales of Comarch Group.

Over 2018, Comarch Group's revenue structure was as follows: 20% of annual sales were achieved in the first quarter, 24% in the second quarter, 25% in the third quarter and 31% in the fourth quarter. In the company's opinion, over 2018, Group's revenue structure will be similar to that observed in 2018.

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

12 months ended 31 December 2017	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimination	Total
	Poland	DACH	Other					
Revenues per segment- sales to external clients	591,570	271,233	262,508	4,111	32,845	12,383	-	1,174,650
<i>including:</i>								
Revenues from sales:	563,004	268,067	259,577	626	23,485	10,351	-	1,125,110
<i>To customers in Telecommunication, Media, IT sector</i>	<i>95,921</i>	<i>75,704</i>	<i>93,241</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>264,866</i>
<i>To customers in Finance and Banking sector</i>	<i>131,720</i>	<i>38,990</i>	<i>16,458</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>187,168</i>
<i>To customers in Trade and services sector</i>	<i>56,177</i>	<i>17,000</i>	<i>114,190</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>187,367</i>
<i>To customers in Industry & Utilities</i>	<i>81,673</i>	<i>29,462</i>	<i>31,970</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>143,105</i>
<i>To customers in Public sector</i>	<i>53,180</i>	<i>7,139</i>	<i>3,699</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>64,018</i>
<i>To customers in small and medium enterprises sector</i>	<i>136,085</i>	<i>99,771</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>235,856</i>
<i>To customers in Medicine sector</i>	<i>5,669</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>10,351</i>	<i>-</i>	<i>16,020</i>
<i>To other customers</i>	<i>2,579</i>	<i>1</i>	<i>19</i>	<i>626</i>	<i>23,485</i>	<i>-</i>	<i>-</i>	<i>26,710</i>
<i>other operating revenue</i>	<i>406</i>	<i>3,385</i>	<i>2,630</i>	<i>801</i>	<i>9,707</i>	<i>744</i>	<i>-</i>	<i>17,673</i>
<i>finance revenue</i>	<i>28,160</i>	<i>(219)</i>	<i>301</i>	<i>2,684</i>	<i>(347)</i>	<i>1,288</i>	<i>-</i>	<i>31,867</i>
Revenues per segment - sales to other segments	264,930	40,133	30,350	6,936	8,904	2,066	(353,319)	-
Revenues per segment - total*	856,500	311,366	292,858	11,047	41,749	14,449	(353,319)	1,174,650
Costs per segment relating to sales to external clients	531,903	248,263	255,284	5,765	28,593	14,611	-	1,084,419
Costs per segment relating to sales to other segments	264,930	40,133	30,350	6,936	8,904	2,066	(353,319)	-
Costs per segment - total*	796,833	288,396	285,634	12,701	37,497	16,677	(353,319)	1,084,419
Current taxes	(2,644)	(4,905)	(7,453)	(259)	(189)	-	-	(15,450)
Assets for the tax due to investment allowances and other tax relief	(3,164)	(917)	(1,645)	(3)	141	-	-	(5,588)
Share of segment in the result of parties valued using the equity method of accounting	(125)	-	(2,957)	-	-	-	-	(3,082)
Net result	53,734	17,148	(4,831)	(1,916)	4,204	(2,228)	-	66,111
<i>including:</i>								
<i>result attributable to shareholders of the Parent Company</i>	<i>53,734</i>	<i>17,148</i>	<i>(4,831)</i>	<i>(1,929)</i>	<i>2,732</i>	<i>(2,228)</i>	<i>-</i>	<i>64,626</i>
<i>result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>13</i>	<i>1,472</i>	<i>-</i>	<i>-</i>	<i>1,485</i>

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 31st of December, 2017, as well as investment expenditures and depreciation for 12 months ended the 31st of December, 2018:

31 December 2017 / 12 months ended 31 December 2017

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH	Other				
Assets	842,195	202,412	257,751	140,235	60,139	5,720	1,508,452
Liabilities	449,822	56,436	92,713	34,764	20,420	3,107	657,262
Investment expenditures	98,227	16,157	26,384	6,555	6,233	172	153,728
Depreciation	40,237	12,411	2,830	1,863	4,122	2,846	64,309

12 months ended 31 December 2018	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Elimination	Total
	Poland	DACH	Other					
Revenues per segment- sales to external clients including:	764,943	292,001	267,882	4,465	35,151	11,386	-	1,375,828
Revenues from sales:	773,996	290,173	266,909	5,503	21,333	11,705	-	1,369,619
<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 & 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)	-
Revenues per segment - total	1,201,587	331,856	303,950	12,047	43,694	13,547	(530,853)	1,375,828
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)	-
Costs per segment - total	1,152,526	286,063	326,098	13,577	38,512	16,313	(530,853)	1,302,236
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)
Net result	43,088	26,115	(37,612)	(1,707)	5,333	(2,766)	-	32,451
<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.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 31st of December, 2018, as well as investment expenditures and depreciation for 12 months ended the 31st of December, 2018:

31 December 2018 / 12 months ended 31 December 2018

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

The following tables present a geographical structure of revenues from sales, assets and investment expenditures.

Revenues from basic sales - activities location

	12 months ended 31 December 2018	%	12 months ended 31 December 2017	%
Poland	812,537	59.3	597,466	53.1
DACH	290,173	21.2	268,067	23.8
Other countries	266,909	19.5	259,577	23.1
Total	1,369,619	100.0	1,125,110	100.0

Assets – activities location

	12 months ended 31 December 2018	%	12 months ended 31 December 2017	%
Poland	1,148,355	68.93	1,048,264	69.5
DACH	216,790	13.01	202,412	13.4
Other countries	300,800	18.06	257,776	17.1
Total	1,665,945	100.0	1,508,452	100.0

Investments expenditures - activities location

	12 months ended 31 December 2018	%	12 months ended 31 December 2016	%
Poland	87,525	83.90	111,187	72.4
DACH	6,783	6.50	16,157	10.5
Other countries	10,009	9.60	26,384	17.1
TOTAL	104,317	100	153,728	100.0

3.3. Property, Plant and Equipment

	Lands and buildings	Means of transport and machinery	Furniture, fittings and equipment	Total
At 1 January 2017				
Cost or valuation (gross)	449,965	346,301	54,188	850,454
Depreciation	(62,974)	(244,957)	(41,412)	(349,343)
Net book value	386,991	101,344	12,776	501,111
Year ended 31 December 2017				
Opening net book value	386,991	101,344	12,776	501,111
Additions	75,167	48,326	6,883	130,376
Disposals	(19,006)	(5,623)	(225)	(24,854)
Depreciation	(9,319)	(33,810)	(6,666)	(49,795)
Closing net book value	433,833	110,237	12,768	556,838
At 31 December 2017				
Cost or valuation (gross)	506,126	389,004	60,846	955,976
Depreciation	(72,293)	(278,767)	(48,078)	(399,138)
Net book value	433,833	110,237	12,768	556,838
Opening balance after the change in presentation				
Year ended 31 December 2018				
Opening net book value	433,833	110,237	12,768	556,838
Additions	(21,967)	74,439	3,302	55,774
Disposals	(344)	(6,811)	(26)	(7,181)
Depreciation	(10,719)	(37,974)	(5,675)	(54,368)
Closing net book value	400,803	139,891	10,369	551,063
At 31 December 2018				
Cost or valuation (gross)	483,815	456,633	64,121	1,004,569
Depreciation	(83,012)	(316,742)	(53,752)	(453,506)
Net book value	400,803	139,891	10,369	551,063

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31st of December, 2018, the Group's property, plant and equipment 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 (including office building at 12,572 square metres of the total space), one office building and data centre in Lille at 2,526 square meters of the total space and an office building and data centre in Dresden at 2,144 square metres of the total space. The Group owns also lands in the Special Economic Zone in Krakow at approx. 2.01 ha of the total area. As at the 30th of September, 2018, property, plant and equipment under construction comprise mostly expenditures to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA (an amount of PLN 5,582 thousand) and expenditures related to purchased but did put into use hardware in amount PLN 1,099 thousand.

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18th of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract was construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m². The value of this agreement amounts to PLN 69,643 thousand. The building was put into use in the first quarter of 2018.

On the 15th of March, 2016, Comarch S.A.S., a subsidiary of Comarch S.A. signed an agreement with SNC-LAVALIN S.A.S., for the realization of the construction investment in Lille, France. The subject of the contract is the alteration of the warehouse building in the data centre. The value of this agreement amounts to EUR 7,553 thousand net. The works were completed in the second quarter of 2018.

In the 2018, there were no purchases of land properties.

As at the 31st of December, 2018, bank loans are secured on land and buildings for the value of PLN 419,421 thousand (ordinary mortgages, real estate mortgages in BGŻ BNP Paribas Bank Polska S.A., Santander Bank Polska S.A., Pekao S.A., PKO BP S.A. and Bank Handlowy w Warszawie S.A.) and other property, plant and equipment in use in the amount of PLN 40,158 thousand (registered pledges in favour of banks: Pekao S.A. and DNB Bank Polska S.A.). The balance sheet value of property, plant and equipment in use, on which financial liabilities are secured, amounts to PLN 292,911 thousand.

	2018	2017
Amount of interest on credits capitalised on investments in non-current assets	170	938

Investment expenditures on property, plant and equipment under construction are recognised in the net balance sheet value of property, plant and equipment:

	31 December 2018	31 December 2017
Buildings	8,212	109,314
Equipment	1,452	1,237
Other	9	9
Total	9,673	110,560

Depreciation write-offs were presented in the income statement. They increase the costs of sold products, goods and materials in the amount of PLN 33,577 thousand (PLN 33,048 thousand in 2017), costs of sales in the amount of PLN 1,243 thousand (PLN 1,260 thousand in 2017), general and administrative expenses in the amount of PLN 5,415 thousand (PLN 3,206 thousand in 2017) and social activities expenses in the amount of PLN 15,133 thousand (PLN 12,280 thousand in 2017).

Assets in finance leasing

As at the 31st of December, 2018, the Group had liabilities due to a finance lease.

	31 December 2018	31 December 2017
Net equity	699	611
Interest	39	-
Total	738	611

The Group has no due lease payments.

	31 December 2018	31 December 2017
Net equity	-	-
Interest	-	-

3.4. Investment Real Estates

	31 December 2017	31 December 2016
Lands		
Gross value	4,926	3,106
Amortization	(1,323)	(231)
Net value	3,603	2,875
Buildings		
Gross value	46,632	17,640
Amortization	(17,552)	(5,158)
Net value	29,080	12,482
Total net value	32,683	15,357

As at the 31st of December, 2018, 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 2018	31 December 2017
Comarch Kraków	99	99
CDN Comarch	1,227	1,227
Comarch AG	1,900	1,900
Comarch, Inc.	58	58
Comarch Software und Beratung AG	29,038	29,038
Comarch Swiss AG (A-MEA Informatik AG till 31 st of December, 2012)	8,413	8,413
Geopolis sp. z o.o.	1,462	1,462
Total	42,197	42,197

3.5.1. Acquisition of Subsidiaries

	Core Activities	Acquisition Date	(%) of Purchased Shares	Acquisition Cost
2008				
Comarch Software und Beratung AG	IT	2008-11-18	50.15%	44,685
2009				
Comarch Software und Beratung AG	IT	2009-02-09	30.74%	31,901
2012				
Comarch Software und Beratung AG	IT	2012-10-19	5%	3,777
A-MEA Informatik AG	IT	2012-01-30	100%	5,717
A-MEA Informatik AG		2012-02-27	-	2,578
ESAProjekt sp. z o.o.	IT	2012-04-27	100%	12,200
2016				
Comarch Software und Beratung AG	IT	2016-12-12	2.68%	6,375
2017				
Geopolis sp. z o.o.	IT	2017-04-03	100%	4,000

3.5.2. Test for Goodwill Impairment

On the 31st of December, 2018, the Comarch Group conducted a test for loss in value regarding goodwill in relation to acquisition of Comarch Software und Beratung AG and it did not show any loss in value. The assessment of the fair value of a cash generating unit was done based on the useful value valuation model with the discounted cash flow method (DCF). The predicted cash flow for particular Comarch SuB product lines are based on sales results in 2018, the Comarch SuB Group budget for 2019, and the forecast for 2019-2023, development estimates of the German market within the upcoming years and assuming a constant growth rate of 0.5% from 2024. The discount rate applied in the assessment of the current value of the predicted cash flow is based on a weighted average cost of capital (WACC). Particular items of WACC were estimated on a basis of market data on risk-free interest rate (profitability of treasury bills), beta factor, data on the structure of debt/capital and the expected value of premium for risk. The weighted average cost of capital applied in the model amounted to 7.17%.

On the 31st of December, 2018, the Comarch Group conducted also tests for loss in value regarding goodwill in relation to acquisitions of Comarch Swiss (formerly A-MEA Informatik AG) and they did not show any loss in value.

The Group considers IT Segment, comprising companies in the Comarch Group before acquisition of the Comarch Software und Beratung Group, as one cash generating unit thereby doesn't allocate the goodwill, that was worth PLN 3,284 thousand and recognised in relation to purchases of shares in Comarch Kraków S.A., CDN Comarch S.A., Comarch Inc. and Comarch AG, to particular companies of the Group. A test for loss in value in reference to the goodwill that was run on the 31st of December, 2018, did not show any loss in value. The recoverable amount of cash generating unit was determined on the basis of calculations of its fair value. The Management Board of the Parent Company conducted also the analysis of the P/E index for companies in the IT sector registered with the Warsaw Stock Exchange and assessed on this basis the estimated market value of the IT Segment in the Comarch Group as at the 31st of December, 2018. P/E index for IT sector companies listed on the Warsaw Stock Exchange, conducting business activities similar to Comarch S.A., was taken for analysis and amounted to 30.4. It was not adjusted to the needs of the test. The above analyses did not show any loss in value in reference to the goodwill.

3.6. Other Intangible Assets

	Cost of completed development works	Right of perpetual usufruct	Trademarks, licences and software	Other	Total
At 31 December 20156					
Cost (gross)	3,258	39,940	169,183	36,228	248,609
Accumulated amortisation and impairment	(2,616)	(1,183)	(155,031)	(28,436)	(187,266)
Net book value	642	38,757	14,152	7,792	61,343
Year ended 31 December 2017					
Opening net book value	642	38,757	14,152	7,792	61,343
Additions	-	648	11,524	5,925	18,097
Disposals	-	-	(30)	(1,577)	(1,607)
Amortisation charge	(307)	(93)	(10,291)	(3,823)	(14,514)
Closing net book value	335	39,312	15,355	8,317	63,319
At 31 December 2017					
Cost (gross)	3,258	40,588	180,677	40,576	265,099
Accumulated amortisation and impairment	(2,923)	(1,276)	(165,322)	(32,259)	(201,780)
Net book value	335	39,312	15,355	8,317	63,319
Year ended 31 December 2018					
Opening net book value	335	39,312	15,355	8,317	63,319
Additions	-	-	7,074	2,642	9,716
Disposals	-	-	(26)	(2,725)	(2,751)
Amortisation charge	(191)	(93)	(7,035)	(3,518)	(10,837)
Closing net book value	144	39,219	15,368	4,716	59,447
At 31 December 2018					
Cost (gross)	3,259	40,588	187,725	40,493	272,066
Accumulated amortisation and impairment	(3,115)	(1,369)	(172,357)	(35,777)	(212,619)
Net book value	144	39,219	15,368	4,716	59,447

The Group presented costs for research and development works directly in costs, with no previous activation, in the amount of PLN 2,037 thousand.

I. Other intangibles include mainly valuation of assets related to players' cards in MKS Cracovia in the amount of PLN 4,707 thousand. All other items of the intangible assets were acquired.

Amortization charges in the income statement have been reported in the positions: the amount of PLN 9,629 thousand is included in the cost of production (PLN 12,816 thousand in 2017), the rest is presented in general and administrative costs in the amount of PLN 606 thousand (PLN 1,147 thousand in 2017) and selling costs in the amount of PLN 602 thousand (PLN 551 thousand in 2017).

The perpetual usufruct right for land related to MKS Cracovia SSA that is worth PLN 31,650 thousand is considered as 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 major costs in renewal of perpetual usufruct right in the context of the previous activities of the co-owner of the Club that is the City of Krakow. The city supports sport activities, including MKS Cracovia SSA, by the way of, among others:

- additional financing of sport infrastructure
- redemption of real estate tax
- contributing fees for perpetual usufruct in non-cash contribution

The right of perpetual usufruct of land relating to the Parent Company is depreciated for a defined useful life, which depends on the time of acquisition and amounts from 84 till 99 years. The average depreciation rate equals 1.2%.

II. Impairment test for the right of perpetual usufruct as at 31st of December, 2018.

As at the 31st of December, 2018, an analysis was performed on changes in prices of real estate properties in Krakow in 2018. Based on articles and reports of industry portals (among others Bankier.pl) it was found that in 2018 the average price of land in Krakow had an upward trend. On this basis it was established that in 2018, there was no impairment of the right of perpetual usufruct of land owned by the Comarch Group.

3.7. Non-Current Prepayments

	12 months ended 31 December 2018	12 months ended 31 December 2017
Opening balance	3,321	1,118
Changes due to:		
- settlement and transfer to non-current prepayments	(487)	2,203
Closing balance	2,834	3,321

3.8. Investment in Associates

As at the 31st of December, 2018, the Group had investments in associates.

At 1 January 2017	14,395
Share in profit of Sointeractive S.A.	(111)
Acquiring shares and share in profit of Metrum Capital S.A.	(14)
Grant a loan to SoInteractive S.A.	(80)
Acquiring shares and share in profit of Thanks Again LLC	(2,957)
At 31 December 2017	11,233

At 1 January 2018	11,233
Share in profit of Sointeractive S.A.	(331)
Acquiring shares and share in profit of Metrum Capital S.A.	(2)
Loan for SoInteractive S.A.	1,390
Acquiring shares and share in profit of Thanks Again LLC	(10,770)

At 31 December 2018	1,520
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	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2017				
SoInteractive S.A.	Poland	4,536	3,991	42.98
At 31 December 2018				
SoInteractive S.A.	Poland	2,114	4,346	42.98

	Country of incorporation	Revenue	Profit /(Loss)	% shares held
12 months ended 31 December 2017				
SoInteractive S.A.	Poland	9,971	(1,112)	42.98
12 months ended 31 December 2018				
SoInteractive S.A.	Poland	3,293	(2,762)	42.98

	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2017				
Metrum Capital S.A.	Poland	7	3	64.29
At 31 December 2018				
Metrum Capital S.A.	Poland	7	14	64.29

	Country of incorporation	Revenue	Profit /(Loss)	% shares held
12 months ended 31 December 2017				
Metrum Capital S.A.	Poland	45	(29)	64.29
12 months ended 31 December 2018				
Metrum Capital S.A.	Poland	-	(11)	64.29

	Country of incorporation	Assets	Liabilities	% shares held
At 31 December 2017				
Thanks Again LLC	USA	5,518	14,440	42.50
At 31 December 2018				
Thanks Again LLC	USA	4,421	22,036	42.50

	Country of incorporation	Revenue	Profit /(Loss)	% shares held	Country of incorporation
12 months ended 31 December 2017					
Thanks Again LLC	USA		8,118	(3,425)	42.50
12 months ended 31 December 2018					
Thanks Again LLC	USA		3,658	(7,473)	42.50

As at the 31st of December, 2018, investments in associates include:

- acquired by CCF FIZ and Bonus Management sp. z o.o. II Activia SKA shares in SoInteractive S.A. (42.98% of shares, 27.37% of votes at the AGM) with total value of PLN 0,
- shares in Metrum Capital S.A. (Comarch S.A. acquired 21.43% of shares, i.e. 15.79% of votes at the AGM, and CAMS AG acquired 42.86% of shares, i.e. 31.58% of votes at the AGM, with total value of PLN 0),
- shares in Thanks Again LLC (Comarch Pointshub, Inc. acquired 42.50% of shares, i.e. 42.50% of votes at the AGM, with total value of PLN 0 (the nominal value of acquired shares PLN 30,831 thousand reduced by participation in current financial result for 2015, 2016 and 2017, as well as update of the value of shares),
- loans granted to SoInteractive S.A. by Comarch S.A. in the amount of PLN 1,520 thousand.

3.9. Derivative Financial Instruments

a) Assets

	31 December 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	4,199	11,316
Transaction on change of IRS	-	104
	4,199	11,420
<i>Current portion</i>	<i>3,264</i>	<i>8,516</i>
<i>Non-current portion</i>	<i>935</i>	<i>2,904</i>

b) Liabilities

	31 December 2018	31 December 2017
Forward foreign exchange contracts – held-for-trading	451	426
Transaction on change of IRS	1,366	819
	1,817	1,245
<i>Current portion</i>	<i>479</i>	<i>509</i>
<i>Non-current portion</i>	<i>1,338</i>	<i>736</i>

Group held forward contracts to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk. As at the 31st of December, 2018, the above-mentioned instruments were valued at fair value according to market price and changes in valuation were referred into the results from financial operations. Total net value of forward contracts that were open as at 31st of December, 2018, amounted to EUR 34,500 thousand, USD 5,200 thousand and GBP 1,000 thousand.

On the 27th of June, 2014, Comarch S.A. concluded a transaction on change of IRS for non revolving credit taken on the 4th of January, 2013 from Bank Zachodni WBK S.A. with its registered office in Wrocław. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 5 years, i.e. till the 28th of June, 2019. As at the 31st of December, 2018, valuation of IRS transaction amounted to minus PLN 26 thousand.

On the 9th of July, 2014, Comarch S.A. concluded a transaction on change of IRS for investment credit taken in June, 2006, from BGŻ BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 10 years, i.e. till the 29th of July, 2024. As at the 31st of December, 2018, valuation of the IRS transaction amounted to minus PLN 399 thousand.

On the 23rd of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4th of December, 2013, from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30th of November, 2023. As at the 31st of December, 2018, valuation of the IRS transaction amounted to minus PLN 308 thousand.

On the 20th of February, 2017, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on May 2016, from Bank Handlowy in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 30th of September, 2019. As at the 31st of December, 2018, valuation of the IRS transaction amounted to minus PLN 2 thousand.

On the 20th of February, 2017, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on May 2016, from Bank Handlowy in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 29th of February, 2028. As at the 31st of December, 2018, valuation of the IRS transaction amounted to minus PLN 457 thousand.

On the 27th of November, 2017, Bonus Development Sp. z o.o. SKA concluded a transaction on change of IRS for investment credit taken on the 29th of June, 2015, from Bank Pekao S.A. in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest

rate. The hedging transaction was concluded till the 31st of May, 2030. As at the 31st of December, 2018, valuation of the IRS transaction amounted to PLN 174 thousand.

After the Balance Sheet Date

None present.

3.10. Deferred Income Tax

	31 December 2018	31 December 2017
Deferred income tax assets		
Beginning of year:	31,237	35,007
<i>charged to financial result</i>	<i>31,237</i>	<i>35,007</i>
Movement on deferred income tax account charged to financial result		
recognition of an asset due to tax loss in Comarch SuB	4,464	501
dissolution of an asset due to tax loss for the previous years in Comarch SuB and Comarch AG	(9,670)	(1,806)
recognition of an asset due to tax loss in Comarch Technologies sp. z o.o.	-	(40)
dissolution of an asset due to tax loss in Comarch Technologies sp. z o.o.	271	3
recognition of an asset due to tax loss in other foreign companies	(58)	-
recognition of an asset due to tax loss in other polish companies	1	463
dissolution of an asset due to tax loss in other polish companies	(74)	(315)
recognition of an asset due to tax relief of the Parent Company due to activities in Special Economic Zone	11,162	8,863
dissolution of an asset due to tax relief of the Parent Company due to activities in Special Economic Zone	(8,863)	(9,936)
recognition of an asset due to temporary differences related to costs (depreciation, costs of research works)	10,700	4,556
dissolution of an asset due to temporary differences related to costs (depreciation, costs of research works)	(4,125)	(6,059)
End of year	35,045	31,237
<i>charged to financial result</i>	<i>35,045</i>	<i>31,237</i>

Deferred income tax assets

	Tax loss asset	Provisions for costs, revaluating write-offs	Asset due to tax relief related to income tax (SEZ)	Total
At 1 January 2017	10,977	14,094	9,936	35,007
(Charged)/ credited to the result for 2017	(1,194)	(1,503)	(1,073)	(3,770)
At 31 December 2017	9,783	12,591	8,863	31,237
<i>charged to financial result</i>	<i>9,783</i>	<i>12,591</i>	<i>8,863</i>	<i>31,237</i>
At 1 December 2018	9,783	12,591	8,863	31,237
(Charged)/ credited to the result for 2017	(5,066)	6,575	2,299	3,808
At 31 December 2018	4,717	19,166	11,162	35,045
<i>charged to financial result</i>	<i>4,717</i>	<i>19,166</i>	<i>11,162</i>	<i>35,045</i>

The tax loss asset was created in amounts recoverable in accordance with applicable tax regulations.

Deferred tax provision	31 December 2018	31 December 2017
Deferred tax provision		
Beginning of year:	43,962	42,144
<i>charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>charged to financial result</i>	<i>35,532</i>	<i>36,714</i>
<i>provisions due to acquisition of Comarch SuB</i>	-	-
<i>provisions due to acquisition of A-MEA Informatik AG and ESAProjekt sp. z o.o.</i>	-	-
Movement on deferred tax liabilities charged to financial result		
dissolution of a provision due to valuation of deposits of CCF FIZ	(57)	(445)
dissolution of a provision due to depreciation of ESAProjekt sp. z o.o. fair value valuation	-	-
dissolution of a provision due to depreciation of A-MEA Informatik AG fair value valuation	-	-
recognition of a provision due to temporary differences related to depreciation, currency differences and interest	5,193	4,921
dissolution of a provision due to temporary differences related to depreciation, currency differences and interest	(5,473)	(2,658)
End of the period	43,625	43,962
<i>charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>charged to financial result</i>	<i>38,195</i>	<i>38,532</i>
<i>provision due to acquisition of A-MEA Informatik AG and ESAProjekt sp. z o.o.</i>	-	-

Deferred income tax provision

	Provision due to valuation of CCF FIZ	Provision due to valuation of Comarch SuB through fair value	Depreciation	Provisions (exchange differences, interest)	Provisions due to fair value valuation of MKS Cracovia SSA's assets	Provisions due to fair value valuation of A-MEA Informatik AG and ESAProjekt Sp. z o.o.	Total
At 1 January 2017	22,825	-	2,206	11,683	5,430	-	42,144
<i>charged to financial result</i>	<i>22,825</i>	<i>-</i>	<i>2,206</i>	<i>11,683</i>	<i>-</i>	<i>-</i>	<i>36,714</i>
<i>charged to equity</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5,430</i>	<i>-</i>	<i>5,430</i>
(Charged)/ credited to the result for 2017	(445)	-	(2,197)	4,460	-	-	1,818
At 31 December 2017	22,380	-	9	16,143	5,430	-	43,962
<i>charged to financial result</i>	<i>22,380</i>	<i>-</i>	<i>9</i>	<i>16,143</i>	<i>-</i>	<i>-</i>	<i>38,532</i>
<i>charged to equity</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5,430</i>	<i>-</i>	<i>5,430</i>
(Charged)/ credited to the result for 2018	(57)	-	(9)	(271)	-	-	(337)
At 31 December 2018	22,323	-	-	15,872	5,430	-	43,625
<i>charged to financial result</i>	<i>22,323</i>	<i>-</i>	<i>-</i>	<i>15,872</i>	<i>-</i>	<i>-</i>	<i>38,195</i>
<i>charged to equity</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5,430</i>	<i>-</i>	<i>5,430</i>

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

- obtained in 2007, at first with a period of validity until the 31st of December, 2017, at present, pursuant to the Decision of the 18th of October, 2017, of the Ministry of Development and Finance, its validity term has not been specified;
- obtained in 2013, its validity term has not been specified;
- obtained in February 2016, its validity term has not been specified;
- obtained in March 2016, its validity term has not been specified.

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

Pursuant to IAS 12, unused tax relief as at the 31st of December, 2018, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized (its period of validity was the 31st of December, 2017). Limit of the unused investment tax relief under the permit obtained

in 2007 amounted to approx. PLN 7,873 thousand as at the 31st of December, 2018 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 28,929 thousand as at the 31st of December, 2018 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in March 2016, regarding investment in the office building SSE7 in Cracow, amounted to approx. PLN 22,759 thousand as at the 31st of December, 2018 (after discounting at the permit date).

Over 2018, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2017, and worth PLN 4,125 thousand as well as an asset due to temporary differences was recognized in the amount of PLN 10,700 thousand. An asset due to tax loss was recognized in the amount of PLN 9,802 thousand and settled in the amount of PLN 4,763 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 1,509 thousand.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences and due to income tax relief in connection with activities in Special Economic Zone, which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over three years, selected from five years period (including the year for which the financial statement is prepared), after rejecting two extreme values.

During 2018, an asset due to activities in SEZ created as at the 31st of December, 2017, has been resolved in the amount of PLN 8,863 thousand (caused a decrease in the financial result). At the same time, an asset in the amount of PLN 11,162 thousand was created, which will be realized successively (as write-offs diminishing net profit of the Group) in proportion to the generation of tax income by Comarch S.A. achieved on exempt activities over 2019. The total impact of this operation is an increase in the result by PLN 2,299 thousand. At the same time, in accordance with IAS 12, the company will regularly verify the valuation of the recognized asset considering the possibilities of its realization and recognition for further periods. It should be noted that the recognition of asset does not affect the cash flows neither of the Parent Company, nor in the Group (both the recognition of assets, as well as its implementation). This operation has only an accrual nature and results from applying the International Financial Reporting Standards for preparation of the consolidated financial statements of Comarch Group.

Due to valuation of net assets of CCF FIZ, in 2018, the Group dissolved in part a deferred tax provision, which was recognised in the previous years and was worth PLN 57 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 5,193 thousand and dissolved in the amount of PLN 5,473 thousand. The total effect of the all above-mentioned operations on the net result of 2018 was plus PLN 337 thousand.

In total, changes in deferred tax resulted in a decrease in result of PLN 4,145 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 possible to achieve in the coming years.

3.11. Inventories

	31 December 2018	31 December 2017
Raw materials	2,009	1,273
Work in progress	85,285	87,838
Goods	9,259	25,078
Finished goods	121	150
Advances due to finished goods	524	628
Total	97,198	114,967

The cost of inventories included in 'Costs of products, goods and materials sold' amounted to PLN 415,034 thousand (12 months ended the 31st of December, 2018), PLN 333,918 thousand (12 months ended the 31st of December, 2017).

In 2018, Comarch Group created write-downs of the value of goods and materials in the amount of PLN 104 thousand. Comarch Group resolved write-downs in the amount of PLN 210 thousand created in previous years.

3.12. Trade and Other Receivables

	31 December 2018	31 December 2017
Trade receivables – net	385,749	347,254
<i>Trade receivables- gross</i>	<i>446,693</i>	<i>376,110</i>
<i>Write-off revaluating receivables</i>	<i>-60,944</i>	<i>(28,856)</i>
Other receivables	35,948	19,687
Short-term prepayments	12,294	13,593
Other prepayments	132	452
Loans	167	7,541
Receivables from related parties	1,082	3,626
<i>Receivables from related parties- gross</i>	<i>7,799</i>	<i>6,511</i>
<i>Write-off revaluating receivables</i>	<i>-6,717</i>	<i>(2,885)</i>
Total	435,372	392,153
Current portion	435,372	392,153

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 31st of December, 2018, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 40,819 thousand and resolved previously created write-offs in the amount of PLN 3,844 thousand due to the settlement of debts. These operations were included respectively in other operating income and expenses in the profit and loss account.

3.13. Long-term Contracts

	12 months ended 31 December 2018	12 months ended 31 December 2017
revenues from completed contracts recognised in the reporting period	68,049	89,912
revenues from not completed contracts recognised in the reporting period	392,002	202,679
revenues from not completed contracts recognised in the reporting period - an effect of settlement pursuant to IFRS 15	(10,772)	32,270
Revenues due to long-term contracts recognised in the reporting period	449,279	324,861

	12 months ended 31 December 2018	12 months ended 31 December 2017
The total amount of the transaction price attributed to the performance obligations that remained unfulfilled (or partially not met) at the end of the reporting period	866,527	247,815

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 recognised results corresponds to revenues. At the end of the reporting period, long-term contracts were valued in accordance with the degree of work progress.

Changes in settlements due to long-term contracts recognised in assets and liabilities between the 31st of December, 2017, and the 31st of December, 2018, are presented below:

	31 December 2018	31 December 2017
Status of settlements due to long-term contracts		
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	1,106,975	695,896
Issued invoices	(1,135,993)	(714,143)
Total	(29,018)	(18,247)

	Long-term contracts receivables	Long-term contracts liabilities	Net
Revenues from long-term contracts included in the reporting period			
Value at 1 January 2017	39,960	(40,044)	(84)
Correction of the state on January 1, 2017 due to the application of IFRS 15	882	(51,314)	(50,432)
Value as at 1 January 2017 as adjusted for IFRS 15	40,842	(91,358)	(50,516)
Correction of the current period due to the application of IFRS 15 (reversal of the adjustment recognized in the opening balance sheet as at 1 January 2017)	(752)	36,229	35,477
Correction of the current period	6,796	(10,004)	(3,208)
Value at 31 December 2017	46,886	(65,133)	(18,247)
Change	6,044	26,225	32,269
Value as at 1 January 2018 before adjustment for the application of IFRS 15	40,349	(30,754)	9,595
Correction of the state as of 1 January 2018 due to the application of IFRS 15	6,537	(34,379)	(27,842)
Value as at January 1, 2018 as adjusted for IFRS 15	46,886	(65,133)	(18,247)
Correction of the current period due to the application of IFRS 15 (reversal of the adjustment recognized in the opening balance sheet as at 1 January 2018)	(4,106)	22,368	18,262
Correction of the current period	92,020	(121,053)	(29,033)
Value at 31 December 2017	134,800	(163,818)	(29,018)
Change	87,914	(98,685)	(10,771)

3.14. Categories and Classes of Financial Instruments

Assets and financial liabilities are presented by categories (according to IFRS 9) as follows:

	31 December 2018	31 December 2017
Financial assets		
At fair value through the income statement (note 3.9)	4,199	11,420
Own receivables (including cash and cash equivalents)	704,748	607,704
Total	708,947	619,124
Financial liabilities		
At fair value through the income statement	1,817	1,245
Financial liabilities	738	611
Other financial liabilities	407,580	408,955
Financial guarantees contracts	-	-
Total	410,135	410,811

The following classes of financial instruments are presented within particular categories of instruments:

	31 December 2018	31 December 2017
Own receivables and cash and cash equivalents		
Receivables from related parties (note 3.12)	1,082	3,626
Receivables from related parties - non-current	-	-
Receivables from other entities - current (note 3.12)	436,845	390,749
Receivables from other entities - non-current	20,906	5,392
Cash and cash equivalents (note 3.16)	245,915	207,937
Total	704,748	607,704
Financial liabilities		
Liabilities due to credits (note 3.18)	215,277	224,707
Liabilities to related parties (note 3.21)	195	1,323
Liabilities to other entities - current (note 3.21)	182,307	175,997
Liabilities to other entities – non-current	9,801	6,928
At fair value through the income statement (3.9)	1,817	1,245
Liabilities due to acquisition of shares	-	-
Liabilities due to finance lease	738	611
Other financial liabilities	-	-
Total	410,135	410,811

Currency structure of financial liabilities and assets are presented as follows:

	Financial assets		Financial liabilities	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Currency - PLN	234,827	172,114	102,954	95,699
Currency - EUR	302,126	231,607	264,619	284,627
Currency - USD	77,721	145,911	14,722	15,314
Currency - GBP	42,811	12,253	6,250	2,016
Currency - UAH	1,117	1,505	109	97
Currency - AED	2,542	8,366	1,807	4,118
Currency - RUB	8,333	10,582	699	654
Currency - CHF	7,914	6,265	794	755
Currency - CAD	1,310	3,512	2,461	561
Currency - BRL	11,881	12,612	3,685	1,925
Currencies - other	18,365	14,397	12,034	5,045
Total	708,947	619,124	410,135	410,811

As at the 31st of December, 2017, maturity periods of particular classes of own receivables (trade receivables and cash equivalents) are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Receivables from related parties	3,626	-	-	-	3,626
Receivables from related parties – non-current	-	-	-	-	-
Receivables from other parties - current	390,171	251	6	321	390,749
Receivables from other parties – non-current	-	3,248	2,137	7	5,392
Cash and cash equivalent (note 3.15)	207,937	-	-	-	207,937
Total	601,734	3,499	2,143	328	607,704

As at the 31st of December, 2018, maturity periods of particular classes of own receivables (trade receivables and cash equivalents) are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Receivables from related parties	1,082	-	-	-	1,082
Receivables from related parties – non-current	-	-	-	-	-
Receivables from other parties - current	436,316	524	5	-	436,845
Receivables from other parties – non-current	-	20,846	60	-	20,906
Cash and cash equivalent (note 3.15)	245,915	-	-	-	245,915
Total	683,313	21,370	65	-	704,748

As at the 31st of December, 2017, maturity periods of particular classes of financial liabilities are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Liabilities due to credits (note 3.18)	39,111	33,701	84,664	67,231	224,707
Liabilities to related parties	1,323	-	-	-	1,323
Liabilities to other entities - current	175,541	311	-	145	175,997
Liabilities to other entities – non-current	688	3,870	2,287	83	6,928
Derivative financial instruments	510	735	-	-	1,245
Liabilities due to finance lease	165	152	294	-	611
Liabilities due to the purchase of shares	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Total	217,338	38,769	87,245	67,459	410,811

As at the 31st of December, 2018, maturity periods of particular classes of financial liabilities are presented as follows:

	1 year or less	1-2 years	2-5 years	Over 5 years	Total
Liabilities due to credits (note 3.18)	40,267	38,755	88,122	48,133	215,277
Liabilities to related parties	195	-	-	-	195
Liabilities to other entities - current	182,307	-	-	-	182,307
Liabilities to other entities – non-current	-	6,314	3,403	84	9,801
Derivative financial instruments	653	1,164	-	-	1,817
Liabilities due to finance lease	328	266	144	-	738
Liabilities due to the purchase of shares	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Total	223,750	46,499	91,669	48,217	410,135

The Group has adopted the following methods of valuation for particular classes of financial instruments:

Own receivables	Valuation method
Receivables from related parties (note 3.12)	according to the adjusted acquisition price
Receivables from other entities – current (note 3.12)	according to the adjusted acquisition price
Receivables from other entities – non-current	according to the adjusted acquisition price
Cash and cash equivalents (note 3.15)	at fair value through profit or loss
Receivables from related parties (note 3.12)	according to the adjusted acquisition price
Receivables from other entities – current (note 3.12)	according to the adjusted acquisition price
Derivative instruments (note 3.9)	at fair value through profit or loss
Financial liabilities	Valuation method
Liabilities due to credits (note 3.18)	according to the adjusted acquisition price
Liabilities to related parties (note 3.21)	according to the adjusted acquisition price
Liabilities to other entities - current (note 3.21)	according to the adjusted acquisition price
Liabilities to other entities – non- current	according to the adjusted acquisition price
Liabilities due to finance lease (note 3.19)	according to the adjusted acquisition price
Liabilities due to credits (note 3.18)	at fair value through profit or loss
Derivative instruments (note 3.9)	at fair value through profit or loss

3.15. Cash and Cash Equivalents

	31 December 2018	31 December 2017
Cash in hand, cash at bank accounts	240,290	200,684
Current bank deposit	5,616	7,241
Total cash	245,906	207,925
Due interest on bank deposit	9	12
Total cash and cash equivalents	245,915	207,937

In 2018, effective interest rates for short-term bank deposits were 1.61% for PLN, 1.66 for USD, 2.21% for CLP, 5.63% for RUB, 1% for AUD and 6.51% for BRL. The average maturity period for these deposits was 31 days for PLN, 11 days for USD, 14 days CLP, 40 days for RUB, 15 days for AUD and 28 days for BRL. For the needs of the cash flow, cash and cash equivalents include cash in hand and deposits. Credit in the current account is included in financial operations.

	31 December 2018	31 December 2017
Cash with limited disposal rights		
security deposits set by companies in the Comarch Group in relation to concluded rental contracts and bank guarantees	318	318
funds received for implementation of projects co-financed with a subsidy	807	1,086
cash in a separate bank account of the consortium	-	-
cash in a separate bank account of the Social Services and Residential Fund	740	774
cash to secure credit lines	1,685	1,551
other	-	8
Total	3,550	3,737

3.16. Share Capital

	Number of shares	Ordinary and preference shares	Own shares	TOTAL
At 1 January 2017	8,133,349	8,133,349	-	8,133,349
At 31 December 2017	8,133,349	8,133,349	-	8,133,349
At 31 December 2018	8,133,349	8,133,349	-	8,133,349

The nominal value of one share is PLN 1.

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

- 864,800 series A registered preference shares,
- 75,200 series A ordinary bearer shares,
- 883,600 series B registered preference shares,
- 56,400 series B ordinary bearer shares,
- 3,008,000 series C ordinary bearer shares,
- 1,200,000 series D ordinary bearer shares,
- 638,600 series E ordinary bearer shares,
- 125,787 series G ordinary bearer shares,
- 102,708 series G3 ordinary bearer shares,
- 563,675 series H ordinary bearer shares,
- 441,826 series I2 ordinary bearer shares,
- 91,041 series J2 ordinary bearer shares,
- 73,953 series K3 ordinary bearer shares,
- 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 18 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.

3.16.1. Information about Shareholders Holding Directly or Indirectly by Subsidiary Entities at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A., at the Date of Preparing the Financial Report

As at the date of the report's preparation:

- Janusz Filipiak held 1,997,027 shares (24.55% of the company's share capital), which gave him 5,569,027 votes at the AGM and constituted 36.82% of all votes at the AGM;
- Elżbieta Filipiak held 1,323,461 shares (16.27% of the company's share capital), which gave her 4,707,461 votes at the AGM and constituted 31.12% of all votes at the AGM;
- MetLife Open Pension Fund managed by MetLife PTE S.A. held 841,097 shares (10.34% of the company's share capital), which gave it 841,097 votes at the AGM and constituted 5.56% of all votes at the AGM.

3.16.2. Changes in Share Capital in 2018

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

On the 27th of June, 2018, the Management Board of Comarch S.A. received from Paweł Prokop, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transactions concerned a purchase on the 2nd of March, 2018, of 63 ordinary bearer shares on regulated market at the weighted average price of PLN 155.00 per 1 share and purchase on the 27th of June, 2018, of 300 ordinary bearer shares on regulated market at the weighted average price of PLN 144.00 per 1 share. The total value of the transactions amounted to PLN 52,956.00. The Company announced details in current report no. [RB-13-2018](#) (ENG: [RB-13-2018](#)) dated the 27th of June, 2018.

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

3.16.3. Managerial Option Program for Members of the Management Board

None present.

3.17. Other Capitals

3.17.1. Parent Company Shareholders' Capitals

	Capital from change in ownership structure	Capital from valuation of the managerial option	Investment capital and capital for covering the budget commitments	Supplementary capital from premium share	TOTAL
At 31 December 2017	(5,185)	25,140	745	122,341	143,041
At 1 January 2018	(5,185)	25,140	745	122,341	143,041
Change in Ownership Structure	-	-	-	-	-
At 31 December 2018	(5,185)	25,140	745	122,341	143,041

On the 27th of June, 2018 the General Meeting adopted resolution no. 9 on division of net profit for the fiscal year 1.01.2017 - 31.12.2017. The General Meeting of Shareholders decided, that the net profit for the fiscal year 1.01.2017 - 31.12.2017 in the amount of PLN 39,338,096.57 will be divided as follows:

1. PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the Company's shareholders at the 10th of August, 2018, will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares.

2. The remaining part of the net profit in the amount of PLN 27,138,073.07 (twenty-seven million one hundred thirty-eight thousand seventy-three zlotys and 07/100) will be passed to supplementary capital.

Dividend was paid at the 31st of August, 2018.

The Management Board of Comarch S.A. until the date of publication of this report, made no decision regarding the proposal to distribute profit for 2018.

In 2018, no dividend payments for 2017 were made to entities outside the Group.

3.17.2. Capitals Attributable to Interests not Entitled to Control

At 31 December 2016	14,641
At 1 January 2017	14,641
Dividend paid	-
Results of subsidiaries for general partners outside the Group	-
MKS Cracovia SSA share in profit	1,472
CAMS AG share in profit	13
Currency exchange differences	2
At 31 December 2017	16,128
At 1 January 2018	16,128
Results of subsidiaries for general partners outside the Group	-
MKS Cracovia SSA share in profit	1,842
CAMS AG share in profit	(7)
Currency exchange differences	(1)
At 31 December 2018	17,962

We present data of subsidiary MKS Cracovia SSA. In the other subsidiaries, interests not entitled to control are insignificant.

Name of company: MKS Cracovia SSA,
 Main country of company's activities and country of registration: Poland,
 Proportion of shares held by interests not entitled to control: 33.89%,
 Proportion of votes held by interests not entitled to control, if differs from the proportion of held Shares: 33.89%,
 Financial result attributable to subsidiary's minority interest, during the reporting period: PLN 1,834 thousand.
 Total subsidiary's minority interest as at the end of the reporting period: PLN 17,962 thousand

Condensed financial information about subsidiary Cracovia SSA

The following tables present a summary of financial data of a significant subsidiary, which holds interests not entitling to control. The below mentioned amounts constitute amounts from financial statements prepared pursuant to the IFRS (adjusted by the Group):

MKS Cracovia SSA	31 December 2018	31 December 2017
Current assets	20,787	10,069
Non-current assets	52,047	57,933
Current liabilities	13,269	(12,903)
Non-current liabilities	(6,937)	(7,906)

MKS Cracovia SSA	12 months ended 31 December 2018	12 months ended 31 December 2017
Revenue	29,875	32,389
Profit (loss) from continued activities	5,436	4,343
Profit (loss) from discontinued activities (after tax)	-	-
Net profit (loss) for the period	5,436	4,343
Other total income for the period	-	-
Total income for the period	5,436	4,343

3.18. Credits and Loans

	31 December 2018	31 December 2017
Non-current		
Non revolving credits	165,783	177,920
Revolving credits	-	-
Loans	9,227	7,676
	175,010	185,596
Current		
Non revolving credits	32,893	33,739
Revolving credits	-	3,018
Loans	7,374	2,354
	40,267	39,111
Total credit and loans	215,277	224,707

3.18.1. Non revolving credits and loans

Company of Comarch Group	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. office buildings SSE4 in Krakow	BGŻ BNP Paribas Bank Polska S.A	44,000	PLN	3,563 (4,182 as at the 31 st of December, 2017)	EUR	15,320 (17,444 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	mortgage on the SSE4 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch SA office buildings SSE5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	1,418 (1,977 as at the 31 st of December, 2017)	EUR	6,099 (8,426 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	mortgage on the SSE5 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement

Comarch SA nonrevealing operating credit	Bank Zachodni WBK S.A.	7,400	EUR	1,910 (2,944 as at the 31 st of December, 2017)	EUR	8,212 (12,280 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	mortgage on the SSE3 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch SA office buildings SSE6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	8,188 (9,854 as at the 31 st of December, 2017)	EUR	35,209 (41,098 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	mortgage on the SSE6 building, assignment of rights from the building's insurance policy, assignment of rights from the guarantee of due performance and guarantee of the warranty, declaration on submission to enforcement
Comarch SA office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	13,333 (11,286 as at the 31 st of December, 2017)	EUR	57,330 (47,075 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
Comarch SA Nonrevealing, long-term credit	Bank Handlowy w Warszawie S.A.	2,508	EUR	1,188 (2,508 as at the 31 st of December, 2017)	EUR	5,109 (10,461 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 2019	declaration of submission to enforcement
Comarch SA Non-current assets - equipment of Internet of Things laboratory in Krakow	DNB Bank Polska S.A.	2,531	EUR	1,188 (2,508 as at the 31 st of December, 2017)	EUR	5,109 (10,461 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	registered pledge on fixed assets being the subject of financing, assignment of rights under the insurance policy for financed fixed assets, declaration on submission to enforcement

Comarch Healthcare SA Non-current assets - medical equipment for Medical Centre iMed24 in Krakow	Bank Polska Kasa Opieki S.A.	15,889	PLN			0 (2,459 as at the 31 st of December, 2017)	PLN	WIBOR1M + bank margin	31 st of December, 2018	registered pledge on fixed assets being the subject of financing, assignment of rights under the insurance policy for financed fixed assets, surety Comarch SA, declaration on submission to enforcement
Comarch AG Office building in Dresden - refinancing	BGŻ BNP Paribas Bank Polska S.A.	6,000	EUR	0 (621 as at the 31 st of December, 2017)	EUR	0 (2,589 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	15 th of May, 2018	land debt on an office building in Dresden, assignment of rights under the insurance policy of an office building in Dresden, surety Comarch S.A. statement by Comarch S.A. about submission to execution
Bonus Development Sp. z o.o. SK-A Office building in Lodz	Bank Polska Kasa Opieki S.A.	9,262	EUR	7,346 (8,043 as at the 31 st of December, 2017)	EUR	31,586 (33,545 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	31 st of May, 2030	mortgage on an office building in Łódź, a statement by Bonus Development Sp. z o.o. SK-A on submission to enforcement, assignment of rights from the insurance policy of an office building in Łódź, assignment of rights from the guarantee of due performance and warranty guarantee, assignment of rights under the lease of the financed property concluded with Comarch SA, surety from Comarch SA, declaration on submission to enforcement Comarch SA.
Comarch S.A.S, Comarch S.A. Data centre in Lille in France	BGŻ BNP Paribas Bank Polska S.A.	8,000	EUR	6,218 (6,734 as at the 31 st of December, 2017)	EUR	26,736 (28,085 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	18 th of September, 2023	mortgage on the second place on the estate Comarch S.A. (Krakow, Michał Życzkowski Street 23, building SSE4), statement by Comarch S.A. on submission to enforcement, assignment of rights from the insurance policy of the SSE4 building
Comarch S.A. Comarch infrastructure modernization program	CaixaBank SA Oddział w Polsce	3,500	EUR	1,399 (0 as at the 31 st of December, 2017)	EUR	6,016 (0 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement

Comarch SA										
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 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of March, 2022	-
Comarch S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	17,691	PLN			766 (0 as at the 31 st of December, 2017)	PLN	fixed	31 st of January, 2019	-
Comarch Polska S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			3,991 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	Guarantee by Comarch S.A.
Comarch S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,474	PLN			737 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of July, 2019	-
Comarch S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			2,745 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	-
Comarch Polska S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,200	PLN			900 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of September, 2019	Guarantee by Comarch S.A.
Comarch S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group.	IBM Global Financing Polska Sp. z o.o.	999	PLN			999 (0 as at the 31 st of December, 2017)	PLN	fixed	01.12.2019	-

The value of liabilities due to bank credits and loans was recognised 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. 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's bank credits to interest rate risk arises from investment credits (at variable interest rates). Group optimises interest by continuously monitoring its interest rate structure and appropriately adjusting the basic interest rate of its credits.

The exposure of Group bank credits to interest rate changes

	6 months or less	6-12 months	1-5 years	Over 5 years	TOTAL
At 31 December 2017					
Credits and loans	18,636	20,969	118,365	67,231	225,201
Interest	(494)	-	-	-	(494)
Total	18,142	20,969	118,365	67,231	224,707
At 31 December 2018					
Credits and loans	20,740	19,997	126,877	48,133	215,747
Interest	(470)	-	-	-	(470)
Total	20,270	19,997	126,877	48,133	215,277

The maturity of non-current bank credits, loans and financial liabilities

	31 December 2018	31 December 2017
Between 1 and 2 years	38,755	33,701
Between 2 and 5 years	88,122	84,664
Over 5 years	48,133	67,231
	175,010	185,596

Currency structure of the balance sheet values of credits, loans and financial liabilities

	31 December 2018	31 December 2017
In Polish currency	16,601	12,484
In EUR (equivalence in PLN)	198,676	212,223
	215,277	224,707

The effective interest rates at the balance sheet date

	31 December 2018	31 December 2017
Bank credits	1.61%	1.64%
Loans	2.56%	3.66%

3.18.2. Revolving Credits and Loans

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value Currency	Value PLN			
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2019	declaration of submission to enforcement
Comarch SA	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2019	declaration of submission to enforcement
Comarch S.A.S., Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A	Financing operating activities	10,000	PLN	0	PLN	EURIBOR1M + bank margin	13 th of March, 2018	declaration of submission to enforcement

	31 December 2018	31 December 2017
Current credit lines granted, expiring within one year, including:	60,000	55,422
– used at the balance sheet date	0	3,018
– available at the balance sheet date	60,000	52,404

3.18.3. Changes in Credit and Loans

	Non-monetary changes					
	Opening balance 2017	Cash flow	Increase	Exchange rate differences	Changes in fair value	Closing balance 2018
Current and non-current credits or loans	224,707	(61,998)	45,942	6,626	-	215,277
Lease	611	(168)	295	-	-	738
Liabilities from financial activities	225,318	(62,166)	46,237	6,626	-	216,015

3.19. Other Financial Liabilities

	31 December 2018	31 December 2017
Liabilities due to finance lease	738	611
<i>Current portion</i>	<i>328</i>	<i>165</i>

<i>Non-current portion</i>	410	446
Liabilities due to dividend	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities due to payment for shares	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Total	738	611

Liabilities due to finance lease of the Comarch Group, except for lease agreements between companies in the Group, comprise liabilities of Comarch Healthcare S.A. and MKS Cracovia SSA, subsidiaries of Comarch S.A., due to finance lease of cars. As at the 31st of December, 2018, value of these liabilities amounts to PLN 738 thousand. Dividend in an amount PLN 12,200 thousand was paid on 31st of August, 2018 to shareholders from outside the Group.

3.20. Provisions for Other Liabilities and Charges

Non-current	Provisions for contractual penalties	Provisions for costs of court proceedings	Provisions for taxes	Provisions for other costs	Total
At 1 January 2018	-	-	-	-	-
Recognised in the consolidated income statement:	-	-	-	-	-
- <i>Additional provisions</i>	-	-	-	-	-
- <i>Provisions used during year and transferred to current provisions</i>	-	-	-	-	-
At 31 December 2018	-	-	-	-	-

Current	Costs related to the current period, which will be incurred in future	Provisions for contracts costs	Provisions for contractual penalties	Provisions for leaves	Provisions for cash rewards	Total
At 1 January 2017	4,380	13,407	20,776	26,751	71,890	137,204
Recognised in the consolidated income statement:	(453)	348	(1,119)	2,222	(5,788)	(4,790)
- <i>Additional provisions</i>	20,506	24,109	4,909	19,608	81,407	150,539
- <i>Provisions used during year</i>	(20,959)	(23,761)	(6,028)	(17,386)	(87,195)	(155,329)
At 31 December 2017	3,927	13,755	19,657	28,973	66,102	132,414
At 1 January 2018	3,927	13,755	19,657	28,973	66,102	132,414
<i>Change:</i>	(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

Provisions used and dissolved

(27,015) (23,979) (22,728) (23,803) (79,762) (177,287)

At 31 December 2018**3,743 12,006 40,419 29,541 77,543 163,252**

All provisions were calculated based on credible estimate as of the balance sheet date. Costs of the current period refer to provisions established for costs on account of audits of financial statements, archive and other administrative costs, as well as VISA cards' settlements. Provisions for costs of contracts refer to recognition of the forecast losses in contracts.

Analysis of total provisions:

	31 December 2018	31 December 2017
Non-current	-	-
Current	163,252	132,414

3.21. Trade and Other Payables

	31 December 2018	31 December 2017
Trade payables	59,163	75,071
Advances received due to services	1,098	986
Liabilities to related parties	195	1,323
Liabilities due to social insurance and other tax charges	63,993	38,906
Investments liabilities	2,685	11,542
Liabilities due to remuneration	20,321	24,107
Proceeds from future periods	33,264	21,176
Other payables	1,783	2,365
Special funds (Social Services Fund and Residential Fund)	-	1,844
Total	182,502	177,320

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

3.22. Contingent Liabilities

On the 31st of December, 2018, the value of bank guarantees and letters of credit issued by banks on order from Comarch S.A. in reference to executed agreements and participation in tender proceedings was PLN 81,163 thousand, whereas it was PLN 65,876 thousand on the 31st of December, 2017.

On the 31st of December, 2018, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 63 thousand, whereas it was PLN 82 thousand on the 31st of December, 2017.

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

On the 31st of December, 2018, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 69 thousand, whereas it was EUR 16 thousand, i.e. PLN 67 thousand on the 31st of December, 2017.

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch Healthcare S.A. (valid till the 30th of June, 2019), Comarch Malaysia SDN. BHD. (valid for an indefinite period), Comarch Argentina S.A. (valid for an indefinite period) and Comarch R&D S.à r.l. (valid for an indefinite period) and Comarch Polska S.A. (valid till the 30th of June, 2020).

Granted credit lines for financing of current activities (guarantees, letters of credit)

	31 December 2018	31 December 2017
Credit lines*	229,293	190,450
	229,293	190,450

(*) they comprise credit lines at current account that are described in [3.18](#).

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 51,210 thousand. Provisions for part of these claims were presented in the balance sheet as of 31st of December, 2018 and are worth PLN 7,662 thousand. They include provisions for claims recognised in 2018 and worth PLN 223 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 58,729 thousand. Provisions for these claims presented in the balance sheet as at the 31st of December, 2018 are worth PLN 27,971 thousand. They include provisions for claims recognized in 2018 and worth PLN 21,841. In the opinion of the Management Boards in the entities of the Comarch Group and based on the opinions of legal advisors, there are no circumstances suggesting the necessity to create provisions for the rest of the claims in legal proceedings or matters in disputes but not legal proceedings.

Due to legal proceedings in 2018 the Comarch Group created write-offs that revalue receivables in amount PLN 283 thousand. Due to the matters in disputes, in 2018 the Comarch Group created write-offs that revalue receivables for the amount of PLN 6,572 thousand.

3.23. Liabilities due to Finance Lease

	1 year or less	5 years or less	Total
Liabilities due to lease agreements for usage places	21,688	42,043	63,731
Liabilities due to lease agreements for equipment and means of transport	976	292	1,268
Total	22,664	42,335	64,999

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

As at the 31st of December, 2018, Comarch Group had contractual liabilities due to operating lease (means of transport and electronic equipment) in the amount of PLN 1,268 thousand (PLN 2,362 thousand as at the 31st of December, 2017).

3.24. Revenues from Sales

	12 months ended 31 December 2018	12 months ended 31 December 2017
Revenues from sales of products and services		
Revenues from sales of IT services	938,878	826,269
Revenues from sales of proprietary software and licences	207,271	175,174
Revenues from sales of finished goods	42,216	1,371
Revenues from sales of medical services	11,666	10,868
Revenues from other sales	36,070	43,278
Total	1,236,101	1,056,960
Revenues from sales of goods and materials		
Revenues from sales of hardware	55,728	10,096
Revenues from third party software and licences	24,041	13,475
Revenues from other sales	53,749	44,579
Total	133,518	68,150
Total revenues from sales	1,369,619	1,125,110

3.25. Costs of Products, Services, Goods and Materials Sold

I/1 Costs by types	12 months ended 31 December 2018	12 months ended 31 December 2017
Depreciation of property, plant and equipment in use and intangible assets	65,205	64,309
Costs of social benefits	727,829	685,108
Change in products and work in progress	63,936	(29,660)
Consumption of raw materials and auxiliary materials	34,880	23,640
Third party services	172,275	186,932
Taxes and charges	12,215	12,312
Other costs	59,769	56,248
Costs of products sold, services, marketing and distribution as well as administrative costs, including:	1,136,109	998,889
- manufacturing costs	883,133	765,947
- costs of sales	139,417	134,529
- general costs	106,123	98,076
- exchange differences on liabilities	7,436	337

I/2 Costs of goods and materials sold	115,436	60,130
I/3 Costs of work execution within the framework of union projects	2,037	6,336
I/4 Total costs of products sold, services, marketing, administrative, goods, materials and work execution within the framework of union projects	1,253,582	1,065,355
II. Costs of social benefits	12 months ended 31 December 2018	12 months ended 31 December 2017
Remuneration	617,050	581,127
Social insurance	97,124	90,690
Social Services Fund	1,733	2,032
Training	3,768	3,907
Health and Safety at Work	1,214	1,166
Other	6,940	6,186
Total	727,829	685,108

3.26. Other Operating Revenues

Other operating revenues and profits	12 months ended 31 December 2018	12 months ended 31 December 2017
Recovered communication damages	252	85
Outdated liabilities	3	-
Dissolving write-offs revaluating receivables	3,844	4,222
Received contractual penalties	-	-
Earnings on disposal on non-financial non-current assets	12,744	10,841
Refund of VAT	-	-
Subsidies	-	38
Other	3,317	2,487
Total	20,160	17,673

3.27. Other Operating Costs

Other operating costs and losses	12 months ended 31 December 2018	12 months ended 31 December 2017
Write-off that revaluates assets (impairment)	2	303
Membership fees	1,305	732
Donations	255	1,733
Loss on non-current assets disposal and decommissioning	86	5,145
Write-off that revaluates receivables	40,819	6,394
Compensation	27	295
Other	6,160	4,462
Total	48,654	19,064

3.28. Finance Costs – Net

Other operating income and profits	12 months ended 31 December 2018	12 months ended 31 December 2017
Interest expense, including:	(3,797)	(2,976)
- <i>Interest on borrowings</i>	(2,986)	(2,889)
- <i>Other</i>	(811)	(87)
Gains on bank deposits	667	1,730
Gains on disposal of securities	0	-
Gains/(losses) on disposal of financial assets	6,485	13,048
Net gains/(losses) on exchange differences (note 3.29)	(8,762)	6,849
Fair value valuation of financial instruments and investment	(7,968)	13,255
Other, including:	(576)	(39)
- <i>compensation and financial penalties</i>	-	-
- <i>other</i>	(576)	(39)
Total	(13,951)	31,867

3.29. Income Tax

	12 months ended 31 December 2018	12 months ended 31 December 2017
Current tax	34,174	15,450
Deferred tax	(4,145)	5,588
Total	30,029	21,038

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	12 months ended 31 December 2018	12 months ended 31 December 2017
Consolidated gross profit before tax	62,480	87,149
Differences between gross profit and basis of taxation:		
- Consolidation adjustments	(36,580)	3,149
- Exclusions of losses in consolidated companies	82,889	50,798
Sum of gross profits in consolidated entities (nominal basis of taxation with the assumption of correspondence of balance sheet profit with the basis of taxation)	108,789	141,096
Tax calculated with the nominal rate on gross profit	26,771	28,405
Nominal tax rate	24.61%	20.13%
Permanent and temporary differences between gross profit and the actual basis of taxation, including:		
- <i>Utilisation of previously recognised tax losses</i>	<i>(14,047)</i>	<i>(23,009)</i>
- <i>Differences between basis of taxation and gross profit</i>	<i>137,836</i>	<i>(6,878)</i>
- <i>Income not subject to tax (due to activities in SEZ)</i>	<i>(78,710)</i>	<i>(15,057)</i>
- <i>Income not subject to tax (shareholders are tax payers)</i>	-	-
- <i>Other - income not subject to tax</i>	<i>(9,199)</i>	<i>(3,436)</i>
Taxable base from income tax	144,669	110,513,
<i>Tax calculated at tax rate for the Group</i>	<i>34,174</i>	<i>26,105,</i>
Effective tax rate	31.41%	18.26%

Tax authorities of the Parent Company country of origin can run inspections for books of account and tax settlements within 5 years since the end of the year, in which tax returns were filed and can charge additional tax on the Group along with penalties and interest. In the opinion of the Management Board of the Parent Company, there are no circumstances indicating possibility of arising significant liabilities on this account.

3.30. Net Foreign Exchange (Looses) / Gains

The exchange differences (charged)/credited to the income statement are included as follows:

	12 months ended 31 December 2018	12 months ended 31 December 2017
Revenues from sales	6,952	(18,968)
Costs of products, goods and materials sold	(7,437)	(337)
Finance costs-net	(8,762)	6,849
Total	(9,247)	(12,456)

3.31. Earnings per share

	12 months ended 31 December 2018	12 months ended 31 December 2017
Net profit for the period attributable to equity holders of the Company	30,616	64,626
Weighted average number of shares in issue (thousands)	8,133,349	8,133,349
Basic earnings per share (PLN)	3.76	7.95
Diluted number of shares (thousands)	8,133,349	8,133,349
Diluted earnings per share (PLN)	3.76	7.95

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 1st of January, 2018, to the 31st of December, 2018, by the weighted average number of shares in issue between the 1st of January, 2018, to the 31st of December, 2018, where the number of days is the weight. Basic earnings per share in the column "12 months ended 31 December 2017" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 31st of December, 2017, by the weighted average number of shares in issue between the 1st of January, 2017, to the 31st of December, 2017, where the number of days is the weight.

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 1st of January, 2018, to the 31st of December, 2018, by the sum of the weighted average number of shares in issue between the 1st of January, 2018, to the 31st of December, 2018, where the number of days is the weight. Diluted earnings per share in the column "12 months ended 31 December 2017" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2017, to the 31st of December, 2017, by the sum of the weighted average number of shares in issue between the 1st of January, 2017, to the 31st of December, 2017, where the number of days is the weight.

3.32. Related-Party Transactions

3.32.1. Revenues from Sales of Goods and Services

	12 months ended 31 December 2018	12 months ended 31 December 2017
Revenues from sales of goods:		
SoInteractive S.A.	-	-
Thanks Again LLC	-	-
	-	-
Revenues from sales of services:		
SoInteractive S.A.	270	791
Thanks Again LLC	1,056	1,075
Metrum Capital S.A.	-	2
	1,326	1,868
	1,326	1,868

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

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

3.32.2. Purchases of Goods and Services

	12 months ended 31 December 2018	12 months ended 31 December 2017
Purchases of goods:		
SoInteractive S.A.	-	188
Thanks Again LLC	-	-
	-	188
Purchases of services:		
SoInteractive S.A.		
<i>Included in generation costs</i>	1,441	4,894
<i>Included in other costs</i>	1,341	3,455
	2,782	8,349
Thanks Again LLC		
<i>Included in generation costs</i>	32	5,090
<i>Included in other costs</i>	-	-
	32	5,090
Total	2,814	13,627

Price for services and goods is usually negotiated with related entities using one of the above methods. In the reporting period, there were no significant transactions with related entities other than those listed above.

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

	12 months ended 31 December 2018	12 months ended 31 December 2017
Receivables from related parties		
SoInteractive S.A.	213	775
Thanks Again LLC	3	3,937
	216	4,712
Payables to related parties		
SoInteractive S.A.	194	1,322
Thanks Again LLC	1	1
	195	1,323

3.32.4. Transactions with Associates and Personally Related Entities

	12 months ended 31 December 2018	12 months ended 31 December 2017
Purchases from personally related entities	4,414	2,921
Sales to personally related entities	4,998	191
Loans and interest on loans paid by personally related entities	11,405	2,104
Loans and interest on loans granted to personally related entities	16,703**	8,480*
Purchases from associates	2,814	13,627
Sales to associates	1,326	1,868
Loans and interest on loans paid by associates	776	-
Loans and interest on loans granted to associates	1,520	828

*) Position includes loans in the amount of PLN 2,000 thousand granted to Chairman of the Supervisory Board of Comarch S.A. by Bonus Management sp. o.o. II Activia SK-A. At the publication date loans have been fully repaid.

**) Position includes loans in the amount of PLN 2,353 thousand granted to Chairman of the Supervisory Board of Comarch S.A. by Bonus Management sp. o.o. II Activia SK-A. and Comarch S.A. At the publication date loans have been fully repaid.

3.33. Value of Remuneration of the Managing and Supervising Persons in 2018 and 2017

Remuneration of members of the Management Board of Comarch S.A. in 2018 were PLN 20,396,170.67 in total. Remuneration of members of the Management Board of Comarch S.A. in 2018 paid by subsidiaries and associates were PLN 7,188,110.65 in total. Remuneration of members of the Management Board of Comarch S.A. in 2017 were PLN 22,659,151.86. Remuneration of members of the Management Board of Comarch S.A. in 2017 paid by subsidiaries and associates were PLN 7,479,706.91.

Remunerations presented in this note include remunerations actually paid in 2018 (including bonuses for the previous periods covered by provisions as at 31st of December, 2017). Remunerations do not include unpaid bonuses for the year 2018 (covered by provisions as at 31st of December, 2018).

2017 (in PLN)

	Comarch S.A.'s Management Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Janusz Filipiak	7,484,267.84	6,106,408.37	13,590,676.21
2	Marcin Dąbrowski	1,673,139.29	288,125.36	1,961,264.65
3	Paweł Prokop	342,748.57	145,792.90	488,541.47
4	Andrzej Przewięźlikowski	642,963.28	152,854.30	795,817.58
5	Zbigniew Rymarczyk	1,679,465.18	313,257.10	1,992,722.28
6	Konrad Tarański	620,662.66	321,365.40	942,028.06
7	Marcin Warwas	2,736,198.13	151,903.48	2,888,101.61
	Total	15,179,444.95	7,479,706.91	22,659,151.86

	Comarch S.A.'s Supervisory Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Elżbieta Filipiak	220,000.00	985,147.93	1,205,147.93
2	Maciej Brzeziński	55,425.11	0.00	55,425.11
3	Robert Bednarski	55,540.23	0.00	55,540.23
4	Danuta Drobnik	55,000.00	0.00	55,000.00
5	Wojciech Kucharzyk	55,000.00	0.00	55,000.00
6	Anna Ławrynowicz	55,014.73	0.00	55,014.73
7	Anna Pruska	55,000.00	385,371.75	440,371.75
	Total	550,980.07	1,370,519.68	1,921,499.75

	Comarch S.A.'s Management Board	Paid from the Comarch S.A.'s net profit as a dividend
1	Janusz Filipiak	2,995,540,50
2	Piotr Piątosza	0,00
3	Paweł Prokop	56,308,50
4	Piotr Reichert	0,00
5	Zbigniew Rymarczyk	49,300,50
6	Konrad Tarański	15,912,00
7	Marcin Warwas	15,912,00
	Total	3,132,973,50

Point [3.17.3](#) of this financial statement describes the Managerial Option Program.

2018 (in PLN)

	Comarch S.A.'s Management Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Janusz Filipiak	6,574,701.73	5,779,595.04	12,354,296.77
2	Marcin Dąbrowski	312,612.60	307,218.00	619,830.60
3	Paweł Prokop	264,420.38	158,920.73	423,341.11
4	Andrzej Przewięźlikowski	321,293.26	153,609.00	474,902.26
5	Zbigniew Rymarczyk	2,354,311.29	314,938.73	2,669,250.02
6	Konrad Tarański	705,404.15	312,499.42	1,017,903.57
7	Marcin Warwas	2,675,316.61	161,329.73	2,836,646.34
	Total	13,208,060.02	7,188,110.65	20,396,170.67

	Comarch S.A.'s Supervisory Board	Paid by Comarch S.A.	Paid by subsidiaries and associates	Total
1	Elżbieta Filipiak	240,000.00	1,025,749.70	1,265,749.70
2	Maciej Brzeziński	60,000.00	0.00	60,000.00
3	Robert Bednarski	60,000.00	0.00	60,000.00
4	Danuta Drobnia	60,000.00	0.00	60,000.00
5	Wojciech Kucharzyk	60,000.00	0.00	60,000.00
6	Anna Ławrynowicz	60,000.00	0.00	60,000.00
7	Anna Pruska	60,000.00	19,282.03	79,282.03
	Total	600,000.00	1,045,031.73	1,645,031.73

	Comarch S.A.'s Management Board	Paid from the Comarch S.A.'s net profit as a dividend
1	Janusz Filipiak	2,995,540.50
2	Marcin Dąbrowski	0.00
3	Paweł Prokop	45,000.00
4	Andrzej Przewięźlikowski	0.00
5	Zbigniew Rymarczyk	49,845.00
6	Konrad Tarański	15,912.00
7	Marcin Warwas	15,912.00
	Total	3,122,209.50

Point [3.16.3](#) of this financial statement describes the Managerial Option Program.

3.34. Information About Shareholders and Shares Held by Members of the Management Board and the Board of Supervisors

3.34.1. Information about Shareholders Holding Directly or Indirectly by Subsidiary Entities at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A., at the Date of Preparing the Financial Report

- Janusz Filipiak held 1,997,027 shares (24.55% of the company's share capital), which gave him 5,569,027 votes at the AGM and constituted 36.82% of all votes at the AGM;
- Elżbieta Filipiak held 1,323,461 shares (16.27% of the company's share capital), which gave her 4,707,461 votes at the AGM and constituted 31.12% of all votes at the AGM;
- MetLife Open Pension Fund managed by MetLife PTE S.A. held 841,097 shares (10.34% of the company's share capital), which gave it 841,097 votes at the AGM and constituted 5.56% of all votes at the AGM.

3.34.2. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Persons between the 1st of March, 2019 and the 29th of April, 2019

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the quarterly consolidated report for the four quarters of 2018, i.e. the 1st of March, 2019, and on the 29th of April, 2019, pursuant to the information possessed by the company.

Members of the Management Board and the Board of Supervisors	Position	At 1 March 2019		At 29 April 2019	
		Shares	(%) in votes	Shares	(%) in votes
Janusz Filipiak	President of the Management Board	1,997,027	36.82	1,997,027	36,82
Elżbieta Filipiak	Chairman of the Board of Supervisors	1,323,461	31.12	1,323,461	31,12
Marcin Dąbrowski	Vice-President of the Management Board	0	0.00	0	0,00
Paweł Prokop*	Vice-President of the Management Board	30,080	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	33,230	0.22	33,538**	0,22
Konrad Tarański	Vice-President of the Management Board	10,608	0.07	10,608	0,07
Marcin Warwas	Vice-President of the Management Board	10,608	0.07	10,608	0,07
Number of issued shares		8,133,349	100.00	8,133,349	100.00

*) On the 4th of March, 2018, the Management Board of Comarch S.A. received from, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 4th of March, 2019, of 70 ordinary bearer shares on regulated market at the weighted average price of PLN 157.00 per 1 share. The value of the transaction amounted to PLN 10,990. The Company announced details in current report no. [RB-4-2019](#), ENG: [RB-4-2019](#), dated the 4th of March, 2019.

**) On the 4th of March, 2019, the Management Board of Comarch S.A. received from, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 4th of March, 2019, of 308 ordinary bearer shares on regulated market at the weighted average price of PLN 156.00 per 1 share. The value of the transaction amounted to PLN 48,048. The Company announced details in current report no. [RB-3-2019](#), ENG: [RB-3-2018](#), dated the 4th of March, 2018.

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

3.35.1. Deferred Income Tax Asset and Provisions

Over 2018, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2017, and worth PLN 4,125 thousand as well as an asset due to temporary differences was recognized in the amount of PLN 10,700 thousand. An asset due to tax loss was recognized in the amount of PLN 9,802 thousand and settled in the amount of PLN 4,763 thousand. During 2018, an asset due to activities in SEZ created as at the 31st of December, 2017, has been resolved in the amount of PLN 8,863 thousand (caused a decrease in the financial result). At the same time, an asset in the amount of PLN 11,162 thousand was created, which will be realized successively (as write-offs diminishing net profit of the Group) in proportion to the generation of tax income by Comarch S.A. achieved on exempt activities over 2019. The total impact of these operations was an increase in the result of PLN 3,808 thousand. Due to valuation of net assets of CCF FIZ, in 2018, the Group dissolved in part a deferred tax provision, which was recognised in the previous years and was worth PLN 57 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 5,193 thousand and dissolved in the amount of PLN 5,473 thousand. In total, changes in deferred tax resulted in a decrease in result of PLN 4,145 thousand.

3.35.2. Valuation of Currency Translation Differences

Realised exchange differences and balance sheet valuation of exchange differences on receivables and liabilities as of the 31st of December, 2018, decreased revenue and operating result of the Comarch Group by PLN 485 thousand (while for 2017 decreased by PLN 19,429 thousand). Other exchange differences decreased by PLN 8,762 thousand Comarch's result (while for 2017 increased by PLN 6,628 thousand). The valuation of financial instruments and executed transactions (mainly forward contracts) together with a deferred tax provision from their valuation, decreased the Group's net result by PLN 1 426 thousand (while in 2017 they increased by PLN 24,493 thousand). The total effect of exchange rate

differences on the valuation and realization of derivatives on the net result of the Comarch Group for 2018 amounted to minus PLN 10,673 thousand (plus PLN 11,692 thousand in 2017).

3.35.3. Write-off due to Loss in Value

In the period of 12 months of 2018, the Group created impairment losses on trade receivables in the amount of PLN 40,819 thousand and terminated previously created write-offs in the amount of PLN 3,844 thousand in connection with the payment of receivables. These operations were included in other operating costs and revenues in the profit and loss account, respectively.

3.35.4. Establishment of a Provision for the Payment of a Good Performance Guarantee for the ZUS KSI Project

In connection with the Social Security Office (ZUS) requesting the payment of a proper performance of the Agreement for the support service for the operation and maintenance of the Comprehensive IT System of the Social Insurance Institution (Social Security Institution), the Comarch Group created a provision of PLN 24.2 million, which was included in the Comarch Group's financial statements for 2018, which resulted in a corresponding reduction in the operating result and net result of the Comarch Comarch Group for 2018.

3.36. Events after the Balance Sheet Date

3.36.1. Dates of Periodical Financial Reports in 2019

In the current report no. [RB-1-2019](#) ENG: [RB-1-2019](#), dated the 4th of January, 2019, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2019:

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

- 1) Q4 2018 - on 1st of March, 2019;
- 2) Q1 2019 - on 17th of May, 2019;
- 3) Q2 2019 - Pursuant to §101 sec. 2 of the Regulation issued by the Minister of Finance on the 19th of February, 2009 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 2019;
- 4) Q3 2019 - on 15th of November, 2019.

ANNUAL AND HALF-YEAR REPORTS:

- 1) Annual report for 2018 - on 29th of April, 2019;
- 2) Consolidated annual report for 2018 - on 29th of April, 2019;
- 3) Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2019 - on 30st of August, 2018.

3.36.2. ZUS' Statement on the Partial Termination of the Contractual Relationship Arising from the Contract for the Provision of Maintenance Services of the Comprehensive IT System for the Social Insurance Institution

In reference to the current report no. [RB-4-2018](#), ENG: [RB-4-2018](#) dated the 2nd of March, 2018 on signing the contract by a consortium of Comarch Polska SA with its headquarters in Krakow and Comarch S.A. with headquarters in Krakow (hereinafter: "Consortium") with the Social Insurance Institution based in Warsaw (hereinafter "ZUS") for the support, operation and maintenance of the Comprehensive IT System of the Social Insurance Institution (hereinafter: "the Agreement"), the Management Board of Comarch S.A. informs about receiving on the 20th of February, 2019 a statement by the ZUS informing about the definitive partial termination of the contractual relationship arising under the Agreement in the field of Not Accepted Metrics and Related Metrics, as well as in the field of Integrator, with immediate effect. In the area of Not Accepted Metrics, the ZUS submitted a statement on withdrawal from the Agreement, in the field of Related Metrics and in the field of Integrator, the ZUS submitted a declaration on partial termination of the Agreement.

According to the statement of the ZUS in the scope not covered by the termination or withdrawal, the Agreement remains in force. As a reason for withdrawing from the Agreement in the area of Not Accepted Metrics and partial termination of the contract, the ZUS indicates failure to verify Comarch's readiness for 7 Not Accepted Metrics, which in the opinion of ZUS also implies the need to terminate the Agreement in the scope of 23 Related Metrics and in the role of the Integrator.

The lump sum of remuneration due to the Consortium for the provision of services covered by the ZUS' declaration amounts to PLN 1,908,542 net monthly.

In connection with the partial termination of the Agreement, ZUS called the Consortium to pay a contractual penalty in the amount of 10% of the gross remuneration, i.e. PLN 24,203,300.40 within 7 days from the date of receipt of the ZUS' statement.

In the opinion of the Management Board of Comarch S.A. there were no reasons to withdraw from any part of the Agreement or its partial termination. In addition, by charging a contractual penalty ZUS refers to the provisions of the contract that are not applicable to partial termination / withdrawal from the contract on the grounds indicated in the statement of the ZUS. Comarch S.A. also informs that the Consortium implements the provisions of the Agreement and confirms its readiness to take over, on the 1st of March, 2019, all ZUS KSI maintenance services in accordance with the schedule. As part of the competence tests performed by the ZUS until the 30th of January, 2019, complete technical preparation of the Consortium in the scope of Integrator's functions and in the scope of 67 metrics of 74 total metrics was confirmed. Partial termination of the Agreement by ZUS took place before the end of the transitional period, as a rule deprived the Consortium of the possibility of proving its competence within the period provided for in the Agreement. In the opinion of the Management Board of Comarch S.A. the actions taken by the ZUS constitute a significant breach of the Agreement and the law, therefore the Consortium will call upon ZUS to respect its rights and is ready to claim its rights, including damages, in court. The Management Board of Comarch S.A. is of the opinion that there is no reason for ZUS to demand from the Consortium the payment of a contractual penalty.

The Management Board of Comarch S.A. considered this information as confidential due to its potentially price-creating nature and at the same time informs that in the opinion of the Management Board, the described situation will not have a negative effect on the financial and economic situation of the Comarch Group.

3.36.3. Information on Transactions on Comarch S.A. Shares.

On the 4th of March, 2019, the Management Board of Comarch S.A. received from the persons discharging managerial responsibilities notifications about transactions referred to in art. 19 par. 1 of Regulation No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse. The notifications related to the acquisition on 4th of March, 2019, 308 ordinary bearer shares on the regulated market at the weighted average price of PLN 156.00 per 1 share, the value of which amounted to PLN 48 048 and the purchase transaction on 4th of March, 2019, 70 shares ordinary bearer on the regulated market at the weighted average price of PLN 157.00 per 1 share, the value of which

amounted to PLN 10,990. The company announced details in current reports no. [RB-3-2019](#) (ENG: [RB-3-2019](#)) dated on 4th of March, 2019 and [RB-4-2019](#) (ENG: [RB-4-2019](#)) dated on 4th of March 2019..

3.36.4. Demand for Payment of the a Good Performance Guarantee Regarding the ZUS KSI Contract

On the 11th of April, 2019, the Management Board of Comarch S.A. informed in current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)) about receiving from CaixaBank S.A. branch in Poland, an information on the submission by the Social Insurance Institution (ZUS) of a request for payment of a bank guarantee of due performance of the contract for the provision of maintenance services of the Comprehensive IT System for the Social Insurance Institution ("KSI ZUS Agreement") in the amount of PLN 24,203,300.40. The bank guarantee was established on behalf of a consortium of Comarch S.A. and Comarch Polska S.A. in accordance with the provisions of the KSI ZUS Agreement, about which the Company informed in the current report RB-4-2018 dated March 2, 2018. The term of payment of the guarantee is 14 days from the date of receipt by the bank of the request. In connection with the bank being requested to withdraw from the bank guarantee Comarch S.A. will create a reserve of PLN 24,203,340.40, which will be included in the Comarch Group's financial statements for 2018, which will result in a corresponding reduction in the operating result and net result of the Comarch Group for 2018. Possible payment of the guarantee will not have a material impact on the Group's financial position. Comarch and has no impact on the Group's operations. In the opinion of the Management Board of Comarch S.A. ZUS's request for payment from the guarantee is unfounded. If the guarantee is paid, the Management Board of Comarch S.A. will take legal steps to return it by ZUS.

With reference to current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)) dated April, 11 2019 on receiving from CaixaBank S.A., a branch in Poland, information about the receipt of the Social Insurance Institution (ZUS) request regarding the payment of PLN 24,033,000.40 from commissioned by a consortium of Comarch SA companies and Comarch Polska S.A. bank guarantee for proper performance of the Agreement for the support service of operation and maintenance of the Comprehensive Information System for the Social Insurance Institution ("KSI ZUS Agreement"), the Management Board of Comarch S.A. informed on 23 April 2019 in current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)) on receiving from CaixaBank S.A., a branch in Poland, information on the receipt of a statement from ZUS on postponement of the above request until the 31st of May, 2019, for the duration of the settlement talks. The original deadline for payment from the guarantee was 14 days from the date of receipt by the bank of the demand for payment, i.e. on 25th of April 2019.

3.36.5. Balance of Forward Contracts Concluded After the Balance Sheet Date

In the period from 1st of January, 2019 to 29th of April, 2019, the Comarch Group concluded new futures contracts for the value of EUR 2,500 thousand. The net value of forward contracts not settled on 29th of April 2019 amounted to EUR 29,200 thousand and USD 3,300 thousand. Forward contracts are made within 24 months from the balance sheet date. All future forward contracts were concluded in order to limit the impact of exchange rate changes on the financial result related to commercial contracts implemented by the companies of the Comarch Group, in which remuneration or costs are set in foreign currencies.

3.36.6. Transaction on Change of IRS

None present.

3.37. 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 51,210 thousand. The Comarch Group remains in disputable matters not covered by court proceedings, in which the potential total amount of claims of third parties is PLN 58,729 thousand.

3.38. Equity Management

The main goal in the Group's equity management is maintenance of a secure debt structure and keeping debt ratios compliant with credit agreements concluded by the Group. The Group is able to manage its equity structure depending on changes of economic conditions through taking or repayment of loans, new shares issue or payment of dividend. In 2018, the Group did not change its goals or equity management politics.

The Group monitors its equity balance quarterly, mostly by analysis of solvency ratio, which is calculated by dividing equity by total assets.

	31 December 2018	31 December 2017
Equity	896,108	851,190
Total assets	1,665,945	1,508,452
Solvency ratio	53.00%	56.00%

Over 2018, solvency ratio remained at a similar level compared to that in 2017. It remained at a very secure level which ensures the potential possibility of increasing debt significantly (by acquiring external financing) if needed.

Over 2018, all companies in the Group adhered to the credit agreements' conditions. The Management Board of Parent Company finds no risk of their violation.

29th of April, 2019

SIGNATURES OF MANAGEMENT BOARD MEMBERS

NAME AND SURNAME	POSITION	SIGNATURE
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-president of the Management Board	
Paweł Prokop	Vice-president of the Management Board	
Andrzej Przewięźlikowski	Vice-president of the Management Board	
Zbigniew Rymarczyk	Vice-president of the Management Board	
Konrad Tarański	Vice-president of the Management Board	
Marcin Warwas	Vice-president of the Management Board	

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

NAME AND SURNAME**POSITION****SIGNATURE**

Maria Smolińska

Head Accountant

Comarch S.A.

Al. Jana Pawła II 39a

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Prezes Zarządu: Prof. Janusz Filipiak
Wiceprezisi Zarządu: Marcin Dąbrowski, Paweł Prokop, Andrzej Przewięźlikowski,
Zbigniew Rymarczyk, Konrad Tarański, Marcin Warwas



Krakow, 29th of April, 2019

Dear Shareholders,

On behalf of the Comarch Management Board I am pleased to present the report on the activities of the Comarch Group. In 2018, the Group significantly increased the scale of its operations and improved its profitability. Revenue from sales increased by 21.7%, i.e. PLN 244.5 million compared to 2017, and reached PLN 1,370 million. Operating profit amounted to PLN 87.5 million, while net profit PLN 30.6 million. Operating profitability in 2018 amounted to 6.4%, compared to 5.2% in the previous year.

Last year there was a dynamic growth in sales of the Comarch Group proprietary software, as well as related services. The products for telecommunications companies, for Public sector and ERP systems were especially popular among customers. Thanks to a wide and comprehensive offer of modern IT solutions and high-quality services, the Comarch Group is the largest national software producer and one of the leading IT providers in the country and on international markets. In 2018, the Group successfully continued its growth strategy based on the diversification of its operations between various industry segments, the development of its own products and their sales on international markets. The Management Board emphasizes that the Group, by investing in subsidiaries for several years, incurs significant expenditures in expanding and maintaining the global sales network, thanks to which, international recognition of the Comarch brand and offer increases, which effectively supports the sales of the Group's solutions in new markets. In the previous year, the Group included new subsidiaries - Comarch Mexico S.A. de S.V. with its registered office in Mexico, Comarch Yuhan Hoesa (Comarch Ltd.) with its registered office in Seoul and Comarch BV with its registered office in Rotterdam. In 2018, Comarch (Thailand) Limited with its registered office in Bangkok has started its operating activity. For 2019, the Group plans to continue its expansion, both on the domestic market and on foreign markets.

In 2018, Comarch Group made significant investments in new and existing IT products. Expenditures on research works exceeded 13.2% of revenue from sales, they were financed mainly from own funds. The Group was intensively developing a new generation of loyalty, telecommunications and ERP systems, as well as, in the field of IT solutions for medicine and the Internet of Things (Internet of Things). The Group also continued to improve the other products offered. In the past year, the Group put special emphasis on the development of sales of IT solutions in the service model - Comarch is one of the market leaders in this field. Comarch Group intensively develops a private cloud computing Comarch Enterprise Cloud Platform (IaaS and PaaS) with the highest security standards, based on the infrastructure of Comarch Data Centre. Thanks to this solution, Comarch products can be offered in an optimal way for customers, providing benefits from sharing IT infrastructure costs, increased efficiency, reliability and maximum flexibility.

In the past year, the Comarch Group strengthened its position as one of the largest employers in the IT sector in Poland. At the end of 2018, the Group employed over 6,000 people in Poland and abroad. As every year, the student internship program has brought positive results, thanks to which the Comarch Group is perceived as one of the first choice employers in the domestic labour market in the IT industry.

The Management Board of the Group endeavours to successfully implement the mission of dissemination of created in Poland innovative technical ideas around the world. In addition to its business operations, the Comarch Group implements the policy of corporate social responsibility and engages in activities for the protection and restoration of national heritage, actively supports non-governmental organizations and charitable activities, is a patron of culture, art and sport. In 2018, Comarch Group continued to support the construction of new organs and the project of revitalizing the musical space at St. Mary's Basilica in Krakow.

I am convinced that, thanks to the very good financial condition, Comarch Group will in the next years strengthen its market position as a global provider of IT solutions, creating added value for shareholders, customers, employees and the entire socio-economic environment.

*Professor Janusz Filipiak,
President of the Management Board of Comarch S.A.*

Comarch SA

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Comarch Spółka Akcyjna z siedzibą w Krakowie, Aleja Jana Pawła II 39a, zarejestrowana w Krajowym Rejestrze Sądowym prowadzonym przez Sąd Rejonowy dla Krakowa-Śródmieścia w Krakowie XI Wydział Gospodarczy Krajowego Rejestru Sądowego pod numerem KRS 0000057567. Wysokość kapitału zakładowego Spółki wynosi 8.133.349,00 zł. Kapitał zakładowy wpłacony w całości. NIP: 677-00-65-406

**REPORT OF
COMARCH S.A.'s MANAGEMENT BOARD
REGARDING THE ACTIVITIES OF
THE CAPITAL GROUP
IN 2018**

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**PLN 87.5
million of
operating
profit**

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

**PLN 1,370
million of
sales
revenue**

**Over
6,000
professionals
employed**

**57
companies
worldwide**

**PLN 1.2 billion
of Comarch S.A.
capitalisation
on WSE
(31.12.2018)**

**54% share of
foreign sales in
revenue from
sales**

1. Information about Company

1.1. Shareholding Structure, Managing and Supervising Entities

1.1.1. Shareholders Holding at Least 5% of the Total Number of Votes at the General Meeting of Comarch S.A.

Comarch S.A.'s share capital consists of 8,133,349 shares at total nominal value of PLN 8,133,349. According to the information possessed by Comarch S.A., as at 31st of December, 2018, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak and MetLife OFE.

AT THE 31ST OF DECEMBER, 2018

Akcjonariusze	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12
Other members of the Company's Management Board	84,526	1.04	122,126	0.81
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,887,238	47.80	3,887,238	25.69
Total	8,133,349	100.00	15,126,949	100.00

AT THE 29TH OF APRIL, 2019

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12
Other members of the Company's Management Board	84,904	1.05	122,504	0.81
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,886,860	47.79	3,886,860	25.69
Total	8,133,349	100.00	15,126,949	100.00

*) On the 4th of March, 2019, the Management Board of Comarch S.A. received persons acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. These transactions concerned: a purchase on the 4th of March, 2019, of 308 ordinary bearer shares on regulated market at the weighted average price of PLN 156.00 per 1 share (the value of the transaction amounted to PLN 48,048), and a purchase on the 4th of March, 2018, of 70 ordinary bearer shares on regulated market at the weighted average price of PLN 157.00 per 1 share (the value of the transaction amounted to PLN 10,990). The Company announced details in current reports no. [RB-3-2019](#) and [RB-4-2019](#), ENG: [RB-3-2019](#) and [RB-4-2019](#), dated the 4th of March, 2019.

1.1.2. Comarch S.A.'s Board of Supervisors and Management Board

a) Members of Comarch S.A.'s Board of Supervisors as at 31st of December, 2018:

Name and surname	Position	Comarch S.A.	Metrum Capital S.A.
		Number of shares / nominal value in PLN	Number of shares / nominal value in PLN
Elżbieta Filipiak	Chairman of the Supervisory Board	1,323,461/ PLN 1,323,461	-
Maciej Brzeziński	Vice-Chairman of the Supervisory Board	-	-
Danuta Drobnik	Member of the Supervisory Board	-	-
Wojciech Kucharzyk	Member of the Supervisory Board	-	-
Anna Ławrynowicz	Member of the Supervisory Board	-	-
Robert Bednarski	Member of the Supervisory Board	-	-
Anna Pruska	Member of the Supervisory Board	-	50,000 / PLN 50,000

AT THE 29TH OF APRIL, 2019

Without changes.

b) Members of Comarch S.A.'s Management Board as at 31st of December, 2018:

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	PLN 1,997,027
Marcin Dąbrowski	Vice-President of the Management Board	-	-
Paweł Prokop	Vice-President of the Management Board	30,080,	PLN 30,080
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-
Zbigniew Rymarczyk	Vice-President of the Management Board	33,230	PLN 33,230
Konrad Tarański	Vice-President of the Management Board	10,608	PLN 10,608
Marcin Warwas	Vice-President of the Management Board	10,608	PLN 10,608

AT THE 29TH OF APRIL, 2018

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	PLN 1,997,027
Marcin Dąbrowski	Vice-President of the Management Board	-	-
Paweł Prokop	Vice-President of the Management Board	30,150*	PLN 30,150
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-
Zbigniew Rymarczyk	Vice-President of the Management Board	33,538**	PLN 33,538
Konrad Tarański	Vice-President of the Management Board	10,608	PLN 10,608
Marcin Warwas	Vice-President of the Management Board	10,608	PLN 10,608

*) On the 4th of March, 2019, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a purchase on the 4th of March, 2018, 70 ordinary bearer shares on regulated market at the weighted average price of PLN 157.00 per 1 share. The value of the transaction amounted to PLN 10,990. The Company announced details in current report no. [RB-4-2019](#), ENG: [RB-4-2019](#), dated the 4th of March, 2019.

**) On the 4th of March, 2019, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a purchase on the 4th of March, 2018, 308 ordinary bearer shares on regulated market at the weighted average price of PLN 156.00 per 1 share. The value of the transaction amounted to PLN 48,048. The Company announced details in current report no. [RB-3-2019](#), ENG: [RB-3-2019](#), dated the 4th of March, 2019.

Michał Bajcar, Dariusz Durałek, Anna Kleszcz, Maria Smolińska, Iwona Kasprzyk and Dorota Klentak-Łyżwa are the Company's proxies.

c) Contracts that May Result in Future Changes in Holdings of Shareholders or Bondholders

None present.

d) Agreements between the Issuer and the Managing Persons, which Plan for Compensation in Case of Resignation or Discharge from the Occupied Post without a Substantial Reason, or when Their Dismissing or Discharge are Caused by Merger through Takeover

None present.

e) Value of Paid, Due or Potentially Due Remuneration, Awards or Benefits, including those Resulting from Managerial or Bonus Programmes based on Issuer's Equity, Separately for Each of the Managing and Supervising Persons in the Parent Company

Information is included in [note 3.16.3](#) and [note 3.33](#) of the financial statement.

f) The Liability under the Pensions or similar Benefits for Former Managers, Supervisors or Former Members of Administrative Bodies and the Liabilities that are incurred in relations to such Pensions

None present.

2. Basic Economics and Financial Values

2.1. Selected Financial Data

	2018	2017**	2016	2015	2014
Revenues from sales	1,369,619	1,125,110	1,112,813	1,131,580	1,038,351
Revenues from sales of proprietary IT solutions	1,242,114	1,047,393	1,041,133	994,152	910,216
Operating profit	87,543	58,364	116,893	113,028	98,529
EBITDA*	152,748	122,673	179,901	166,511	152,909
Profit before income tax	62,480	87,149	104,777	108,129	92,577
Net profit attributable to the Parent Company's shareholders	30,616	64,626	73,034	79,651	67,894
Profit per share	3.76	7.95	8.98	9.80	8.37
Assets	1,665,945	1,508,452	1,444,875	1,304,828	1,216,555
Equity	876,108	851,190	862,064	780,581	700,693

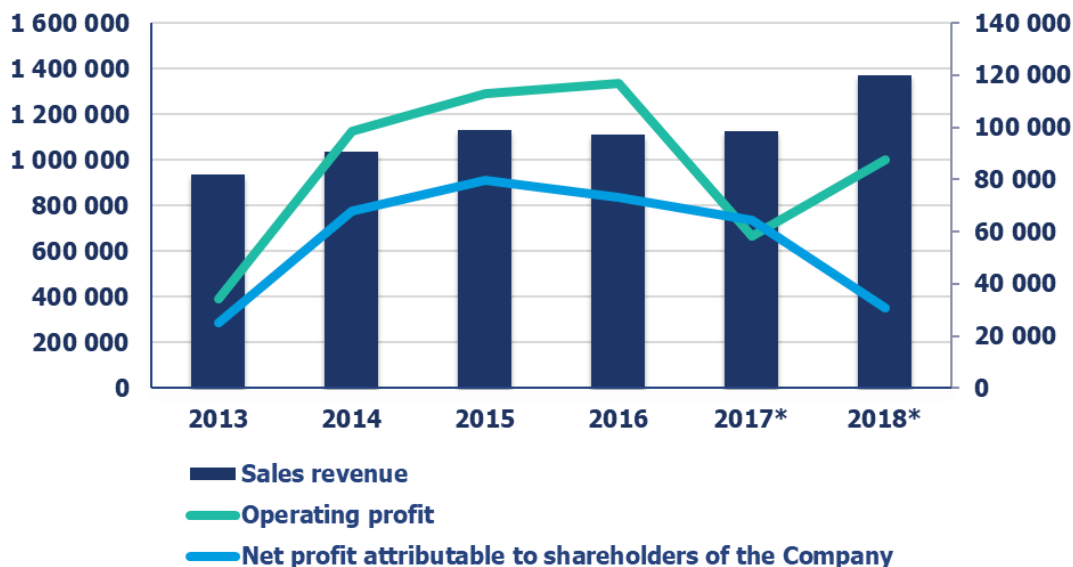
*) Operating profit + Depreciation

**) From 1 January 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the 2017 was also restated in accordance with IFRS 15. Data for 2014-2016 have not been restated in accordance with IFRS 15.

In 2018, the revenue from Comarch Group sales were higher than PLN 244.5 million, i.e. 21.7% compared to the previous year. Operating profit amounted to PLN 87.5 million and was higher by 50.0% compared to that achieved in 2017. Net profit attributable to the Parent Company's shareholders in 2018 was lower by 52.6% and amounted to PLN 30.6 million.

Operating profitability amounted to 6.4% (in the previous year 5.2%), net profitability 2.2% (5.7% in 2017).

The value of assets of the Comarch Group at the end of 2018 increased by PLN 157.5 million compared to the previous year, i.e. by 10.4%. The value of equity increased in 2018 by PLN 24.9 million, mainly as a result of the transfer of retained profit for 2017 to supplementary capital and development of net profit in 2018.



*) From 1 January 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the 2017 was also restated in accordance with IFRS 15.

2.2. Employment and Production Capacity of the Group

As at 31st of December, 2018, in Comarch S.A. there were 4,679 employees compared to 4,303 persons as at 31st of December, 2017, while in the Comarch Group number of employees increased to 6,040 persons, compared to 5,541 persons as at 31st of December, 2017.

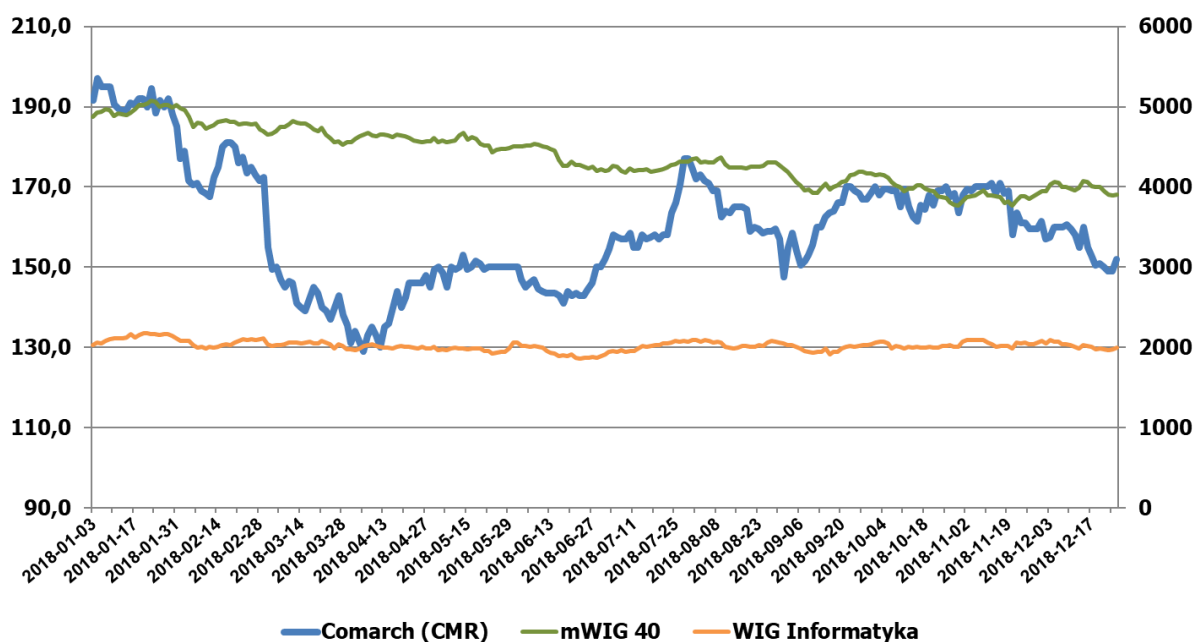
Average employment in the Comarch Group, from 2014 to 2018 is presented in tables below:

Average number of employees:	2018	2017	2016	2015	2014
full-time	4,727	4,393	4,323	4,066	3,439
co-workers	1,364	1,245	1,276	1,238	1,037
Total	6,091	5,638	5,599	5,304	4,476

Average number of employees:	2018	2017	2016	2015	2014
production employees and technical consultants	4,797	4,369	4,342	4,104	3,438
marketing and sales	298	293	336	339	287
management and administrative employees	495	458	434	427	376
other	501	518	487	434	375
Total	6,091	5,638	5,599	5,304	4,476

Most of production by Comarch consists in production of company's own, versatile software products and in production of computer software on the basis of customer orders. The basic factor limiting the production capacity is human resources. As the company makes active investments in new products and technologies, it strives to provide appropriately wide range of competencies for all its employees. The company flexibly manages teams of employees through continuous optimisation of placements for current commercial projects and internal R&D projects (developing new products and updating the existing ones, which are not directly connected to contractual requirements), using proprietary IT solutions for this target. In effect, there are almost no unused resources. The Group diversifies the risk of limitations in availability of human resources by conducting business in 17 branches located in urban centres in Poland. As at 31st of December, 2018, 3,410 employees were employed in Krakow, 2,001 in other cities in Poland and 629 abroad.

2.3. Comarch S.A. Stock Price Performance



Period	The highest	The lowest
I quarter of 2018	197.00	135.50
II quarter of 2018	153.00	129.00
III quarter of 2018	177.00	147.50
IV quarter of 2018	171.00	149.00

Between the 1st of January, 2018, and 31st of December, 2018, the closing rate of Comarch S.A. shares decreased from PLN 190.00 to PLN 152.00, i.e. by 20.0%. During the year, the maximum closing rate amounted to PLN 197.00.

<i>Data in PLN</i>	12 months ended 31 December 2018 / 31 December 2018	12 months ended 31 December 2017 / 31 December 2017
Closing rate at the balance sheet date	152.00	190.00
Average price during the reporting period	159.96	198.17
MIN price during the reporting period	129.00	160.60
MAX price during the reporting period	197.00	239.00
Average volume during the reporting period	3,236	4,592
Capitalization at the balance sheet date	1,236,269,048	1,545,336,310
Ratios for consolidated data		
P/E at the balance sheet date	40.38	23.90
P/BV at the balance sheet date	1.44	1.85
P/S at the balance sheet date	0.90	1.37

3. Products and Services Offered by Comarch in 2018

Comarch is a producer of innovative IT systems for key sectors of economy: telecommunications, finance and banking, public administration, medical, as well as large, small and medium-sized companies. A wide range of the Comarch offer includes ERP-class and financial and accounting systems, CRM systems and loyalty software, sales support, electronic document exchange, electronic banking, tele informatic network management and billing systems, Business Intelligence, security and protection of data, electronic devices and many other solutions. Apart from providing innovative IT solutions to its customers, Comarch is focused on professional customer service and on providing consulting, advisory and integration services as a uniform package, with which our customers can take full advantage of the possibilities offered by modern IT systems.

3.1. Telecommunications Sector

Since 1993 Comarch has specialist telecoms unit providing IT solutions to some of the biggest telecoms brands in the world, including LG CNS Co. Ltd., Deutsche Telekom IT GmbH, KPN B.V., Huawei Technologies (UK) Co., Ltd., Telefonica Germany GmbH & Co. OHG, Colombia Telecomunicaciones S.A. ESP, NGENA GmbH, Telefonica del Peru S.A.A., Saudi Telecom Company, Orange Polska S.A., Telia Finland Oyj, Orange Communications Luxembourg S.A., Vodafone Procurement Company S.a.r.l., ORANGE B4B TECHNOLOGY, S.A. It builds technology solutions to meet the key requirements of telecoms companies, namely to: increase revenue; grow business efficiency; simplify systems; cut costs; enhance the customer experience; and build new services and shorten their time to market. Comarch's OSS and BSS solutions have been consistently listed on Gartner's Magic Quadrant report. It has also been recognised for its work in the telecoms industry by other analysts, including Forrester, Informa and Frost & Sullivan.

IOT ECOSYSTEM

Comarch IoT Connectivity Management enables mobile operators to provide managed connectivity in multi-national, multi-level and multi-operator environments. The system is a M2M/IoT connectivity management platform that helps launch IoT offers for vertical industries such as automotive, consumer electronics, retail, energy & utilities, finance & banking, healthcare, manufacturing, public services, security, and transport & logistics.

Comarch IoT Analytics Platform module focuses on delivering measurable business value, using intelligent big data processing and real-time data analytics for M2M/IoT business purposes. It provides thorough information about the way in which customers are using your IoT products. Additionally, it handles some issues related to quality of service (QoS) within operations, by helping discover which device (or type of device) generates issues, revealing data patterns and trends, and providing reports and analyses of anomalies.

Comarch IoT Billing is tailored to the needs of your IoT operations. It enables to charge not only for connectivity, but also for IoT devices, vertical applications and bundled services. IoT customers are looking for the well-suited offer answering their businesses in the most appropriate way. System supports all kinds of multileveled business relations (B2B, B2B2C, B2B2B).

IoT Solution Management helps businesses function in today's IT world. It includes comprehensive support for selling, storing and managing IoT connectivity services, devices and applications.

ENHANCING DIGITAL CUSTOMER JOURNEYS

Real-time Data Control & Presentation calculates service charges, controlling buckets, balances, and limits in real time. The module improves customers' digital experience by providing readable and easily digestible visual cues, giving a clear view of current bundle consumption, data usage, balances and limits. It is also the source of data for multidimensional reporting, 360-degree customer views, analytical actions, recommendations and personalization engines – all of which greatly impact the entirety of the customer journey.

Digital Sales and Customer Care enables to introduce, recommend, sell and maintain both traditional telco and digital services with pace and simplicity required by today's market. Customers are guided through digital shopping and buying process which includes offer browsing & comparison, online availability check, customer onboarding, omnichannel shopping cart and check out process.

DIGITIZING ENTERPRISE CUSTOMERS

Comarch Enterprise Billing, Charging & Revenue Management - a telecom invoicing software that addresses the needs of even the most complex corporate environments by providing features such as multi-branch and multi-department organizational structure support, split billing with flexible definition of rules based on time of connection or service type, ad hoc reporting of data with current buckets consumption, charging based on thresholds, shared bundles at the level of company or branch, closed user groups, availability of usage data and financial data in the middle of the cycle.

Comarch Telecom Digital B2B Platform lets CSPs provide enterprises with offers across all telco services, including mobile and fixed voice, data and VPN. These services can be bundled with unified communication, security and cloud solutions in a single Product Catalogue that drives all order management processes in a manner that satisfies the needs of modern enterprises and lets CSPs introduce new services seamlessly.

B2B Sales & Ordering - this proven solution provides a full lead to cash experience within a single package. It ensures accurate, automatic and near-instant quotes which, thanks to the product catalogue-driven mechanism, become agreements seamlessly upon approval.

PROVIDING ENTERPRISE SERVICES GLOBALLY

Enterprise Product Catalogue enables simple and flexible storage of the entire CSP product portfolio in one place. The solution sets up several slave catalogues per domain or business line. These are used for selling offers to end customers and driving appropriate charging and billing solutions.

Digital Billing and Revenue Management delivers multi-currency and multi-taxation handling as well as generation of financial documents not only for customers, but also for partners involved in the entire process of service delivery.

Partner Management provides flexibility in liaising between enterprises and various third parties by allowing the modelling of any type of service from SLAs and offers up to central Product Catalogue. The system is secure and easy to deploy, with multi-currency, multi-tenancy and multi-national support.

Wholesale Billing allows service and content providers to exchange billing data and invoices, and share revenue or cost information with partners. The system facilitates the management of relations with domestic and international business partners, and supports various business models which include revenue sharing, wholesale and roaming services. The easily scalable solution is fully prepared to support the newest services and is open to business evolution. Comarch Telecom Wholesale Billing processes high volumes of any kind of services (voice, data, messaging, content and others) within any kind of agreement, including bilateral, hubbing, revenue sharing, roaming, MVNO and content-based.

5G NETWORK OPERATIONS

Zero-touch Network Provisioning - a solution to IoT and 5G demands for rapid, automatic implementation of telecom network elements. System allows devices to be connected, pre-configured and updated.

Real-Time OSS – SDN/NFV Orchestration - a platform for provisioning and managing services over VNFs, PNFs and SDN-controlled networks, facilitating comprehensive orchestration of complex multi-domain topologies.

Comarch Self-Organizing Network (SON) solution enables the automation of network failure management and optimization of network processes, thus operators may not only reduce OPEX, but also shorten the time to market for new technologies and network services.

Service & Resource Orchestration is a solution which aims to help CSPs to transform service and network management into a much more automated solution, shifting to the idea of zero-touch network

& service management. Orchestration aims to automate not just the fulfilment area, but all processes related to the complete service and resource lifecycle.

INTELLIGENT ASSURANCE & ANALYTICS

Customer Experience Management (CEM) plays an overarching role in service monitoring and service quality management, transforming service management by providing an insight into customers' perceptions of services provided by telecoms operators. It helps network providers make the leap from network/resource-centric operations to customer-focused ones, delivering effective telecom customer experience management tools.

Comarch OSS Service Desk (OSSSD) is a comprehensive solution supporting engineers working in operations centres and handling situations with the potential to impact subscribers and, subsequently, the company's revenue stream. This indispensable tool supports network and service operators, allowing them to resolve incidents swiftly in accordance with specific SLAs. It facilitates efficient root-cause analysis of reported problems and aids wise planning of changes in the network to minimize the impact on customers and business agreements.

Integrated Assurance brings pro-activeness and significant reduction of mean time to repair (MTTR) due to automation enabled by close integration of traditionally stand-alone applications such as fault management, service problem management, resource & service test management, resource & service performance management, service quality management, and service assurance control, as defined by eTAM.

BSS/OSS Data Analytics - with its big data analytics for telecom operators, the solution processes data from the network in real time, combines this information with that from external systems, and aggregates it. Comarch BSS/OSS Data Analytics effectively helps telecoms companies improve their overall net promoter score (NPS) and customer satisfaction (CSAT) result, as it takes into account the real customer experience when using a given service provided by the network.

RESOURCE MANAGEMENT

Real-time Network Inventory Management stores complete information about physical, logical and virtual network resources. It is a shared, central fixed-access inventory to capture all details of a very complex IT/telecom environment with advanced micro-services technology underneath.

Network Planning & Design enables CSPs to manage telecom network planning, design and optimization processes comprehensively and efficiently. Process-orchestrated planning is a future-proof way of making network investments, where the business value of the investment becomes ever more important in response to developing telecom opportunities.

Comarch Auto-discovery & Reconciliation - provides a complete, comprehensive and up to date insight into the multi-vendor, multi-domain network, enabling effective network management. The system supports reconciliation of RAN, transport, core, access and IT domains, and thanks to integration with Network Inventory provides one, comprehensive and integrated view of the live state of the network.

Comarch Configuration Management enables service providers to automate network provisioning for all network domains. It is a solution that manages configuration in a manner that goes beyond the traditional radio access network (RAN) approach, implementing network provisioning in the transmission, core and access domains too.

Comarch Network Consolidation for M&A helps telecoms efficiently organize and streamline network planning and consolidation processes in merger and acquisition (M&A) projects. The solution is built of various components from Comarch's next generation OSS portfolio. The core modules of the solution include Resource & Network Inventory, Planning Framework (with Radio, Transport and Core technology packs), Geographical Information System (GIS), Mediation, Reporting, and Business Process Management. The Pairing and Rating engine, used for automatic benchmarking and site selection, has been developed specifically for this solution and extends the capabilities of network inventory planning.

SERVICE DESIGN & FULFILLMENT

Service Fulfilment & Orchestration is a solution designed to reduce time to market and automate the telecom service fulfilment process for customer service delivery on top of a hybrid network. The solution employs the model-driven (catalog-driven) concept, which enables the orchestration of hybrid networks where virtual network functions and network services are modelled consistently, with physical network functions and legacy network services employing the TMF SID model. SFO (using ETSI NFV ISG terminology) can implement end to end service and MANO orchestration, and manage the VNF instantiation process.

Comarch Field Service Management (FSM) is a comprehensive Workforce Management solution for scheduling, staffing, managing, and supporting the workforce in the field, which results in significantly increased efficiency of operations. Thanks to this tool, customer and network operations can utilize the available resources more efficiently and improve the team's coordination. The system selects the most suitable resources for each task, considering all aspects and bearing in mind KPIs according to the company's business model. Comarch FSM addresses the needs of field workforce managers, allowing them to manage resources, tasks, time and knowledge effortlessly. Full mobility support for all on-site activities allows the time needed for task execution to be shortened, work quality to be improved, and changes to be performed in real time.

Comarch Service Inventory facilitates the end to end management of your network and all related products from the service perspective. It is a system that can be pre-integrated with the Comarch Service Catalog solution, in a manner that enables you to fully describe the services and products offered via your network. In this way, Comarch Telecom Service Inventory acts in accordance not only with the TMF SID (addressing customer facing services (CFS)) model, but also with the resource facing services (RFS) one.

PROFESSIONAL SERVICES

Business Consulting is a service that helps telecoms optimize and automate their business processes and increase their efficiency in OSS and BSS areas, by eliminating multi-vendor and cross-organization redundancy and by rethinking IT architectures and configurations.

Managed Services offer telecom operators the opportunity to outsource system and/or process management, enabling them to optimize the delivery of services to customers and increase their availability, while decreasing the workload and business costs without compromising process quality or business/technology independence.

BSS/OSS Transformations – as a software vendor and a business partner for global telecoms companies we understand the nature and complexity of telecom transformation projects. Based on our experience we have developed a complete offer of products and services to support local and multi-country transformation projects in OSS and BSS domains.

End to End Project Delivery adds extra value on top of delivering a system to a customer, and encompasses the following services: requirement analysis and solution design, training, implementation and integration, as well as maintenance and support.

BSS/OSS Cloud Transformation - is one of the fundamentals of digital reinvention that telecoms are going through. It is designed in the spirit of agile, microservice-based architecture that ensures full automation of platform integration and delivery, rapid deployment, and cloud-readiness from the get go.

3.2. Finance, Banking and Insurance Sector

Comarch Financial Services specializes in developing sophisticated software and IT systems for major financial institutions in banking, insurance and capital markets. Our clients include Polish and international financial institutions: ING Bank Śląski S.A., Alior Bank S.A., Bank Pekao S.A., BNP Paribas Bank Polska S.A., Santander Bank Polska S.A., Siam Commercial Bank PCL, Swiss Life (Luxembourg).

PRODUCTS

Comarch Corporate Banking is a platform designed for the specific needs of companies, and offered to banks catering to companies. It's a transactional banking system, a financial management tool, and a solution to facilitate handling of bulk payments – all rolled up into one. It supports corporates in managing accounts, buying currencies, or making local and international payments.

Comarch Wealth Management is a platform dedicated to retail, affluent and private banking client segments. The system supports relationship managers – in advisory and financial planning tasks, end-clients – in self-driven robo-advisory processes, wealth managers – in discretionary portfolio management, and analysts – in running performance and risk calculations of client portfolios.

Comarch Digital Insurance is, on one hand, a system dedicated to insurance agents, brokers or intermediaries. It helps them advise on and sell insurance products but also provide post-sales support, manage their tasks and monitor own business performance. On the other hand, Comarch Digital Insurance allows individual customers to purchase a policy online and manage their insurance portfolio.

Comarch Anti-money Laundering allows banks to significantly decrease the time and increase the precision of transaction monitoring – a routine task requiring much knowledge and experience. The system takes the burden of performing routine tasks off bankers' shoulders, reduces the total time it takes to analyse alerts, and lets the bankers to focus on more demanding and complex challenges.

Comarch Identity and Access Management is a solution that allows full control over the access to company's applications, VPNs and workstations. It comes with world-class methods for identity lifecycle, authentication, authorization and accountability. Its modular architecture makes it easy to adapt to specific types of organizations across hierarchies and geographies.

Designed primarily for banks, the **Transaction Protection** – or tPro suite consists of two solutions for customer authentication and transaction authorization: tPro ECC and tPro Mobile. Comarch tPro ECC is a USB token for digital signature. Comarch tPro Mobile is a variant of the solution, based on what the user has – a mobile phone with an app; and what the user knows – PIN or pattern.

3.3. ERP Sector

Comarch ERP Altum - The first intelligent ERP platform which comprehensively supports all key business processes in medium and large trading and service companies and in store chains. It is also intended for holdings. The solution is adjusted to the Polish and foreign markets. The system is also available in a service model (SaaS).

Comarch ERP XL - The most popular ERP system in Poland – it is used by more than 5,000 enterprises from different industries, 400 new customers per year decide to implement it to manage main business processes. The solution fulfils specific requirements of manufacturing, trading and service enterprises. The system is also available in a service model (SaaS).

Comarch ERP Optima - An application for micro, small and medium enterprises which offers sales management, management, accounting services and personnel and payroll management. Along with an additional Accountant Office module and iKsięgowość24 Accountant Office Social portal, Comarch ERP Optima is a tool for managing and advertising the accountant offices and tax counselling offices. The application is also available in a service model (SaaS).

Comarch ERP XT - An innovative application for on-line invoicing, managing a warehouse and simplified accountancy, it is available through an internet browser or application downloaded from Windows Store or mobile apps on Android or iOS platform. A solution dedicated to micro and small enterprises on Polish French and German market. Its main advantages are the ease of use, a complete process automation, a possibility to integrate it with an accountant office, Wszystko.pl portal, Comarch e-Shop and Comarch BI Point. The application is only available in a service model (SaaS).

Comarch Retail - An independent system for managing a retail sale with whole omnichannel model. Enables a company to manage a retail store chain efficiently and comprehensively, starting from its main office through back-office to the point of sale (POS).

Comarch Mobile - a solution dedicated to management staff as well as mobile employees, e.g. sales representatives, service technicians or sales assistants, who carry out their tasks outside the office using a smartphone or tablet. The package includes: **Comarch Mobile Management, Comarch Mobile Sales, Comarch Mobile Monitoring, Comarch Mobile mPOS, Comarch Mobile Service and Comarch Mobile Shopping**. Individual applications from the Comarch Mobile package enable management of mobile employees and the sales they have achieved, monitoring the effects of work and the current location of employees on the map and routes registered by them. It enables efficient execution of vanselling transactions and preselling directly during the client's visit, as well as registration of offers and purchase orders from suppliers, e.g. during trade fairs. Comarch Mobile also enables the execution of service orders, e.g. during inspections, assembly or repair of devices.

Comarch WMS - A solution which enables companies to manage a High Bay Warehouse. The package includes: **Comarch WMS Management** and **Comarch WMS Warehouse**. Comarch WMS Management is a tool for the warehouse manager, used to control warehouse operations and manage the flow of goods within its structure. Comarch WMS Warehouse facilitates the implementation of operations by employees directly in the warehouse, using data collectors working online.

Comarch Business Intelligence - Based on data warehouse technology system, which is dedicated to large and medium-sized enterprises as well as international corporations. The solution supports decision-making processes and reporting tasks. It offers support to the following industries: financial and insurance institutions, FMCG, service and production.

Comarch BI Point - Comarch's own, web-based reporting tool which allows to create and view interactive reports and dashboards, directed mainly to analysts, controllers and managers. Responsiveness of the application allows to use it also on mobile devices. Through an intuitive interface and many forms of data visualization, it ensures user friendliness. The tool is used in every type and size of enterprises - the ability to share reports with other users from different geographic locations and operating systems, ensures its flexibility and universalism.

Comarch IBARD - an all-in-one cloud service solution for storage, data backup and collaboration. Comarch IBARD enables users to backup files, folders, and data bases, safely store all kinds of data in the cloud, share files and collaborate. Users can access their data from all devices (Desktop, Android, iOS and Windows Phone). Comarch IBARD ensures the highest safety level by storing data in Comarch's own certified high-tech Data Centres localized in Poland, Germany and France. Application is available in 5 languages: English, Polish, German, French, and Spanish. Can be offered in White Label model.

Comarch TNA (Time and Attendance) is an innovative system for tracking and monitoring working time, vacations, and business trips. It is a solution based on the cooperation of an original mobile application with Comarch TNA Gateway devices. Working time can be registered with the use of both, mobile application and RFID proximity cards. Being a stand-alone solution with possibility to integrate with any system, Comarch TNA is a universal solution for any company.

Comarch CSM - Comarch Cloud Service Management (CSM) is an end-to-end comprehensive Service Delivery Platform (marketplace) that supports providers (e.g. telecom operators) in offering and sale of cloud-based services, applications, infrastructure and other products. It is easily extensible with more 3rd party Applications and Services. Integrations with existing BSS/OSS systems, external SSO, SMS Echo, Comarch Cloud Services, etc. are possible.

Comarch SSO - (ang. Single Sign-On) a secure single sign-on system for logging into cloud services. Provides and users are given full security when logging in a multi-service environment.

Comarch Hosting - integrated, comprehensive solution tailored to individual customer requirements, which consists in leasing the hardware platform placed in the Comarch Data Centre together with the necessary licenses of external manufacturers (including Microsoft). The offer also includes a number of services related to the management and administration of the hardware and software platform. A unique feature of the solution is the possibility to manage resources in a flexible way, as solutions offered in our hosting model can be easily scaled as customer's demand grows.

iKsięgowość24 - Accountancy and bookkeeping services for enterprises, provided by more than 1,000 accountant offices which use Comarch ERP Optima.

Comarch B2B - a B2B platform enables, among others, ordering goods via the Internet. A logged-in contractor has access to the history of his orders, payments, complaints, preview of the status of service orders and production orders. The application works with Comarch ERP XL and Comarch ERP Altum.

Comarch e-Shop - A software for an internet shop for small and medium companies fully integrated with the Comarch ERP management systems, price comparison applications, Allegro and Wszystko.pl auction websites, and also with on-line payment services.

Wszystko.pl - A trading platform (operating so far in www.iMall24.pl domain), it enables a company to sale directly on the Internet from the invoicing and warehouse system used by enterprises. Every company that has purchased the Comarch ERP management software can sell its products via this application.

Comarch HRM - Application to manage, among others, working time and holiday leaves, cooperating with the personnel and payroll module in Comarch ERP Optima, Comarch ERP XL and Comarch ERP Altum. The application can be used on your computer, laptop, tablet and smartphone. The program dynamically adapts to the screen size of the device where it is displayed. It can be installed on the user's local computer or as a service model in the Comarch cloud (SaaS).

Comarch e-Sprawozdania is a program supporting the creation of electronic financial statements in compliance with, among others, the Polish Accounting Act. It is characterized by its ample functionality (enabling electronic signatures in the application), ease of use, and a possibility to integrate with ERP systems. The software makes it possible to use both a desktop version installed on a computer and a cloud version provided in a subscription model for any computer connected to the Internet. The application creates financial statement structures **compliant with the requirements of the Ministry of Finance**.

Comarch ERP Inwentaryzacja - Is used to make inventory records using a smartphone. Using the camera built into the smartphone allows you to scan barcodes of goods and enter their quantity or count them automatically for the user.

The Systems of Comarch Software und Beratung AG belong to a range of ERP systems as well as financial and accounting systems designed for small and medium-sized enterprises in the German-speaking market:

- **Comarch ERP Enterprise** - ERP system of the new generation intended for active companies operating on the international markets and using the Internet. Possesses an ergonomic user interface, built-in WorkFlow module and is optimised to best reflect business processes and organisation structure. The system is also available in a service model (SaaS).
- **Comarch Financials Enterprise** - financial and accounting system of the new generation, developed as the complement of Comarch ERP Enterprise system, enabling complete financial management of modern enterprises. The system is also available in a service model (SaaS).
- **Comarch ERP Suite** - classic ERP system, offering proven, tailored to the specificity of the industry, functional solutions for a wide range of users.
- **Comarch Financials Suite** - comprehensive, certified financial and accounting system with controlling and electronic archiving of documents modules at its disposal, enabling work in an international environment, taking into account different accounting standards (US GAAP, IFRS).
- **Comarch Financials Schilling** - classic financial and accounting system.
- **Comarch Financials DKS** - financial and accounting system developed for customers in the Austrian market, possessing also the controlling and HR modules.
- **Comarch HR** - HR and employee settlement system dedicated to support work time management and recruitment processes.
- **Comarch ECM** - system for electronic archiving and document management, enabling companies to implement a fully electronic documents circulation.
- **Comarch eBilanz** - system designed for the electronic transmission of financial statements to the bodies of state administration in Germany; the application works with various accounting and financial systems.

- **Comarch eRechnung** - system designed for servicing electronic invoices in Germany in accordance with applicable regulations; the application works with Comarch's German financial and accounting systems.

3.4. Public Sector

Comarch specialises in designing, implementing and integrating modern IT systems for public administration and companies and institutions from the public sector. Comarch is also experienced in developing comprehensive turnkey solutions and creating network hardware infrastructure. In view of the changes taking place in Polish public administration, Comarch has developed a series of e-government solutions. They are designed to meet specific needs of public sector entities. Comarch solutions are designed and developed according to the latest international standards and are implemented by the best specialists. The most important solutions implemented in public sector are:

Comarch ERGO

System supporting realisation of public tasks connected with land management. It enables to run over 60 registers and records in the area of geodesy and cartography, real estate management, spatial planning, road infrastructure management, construction, environmental protection, agricultural and forest land protection, protection of historical monuments and geo-portals. The system has modular construction that enables exchange of information between local government units and cooperating units, their faculties and employees. Comarch ERGO is a comprehensive solution allowing launch of the Spatial Economy SSC electronic platform.

Comarch EZD

It supports the electronic (and paper) flow of documents in companies and institutions (industry-specific versions have been developed for particular entities).

Comarch e-Office

Comarch e-Office is a platform of online public services with a set of modules that allow local public administration bodies to execute tasks set by the legislator. Intuitive tools allow for independent management of the application, and ensure support for content creation and publication. Comarch e-Office includes the following modules, among others: Digital Office, Public Information Newsletter, Information Portal, and Internet.

Comarch ERP Egeria

This ERP class Integrated IT System supports organization management and decision-making processes. It features a high configuration capacity and flexibility, which allows it to be adjusted to the individual needs of each client. The system is offered to different types of companies and institutions (government and local level administration, utilities, health care, etc.).

Comarch Security Platform

Comarch Security Platform is solution merging elements of both physical security and cybersecurity. It's an innovative Physical Security Information Management system supporting security of objects and protected areas. Our solution integrates multiple security systems such as anti-theft alarms, CCTV, fire alarms and access control system, allowing users to manage all the security measures throughout one central security system. Additional components regarding image analysis, data correlation and predefined action procedures allows for automation of work, increasing security of protected area or building. Information analysis modules allows for detection and prevention of physical (terrorism, demonstrations) and cyber (hackers, botnets) threats.

Comarch Smart Parking

Comarch Smart Parking is a complex solution that allows efficient management of the car park areas. Our system provides car park operators and managers with tools that facilitate their daily work like detection of free parking spaces in real time using Intelligent Video Analytics functionality or a sensor

network, support for both outdoor and indoor car parks, Park&Ride, municipal or private or generating operational and managerial reports, statistics concerning occupancy and car parks.

Comarch eRecording

Comarch eRecording is a comprehensive and coherent solution, which combines the convenience of classic audio/video recorders with sound systems and a dedicated application to control the process of audio / video registration. The system allows for recording meetings or public appearances together with related metadata and comments, which guarantees efficient search for a recording during the playback.

Comarch Video Terminal

Comarch Video Terminal is a client of video conference that supports popular connection standards and audio-visual transmission. It is also a suitable complement for Comarch eRecording, as it provides point-to-point connection, as well compilation of multi-party calls based on the standards and infrastructure of video conferencing bridges of leading suppliers.

3.5. Services Sector

In the Services Sector, Comarch designs, implements and integrates innovative IT solutions for loyalty programs, marketing campaign management, employee motivation management, electronic data interchange, business information, document management and flow within the company, and managing sales process using support systems and mobile applications. The offer also includes a comprehensive range of IT infrastructure management solutions for service companies.

The Services Sector implements projects in 35 countries on five continents. Among our clients are: BMW Bank GmbH, Media Saturn IT Services GmbH, Ford Motor Company, European Organisation for Astronomical Research in the Southern Hemisphere (DE), ExxonMobil Global Services Company, BP Europa SE, KORUS CONSULTING SNG, Tab Limited, Livelio S.A., Valeo Schalter und Sensoren GmbH, Whitbread Group PLC, JetBlue Airways Corporation, BP Europa SE.

Comarch CRM & Marketing

The offer addressed to large enterprises involves a comprehensive suite of business applications and professional services that helps organizations build and manage engaging loyalty programs, create rich consumer experiences and personalized interactions across multiple touch points, automate marketing processes, and ultimately boost profits. Comarch also provides business intelligence solutions and innovative customer engagement systems based on gamification.

Available solutions:

Comarch Loyalty Management for Retail – a loyalty program management system that supports B2C and B2B operators, enabling the launch of multiple programs on a single platform and support for all areas (customer registration, profile management, promotions based on different currencies, communication with users, rewarding with gifts and special offers).

Comarch Loyalty Management Travel Edition – a platform dedicated for transport and tourist companies, (especially airlines), supporting loyalty programs for all carrier types, both for individual customers (frequent flyer programs) and in the B2B model. The system supports the creation of rules for calculating points and defining rewards and privileges.

Comarch Loyalty Management Cloud - providing a wide range of features designed to build comprehensive loyalty strategies, this stands out as a highly practical and cost-effective solution available in a subscription-based pricing model. CLM Cloud was designed to keep up with the latest system updates, introduced in accordance with the Comarch roadmap.

Comarch Campaign Management – created to help marketers define and manage marketing campaigns easily (both single-channel and complex multi-wave designs), and to deliver the right message to the right audience over the right channel. The solution streamlines the integration and automation of marketing activities in order to get campaigns to market faster, increase revenue and improve business performance. The solution also helps to optimize workflow and create clear tasks,

guaranteeing that resources are allocated flawlessly across your organization and ensuring efficient collaboration.

Comarch Customer Engagement – an efficient solution for increasing customer engagement, motivation and loyalty. This innovative tool offers a variety of fully customizable plugins to engage and reward users, especially by using virtual elements such as badges, challenges, leaderboards, storytelling and other games mechanics. The solution is based on the 3F rule: fun, friends and feedback.

Comarch Enterprise Engagement Platform– designed for companies, this tool comprehensively implements mechanisms of gamification in the work environment in order to improve the engagement, productivity and motivation of employees and business partners. The system allows the definition and engaging tasks (in social media, education, sales and entertainment), for which program members are awarded with badges, a higher level or a better ranking position.

Comarch Location-Based Services – Enables companies and organizations to communicate with their customers on a very personal and customized level. Using location data from geo-fencing, wi-fi triangulation, beacons and other sensors, it launches precise marketing campaigns as well as short and to the point messages conveyed via push notifications. The solution is fully integrated with Comarch's breakthrough Internet of Things unit, which is responsible for manufacturing hardware (beacons and sensors) and plugging it into software codes for smarter usage.

Comarch Business Intelligence – provides responses with a comprehensive picture of customer buying patterns, their value, campaign effectiveness and overall loyalty program performance. The aim of implementing Comarch Business Intelligence is to provide aggregate, pure, multi-section data, facilitating improved decision-making in managing loyalty programs. All information is available in an interactive, 100% web solution with responsive design, an intuitive interface which facilitates the creation of reports (including ad hoc), and dashboards with many forms of visualization such as graphs, indicators, sparklines, maps and tables.

Loyalty Consulting – services that help to create comprehensive, innovative programs, attract clients, increase profits and build a stronger bond between the client and the brand (developing the strategy, program concepts, rewarding methods, marketing communication, procedures and analysis of IT requirements).

Program Management Services - our competences include program maintenance, targeted and creative communications, establishing partnerships, handling reward fulfilment and contact centre operations. In order to provide the highest quality program management, we created a cross-functional network of dedicated teams consisting of experienced marketers, program managers, data analysts and integration experts.

Customer Analytics - collecting, cleaning and auditing customer data, improving and maintaining data quality and analysis, creating customer segmentation models, analysing migrations and customer activation strategies, forecasting and scoring models, analysing database marketing and customer satisfaction. We offer advice and guidelines on how to utilize customer data and build, adapt and maintain advanced analytical models.

Comarch e-Invoicing – enables efficient document management and automation of sales and business processes in the supply chain. A comprehensive approach to communication with global partners, covering the electronic exchange of products, retail, logistics and financial data, brings business tangible benefits including rapid access to information and significant cost reductions.

Comarch e-Invoicing offers the following solutions:

EDI (Electronic Data Interchange) – a platform enabling rapid and secure exchange of electronic documents between business partners from around the world in different industries. It facilitates increased accuracy of the transmitted information and provides prompt access to business data. Integration with mobile sales solutions and comprehensive reporting tools guarantees access to reliable business data.

MDM (Master Data Management) – a central product catalogue that allows you to effectively manage and exchange product data between business partners from around the world. It guarantees

access to reliable, up to date product information. As a certified GDSN catalogue, Comarch MDM ensures rapid synchronization of product data within the GDSN network with partners around the world.

e-Invoicing – a solution that provides full control over the entire invoice management processes (accounts payable/accounts receivable). It enables the rapid replacement of paper invoices with electronic versions, archiving, and legal compliance with national regulations. Multi-channel support allows the processing and validation of data in various formats.

The EDI and MDM-class solutions are fully compatible, and their use guarantees companies a significant improvement in the quality of transaction data (for example orders and invoices) and logistics. Comarch offers global solutions that guarantee compliance of international e-invoicing projects with local legal regulations and support dedicated company processes, including the invoice cycle in accordance with internal company regulations.

Further development is planned towards the integration of existing systems, in order to use the synergy of individual applications and gain a competitive advantage over other e-Invoicing solutions providers.

Comarch ICT

Comarch ICT solutions allow control of the IT infrastructure of enterprises in telecommunications, outsourcing and data centre sectors, based on global standards and technology partnerships with IT market leaders in data security.

Comarch Data Centre Solutions

Comarch Data Centre – advanced technological centres with high availability and Tier III and Tier IV architecture. They are an alternative for clients who do not wish to possess their own IT infrastructure resources. Comarch S.A. owns four Data Centres and partners with 11 others around the world. Comarch provides a wide range of Data Centre services:

- Co-location - providing space for the customer's devices in one of our several data centres. As part of the service, the customer receives the agreed space for their own devices in a room with guaranteed physical, energy, environmental and fire safety protection.
- **Disaster Recovery Centre** – an optional service for all the above-mentioned solutions. This includes a backup data processing centre for critical systems. The service is offered in PaaS or SaaS models, ensuring data replication between two centres and the activation of the backup environment in the event of failure of the primary location.
- Data Centre Managed Services – transform your data centre management and IT operations, giving you the technological flexibility, you need, and maximizing the efficiency and availability of your applications. We provide the right people, processes, security, and technology across on-premises, cloud, and network-based solutions to optimize your data centre services. We offer full management, so you can focus on strategic initiatives.
- IBM Power Services - fully managed services for IBM and Power Systems, a secure and reliable solution for any mid-sized or enterprise-level business. These services will allow your company to increase efficiency and reduce costs associated with operating your IBM and systems.

Comarch Cloud Infraspaces – unified and flexible cloud infrastructure with the highest security standards. The platform contains a wide range of tools supporting applications built on the basis of micro-services. The cloud solution provided by Comarch was created to help solve problems associated with the lack of computing power, allowing capacity to be adjusted to meet the real level of demand for IT resources. The solution allows clients to reap all the benefits of the cloud, such as lower IT costs, increased efficiency and full control over existing IT resources, while optimizing the reliability of corporate data and maximizing flexibility. All this in a secure IT environment in the Comarch Data Centre.

IT Services Solutions

Due to dynamic changes in the IT infrastructure market, an experienced technology partner is important for business growth. Placing your company's IT environment in the hands of Comarch's engineers and analysts guarantees required system availability and service continuity customized to your needs.

Comarch IT Services - continuous and comprehensive IT services ranging from full support for the end user (Service Desk and job support) to LAN/WAN network administration, server and security infrastructure, and IT process management, according to good practices of the ITIL library.

Comarch IT Integration - services that adapt the client's IT environment to new business and technical requirements. We support clients from the analysis and design stage of the new IT platform, to the supply of appropriate devices and software and the implementation phase.

Comarch Business Continuity - services that ensure a high level of system availability, minimize the effects of failures and disasters and guarantee a quick return to the "before failure" state. In addition, we offer audits in various IT areas.

Comarch Network Managed Services - solutions designed to create and maintain data transmission networks (including WAN/LAN/WLAN). CNMS is a comprehensive product for the construction or modernization of existing transmission networks, the management and administration of these networks, and their security.

Comarch Network Operations Centre – a single contact point providing technical support in IT infrastructure and business applications for all types of enterprises and institutions. Clients gain knowledge about the current availability and performance of individual components of their IT infrastructure, operating systems, and operating platform.

IT Risk and Security Management Solutions

Managed IT Security Services - an effective and high-quality solution addressed to companies seeking strategic partners who undertake comprehensive IT security management as part of outsourcing. Monitoring and analysis of security events, penetration tests and sensitivity scans are just a few examples of managed services. Comarch adapts the services it provides to meet business and operational demands, and helps clients to comply with IT management procedures and regulatory requirements in their country, handle corporate risk management, and implement industry standards.

IT Security Auditing and Compliance - services related to evaluating, processing and complying with all security standards at regional and international levels. Regular data security audits can detect potential threats and prevent them early enough to neutralize the risk. We provide a wide range of services related to detailed IT security auditing, customized to meet market needs and customer expectations.

IT Security Integration and Support - we offer a full range of IT integration and support services, from network security solutions to SIEM (security information and event management) systems. Thanks to a team of highly qualified network engineers and security specialists, and many years of security management experience, we are able to provide solutions tailored to our clients' needs.

3.6. Comarch e-Health

Comarch e-Health sector provides a wide range of solutions dedicated to the medical industry. The offer includes, among other things, IT systems for hospitals and software for health record management in medical facilities, cities, and regions. Comarch e-Health is a provider of innovative Remote Medical Care solutions, based on own software, devices and medical infrastructure.

MEDICAL INSTITUTIONS MANAGEMENT SOFTWARE

COMARCH OPTIMED NXT

It is an innovative IT system designed for managing hospitals, allowing for the organization of healthcare during the patient's stay in hospital wards and clinics – from the moment of registration until the discharge. The system may also be used on mobile devices such as tablets, which provides doctors with access to information about a patient right at the bedside.

COMARCH OPTIMED24

It is an intuitive software for managing health clinics and doctor's offices. Dedicated to all outpatient facilities, regardless of their structure and services provided. The solution supports i.e. keeping electronic medical records, handling patient visits, issuing prescriptions and referrals. Optimed24 is a functional management tool for healthcare facility managers.

COMARCH ERP

It is a system for supporting the management of the administrative part of the hospital. It enables control and guidance of the implementation of complex processes connected with supply, management of own assets of the institution, its maintenance, and development, as well as with employment, current support and professional development of a wide range of specialists.

COMARCH BUSINESS INTELLIGENCE

This broad portfolio of tools for analysing data generated by the medical facility. The solution allows for making multidimensional analyses of the whole process carried out by the operator. The system offers a number of ready-made desktops of information dedicated to specific groups of employees and management.

SOFTWARE SUPPORTING THE MANAGEMENT OF HEALTH RECORD**COMARCH EHR (ELECTRONIC HEALTH RECORD)**

It is a system used to manage e-records in all types of medical entities, as well as at the regional level. Central access to documents originating from various systems enables efficient collection and processing of medical data. The solution allows for the exchange of information between the institutions, which accelerates the process of diagnosis and helps to avoid redundant research.

COMARCH CONCIERGE

It is a multi-channel communication platform for patients, providing continuity of medical care. The solution facilitates the exchange of information between the medical facility, doctor and patient. It allows the patient to remotely register on a visit to a specialist, ordering prescriptions, access to results of medical examinations and even consult a doctor without leaving home.

COMARCH MEDNOTE

It is a modern application for managing a doctor's office. It organizes medical records, provides the necessary information concerning the patient and minimizes the time needed for paperwork. The system allows, among others, easy dispensing of prescriptions, referrals, and other medical documents.

REMOTE MEDICAL CARE

Remote Medical Care is a telemedicine service, which allows constant monitoring of the patient's condition and performance of preventive and control check-ups outside medical facilities. This form of care is made possible by the use of mobile devices which measure vital signs. Results are transmitted to the Remote Medical Care Centre, where they are automatically analysed. If any abnormalities are detected, medical staff contact the patient and calls an ambulance in the event of an emergency.

REMOTE CARDIAC CARE

Remote Cardiac Care enables the detection of abnormalities such as tachycardia, bradycardia, ventricular tachycardia, ventricular fibrillation, and flutter, etc. It allows long-term diagnostics outside the hospital environment. Remote Cardiac Care can be implemented for hospitalized patients, and in overseeing the process of home rehabilitation.

REMOTE PULMONARY CARE

Remote Pulmonary Care allows monitoring of patients suffering from asthma, COPD, and other pulmonary disorders. Regular measurements of spirometry, pulse oximetry and peak expiratory flow, along with constant specialist control, increase patient safety and comfort.

REMOTE OBSTETRIC CARE

Remote Maternity Care enables passive CTG examinations in the home. Measurements are automatically sent to the Remote Medical Care Centre and verified by a specialist. CTG tests, performed during the third trimester, allow full monitoring of fetal heartbeat and uterine contractions, without the expectant mother having to leave home.

REMOTE CARE FOR SENIORS

Remote Care for Seniors allows patients to consult specialists about their health condition. Measurements of vital signs can be performed by patients, their carers or medical staff. Based on the results, the patient can consult with the attending physician remotely or arrange for a home visit. The physician can also call an ambulance if required.

DIAGNOSTIC POINTS

Diagnostic Points are stations equipped with measuring devices, where patients can use remote medical care services in office buildings, airports, insurance companies, etc. Measurements of basic vital signs are taken independently by the patient and then evaluated by physicians through a telemedicine platform.

E-CARE PLATFORM

The provision of Remote Medical Care services is possible thanks to the cloud-based Comarch e-Care Platform, which enables constant remote patient monitoring. The e-Care Platform collects and processes medical data obtained from integrated systems, applications and measuring devices. Artificial Intelligence (AI) is deployed to analyse a large amount of information, and to indicate correlations and abnormalities. AI, in combination with developed procedures, supports medical personnel in providing effective care.

TELEMEDICINE EQUIPMENT

Comarch has own R & D centre, where measuring devices, cooperating with the e-Care platform, are designed, tested and manufactured. Among them are portable heart recorders, i.e. Comarch PMA and CardioVest. Further work on the development of telemedicine equipment is continuing.

REMOTE MEDICAL CARE CENTER

The Remote Medical Care Centre with healthcare personnel monitoring patient health status is the key component of the telemedicine system.

- Gathers qualified healthcare personnel, such as paramedics, midwives, various specialist doctors, dieticians, and physiotherapists.
- Monitors a patient's health status all day, including holidays.
- Intervenes if anomalies in terms of individually specified parameters are detected (for example, norm exceeded or alert value reached) and at the patient's request.
- Uses medical procedures that facilitate faster and more adequate intervention.

Comarch Healthcare S.A. has implemented a certified ISO 13485 system for the quality management of medical devices. The Comarch e-Care platform is a class IIa medical device certified for Directive 93/42/EEC.

iMed24 HEALTHCARE CENTER

iMed24 Healthcare Centre as Comarch Healthcare S.A.'s healthcare centre this is naturally an environment for the development of solutions dedicated to this sector. iMed24 was the first healthcare centre in Małopolska to offer Remote Medical Care (more than 6,000 patients). The facility has about 100 doctors who work in more than 30 specialist out-patient clinics.

3.7. Comarch Technologies

PRODUCTS

INTERNET OF THINGS

Comarch IoT Platform is a flexible cloud-based platform to manage smart and mobile devices. The platform enables configuration, management and monitoring of the communication between devices in network. It results in an increase in efficiency of process management and a decrease in both operating and of used resources.

Comarch Smart Lighting provides the ecosystem that facilitates fast implementation of fully flexible and scalable smart lighting solution for cities as well as municipal and enterprise buildings. It can be easily integrated with existing infrastructure or extended by 3rd party systems and it always remains a platform for further extensions.

Comarch Smart Manufacturing (Industry 4.0) – Comarch Smart Manufacturing - is a solution based on the Comarch IoT Platform, which allows for quick configuration and management of intelligent lighting in the city, public buildings or in industry. The solution also uses a Smart Lighting module that allows you to transform your existing lighting infrastructure into an intelligent system.

Comarch Asset Tracking – is a solution based on the Comarch IoT Platform, allowing you to locate devices, things inside buildings. The system from the hardware side is based on Comarch devices and radio modules.

Comarch Smart Metering – is a solution dedicated to monitor critical infrastructure for utility companies (water, electricity, gas). The solution consist of dedicated HW gateway able to read the metering data using industry standards and transmits it wirelessly using LPWAN technology (4,5G) through telco operator networks (NB-IoT or LTE-CatM) to the cloud.

Comarch Modul BLE – a certified radio module for Bluetooth Low Energy technology (BLE) with a Comarch software stack, in the form of a PCB for use in various applications, among others IoT, as the BLE interface.

Comarch Radio Module – a certified wireless module in mesh technology (MESH) operating on the 2.4 GHz band, based on IEEE 802.15.4. Module in the form of a PCB to use in a variety of applications including IoT, as a radio interface.

Comarch Smart Lighting Module (CSL) – a certified module for wireless lamp control, among others made in LED technology. Using various Comarch radio modules as a transport layer. The product is available in several functional variants with different radio interfaces.

Comarch beacon is a small transmitter that broadcasts a continuous signal via Bluetooth Low Energy. The device, through a dedicated mobile application, allows to connect individually with a customer using such its functionalities as: contextual messaging, communication in real time, indoors and outdoors.

Comarch IoT Hub acts as a bridge between connected devices and Comarch IoT Platform. It enables secure and reliable short distance communication, distributed control and remote device management through a single device. The support of leading connectivity protocols provides interoperability and creates new possibilities for business to offer smart services.

SHORT SERIES MANUFACTURING

Comarch Production Line offers an innovative and sophisticated product line that allows for rapid short series manufacturing. Aiming at supporting clients in a whole prototyping process, we provide

services in the areas of industrial design, prototyping, software development and integration finalized in extensive quality assurances.

An innovative production line that allows short-run production of consumer electronics prototypes in a very short period of time, with particular emphasis on the quality of products and services provided. The IoT Plant production hall was created for the needs of electronics assembly, i.e. EMS services, it functions as part of the Integrated Management System Comarch S.A.

Comarch IoT Lab is a place where we build functional prototypes which follow the highest industry standards in safety, security and user experience. Our rapid prototyping technology process includes industrial design, 3D modelling, HW&SW prototyping, final product assembly, along with thorough testing and quality control.

MOBILITY

Application development is a service consisting in the designing of mobile applications according to the customer's requirements, while using knowledge and experience within security of the network and logistics, as well intuitiveness of the application when in contact with a customer.

User Experience Consulting consists in a comprehensive behaviour and users' profiles survey carried out in order to design intuitive and end-user friendly applications.

Quality control and testing is a complex planning and managing the testing process of mobile applications.

CERTIFICATION

Certification tools enable effective management of device and application certification processes. Additionally, they allow for verification of compliance with folded standards and provide continuous support to organizations during the evolution of the standards.

EMBEDDED SYSTEMS

Comarch offers visionary system and product solutions within embedded systems. Experience gained during performance of international projects related to consumer electronics, and automobile, medical, finance and banking industries guarantees conformity of the offered solutions with the current trends and the industry standards.

OUTSOURCING

Outsourcing delivered by Comarch is provided within outsourcing of processes, R&D, systems and know-how (human resources). Cooperation with Comarch enables limitation of costs, time and risk of the conducted projects.

3.8. Sports activities

MKS Cracovia SSA conducts sports activities with participation in professional leagues and competitions in several sports disciplines, the most important of which are football and ice hockey. The purpose of the investment in the company is to promote the Comarch brand. It is an element of the Comarch Group's marketing strategy, the aim of which is to create the image of Comarch as a leading IT supplier for large and medium-sized companies in Poland.

Revenues from sports activities of MKS Cracovia SSA include sums of revenues due to advertising services and other services, as well as receipts from the sale of tickets for sporting events organized by the company.

4. Position of the Group in the IT Market and Information about Markets and Sources of Supply

largest clients of advanced IT solutions all over the world) constitute the main group of clients. Majority of company's products are addressed to specific groups of customers, while IT services are of universal

nature and are offered to all groups of customers. The Comarch's offer is dedicated to both Polish and foreign customers. Since many years, the Company's strategy is based on the sale of an increasing number of products on international markets, especially in Western Europe, South and North America and Asia. Sale in the Company is highly diversified, with no dependency on one major client. In 2018, the share of sale to none of the customer exceeded 10% of the Comarch Group sales.

Due to the specific nature of the industry, in which Comarch manages its operations, international concerns, which are producers of computer systems and programmer's tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In 2018, share of none of the product provider exceeded 10% of the value of Comarch sales.

5. Sales Structure

5.1. Revenue from Sales- Geographical Structure (in thousands of PLN)

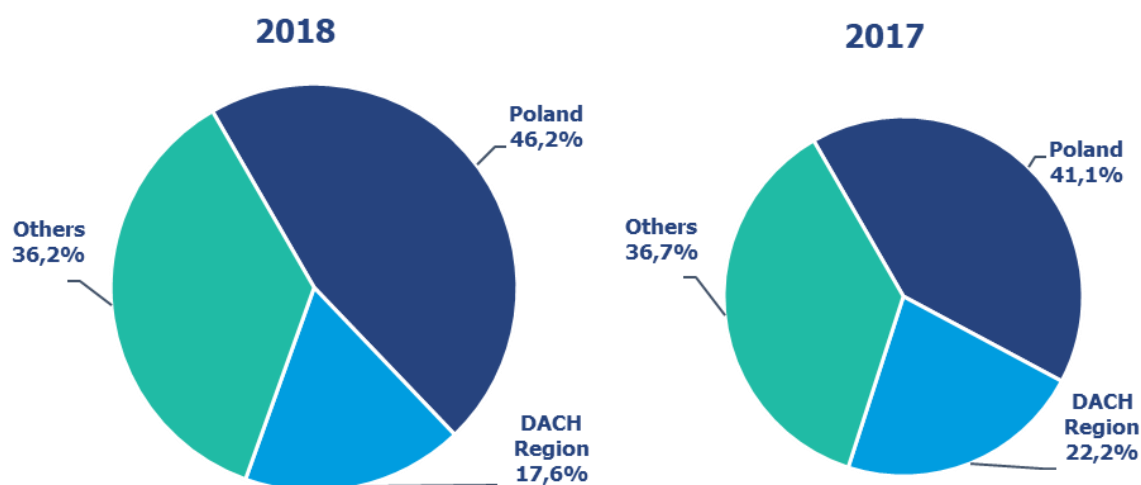
	2018	%	2017*	%	2016	%
Domestic	632,372	46.2%	462,922	41.1%	451,680	40.6%
Export	737,247	53.8%	662,188	58.9%	661,133	59.4%
Total	1,369,619	100.0%	1,125,110	100.0%	1,112,813	100.0%

*) From 1 January 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the 2017 was also restated in accordance with IFRS 15. Data for 2016 have not been restated in accordance with IFRS 15.

In 2018, the Group generated PLN 632,372 thousand of revenues from domestic sales, by PLN 169,450 thousand PLN (i.e. by 36.6%) more than in 2017. Such a large increase was mainly due to the development of sales to clients from the Public sector and the growing sales of ERP solutions to the SME sector in Poland.

The value of revenues from export sales in 2018 amounted PLN to 737,247 thousand and were higher by PLN 75,059 thousand (i.e. by 11.3%) than in the previous year and accounted for 53.8% of the Group's total revenue.

The geographical structure of sales remained stable during the financial year.



	2018	%	2017*	%	2016	%
Poland	632,372	46.2%	462,922	41.1%	451,680	40.6%
DACH	241,637	17.6%	249,361	22.2%	235,241	21.1%
Remaining countries	495,610	36.2%	412,827	36.7%	425,892	38.3%
Total	1,369,619	100.0%	1,125,110	100.0%	1,112,813	100.0%

*) From 1 January 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the 2017 was also restated in accordance with IFRS 15. Data for 2016 have not been restated in accordance with IFRS 15.

In 2018, the Group's sales in DACH region decreased by PLN 7,724 thousand, i.e. 3.1% compared to the previous year and its share in total Group's sales amounted to 17.6%. Other foreign sales increased by PLN 82,783 thousand PLN, which is an increase of 20.1%. Share of other foreign sales in total Group's sales amounted to 36.2%.

5.2. Revenue from Sales – Market Structure (in thousands of PLN)

	2018	%	2017*	%	2016	%
Telecommunication, Media, IT	316,416	23.1%	264,866	23.5%	276,620	24.9%
Finance and Banking	204,532	14.9%	187,168	16.6%	163,811	14.7%
Trade and Services	202,406	14.8%	187,367	16.7%	183,314	16.5%
Industry & Utilities	138,344	10.1%	143,105	12.7%	146,100	13.1%
Public Sector	193,000	14.1%	64,018	5.7%	72,856	6.5%
Small and Medium Enterprises – Poland	160,874	11.7%	136,085	12.1%	116,566	10.5%
Small and Medium Enterprises – DACH	99,568	7.3%	99,771	8.9%	111,223	10.0%
Medical Sector	27,351	2.0%	16,020	1.4%	13,184	1.2%
Others	27,128	2.0%	26,710	2.4%	29,139	2.6%
Total	1,369,619	100.0%	1,125,110	100.0%	1,112,813	100.0%

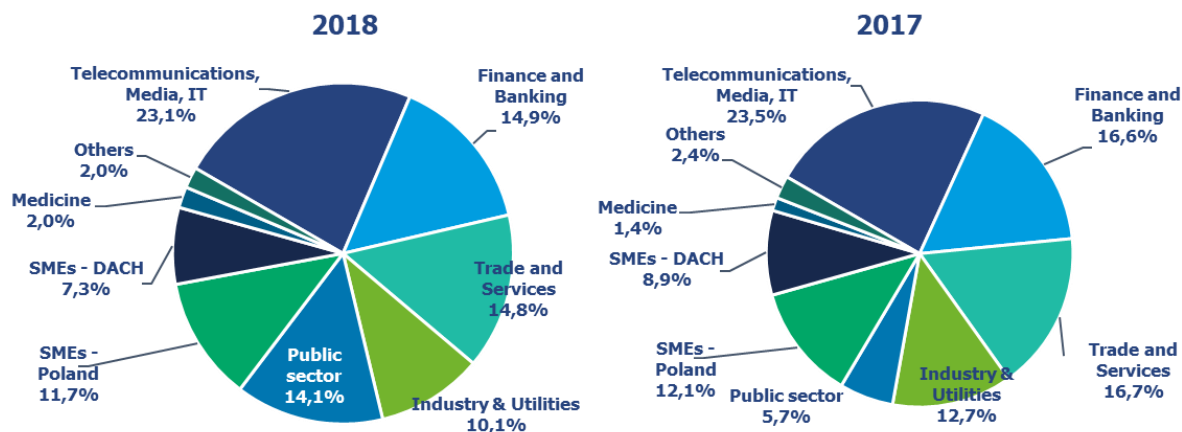
*) From 1 January 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the 2017 was also restated in accordance with IFRS 15. Data for 2016 have not been restated in accordance with IFRS 15.

In 2018, sales revenue of the Comarch Group to clients from the TMT sector amounted to PLN 316,416 thousand, which means an increase of PLN 51,550 thousand (i.e. by 19.5%) compared to 2017, thanks to the implementation of new contracts acquired on foreign markets. Clients from the finance and banking sector purchased products and services in the amount of PLN 204,532 thousand, higher than in the previous year by PLN 17,364 thousand, i.e. by 9.3%, which is due to the increase in revenue from sales on the domestic market. The increase was recorded in the sales of loyalty solutions, EDI and ICT to customers from the trade and services sector (of PLN 15,039 thousand, i.e. 8.0%), while it decreased in the case of customers from the industry and utilities sector (by PLN 4,761 thousand, i.e. by 3.3%). Revenue from sales to the public sector recipients grew dynamically, by PLN 128,982 thousand, i.e. by 201.5%, mainly due to the implementation of a contract for the supply and implementation of a digital system for registering court proceedings in common courts. The increase also took place in the case of sales to the Medical sector (increase by PLN 11,331 thousand, i.e. by 70.7%), as a result of new contracts for computerization of hospitals. Customers from the SME sector

in Poland purchased products and services, which were higher than PLN 24,789 thousand (i.e. 18.2%) in the previous year. Sales to clients from the SME sector in the DACH region and to other clients remained at a level similar to that achieved in the previous year.

The structure of sales remained stable during the financial year.

The business situation in 2018 confirmed that the diversity of the offer and maintaining the industry and geographical diversification of revenue sources is beneficial for the stable development of the Comarch Group's activity.



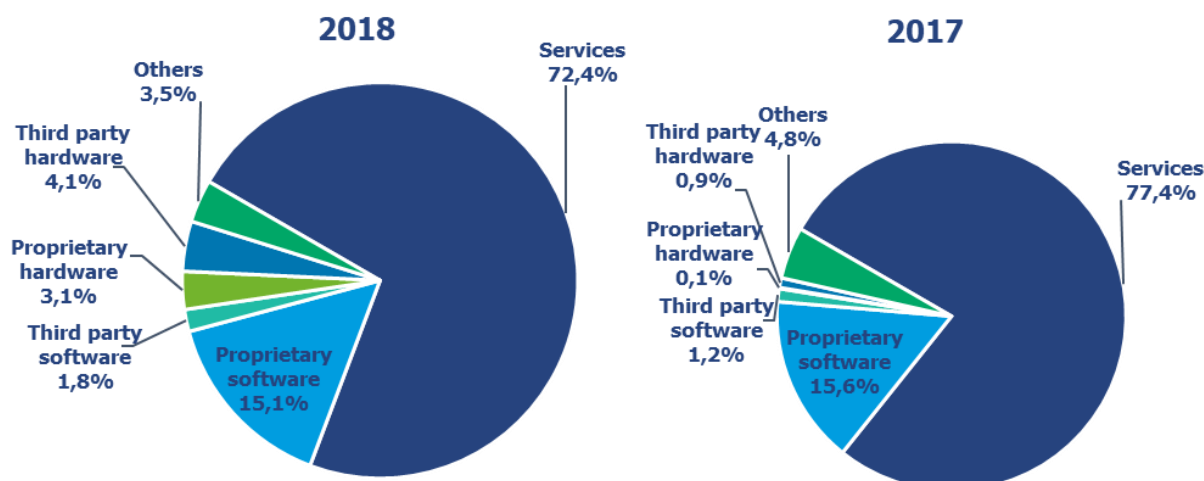
5.3. Revenues from Sales – Products Structure (in thousands of PLN)

	2018	%	2017*	%	2016	%
Services	992,627	72.4%	871,415	77.4%	859,367	77.2%
Proprietary Software	207,271	15.1%	175,174	15.6%	178,092	16.0%
Third party Software	24,041	1.8%	13,475	1.2%	21,086	1.9%
Finished goods	42,216	3.1%	804	0.1%	3,674	0.4%
Hardware	55,728	4.1%	10,096	0.9%	9,038	0.8%
Others	47,736	3.5%	54,146	4.8%	41,556	3.7%
Total	1,369,619	100.0%	1,125,110	100.0%	1,112,813	100.0%

*) From 1 January 2018, the Group started using the principles resulting from IFRS 15 for sales revenues. For comparative purposes, the data for the 2017 was also restated in accordance with IFRS 15. Data for 2016 have not been restated in accordance with IFRS 15.

In 2018, the value of revenue from sales of proprietary software amounted to PLN 207,271 thousand and was higher by PLN 32,097 thousand (i.e. 18.3%) than in the previous year. Revenue from sales of services increased by PLN 121,212 thousand, i.e. by 13.9%. The sales of finished goods increased very significantly, by PLN 41,412 thousand, i.e. by 5,150.7%, similarly sales of third party hardware (increase in revenue of PLN 45,632 thousand, i.e. by 452.0%). This was the result of the implementation in Q2 and Q3 2018 of the contract for the supply and implementation of a digital system for registering court proceedings in common courts. Revenue from sales of the third party software increased by PLN 10,566 thousand, i.e. by 78.4%. Other sales decreased by PLN 6,410 thousand, i.e. by 11.8%.

Over the whole 2018, sales structure by products remained stable.



6. Factors Essential for Development of the Comarch Group

6.1. Internal Factors

- a) Steady increase in export sales and significance of foreign sales;
- b) Position and reputation of the Comarch Group affecting the nature of clients acquired;
- c) Commercial operations of Comarch Group in the special economic zone in Krakow;
- d) Significant share of standard (repetitive) products offered for sale, which means:
 - lower costs, especially variable costs related to a single contract,
 - the possibility of significant increase in profitability of a single contract with simultaneous reduction in charges for clients (license fees),
 - broader and more diversified circle of clients, which means a broader scale of activities,
- e) Attractive training policy and attractive work conditions offered for employees of the Company;
- f) Increasing awareness of the Comarch brand among prospective clients by promotion managed through marketing campaigns, including sports marketing (MKS Cracovia SSA);
- g) Necessity of continuous investment in human resources to maintain the Company's competitive edge in following years;
- h) High levels of investment expenditure designated for research and development activity and development of new products and IT services;
- i) High level of investment expenditure designated for the development of production sources in Poland (material investment) and for expansion on foreign markets (capital investment).

6.2. External Factors

- a) Enhanced requirements from clients for IT systems. There is an increase in demand for large, complex IT systems dedicated for specific users. This gives advantage to large IT companies such as Comarch S.A., which offer a number of different technologies and products and which are able to provide technologically advanced solutions;
- b) Increased significance of mobile technologies broadly used in IT solutions for all groups of customers;

- c) Change in business models in many branches as well as change in business strategies of many companies related to technological progress and economic growth, which shape the demand for new IT systems, broadening software sales in the cloud computing model means an increase in capital and resources requirements for IT companies;
- d) An access of Polish companies to resources from structural funds related to Polish membership in European Union that will be dedicated in part to develop IT systems and finance research and development works;
- e) Growing competition, causing decrease in achieved margins; competition between IT companies;
- f) Continued pressure on increase in remuneration in IT sector; number of graduates from technical universities having IT skills decreases;
- g) Growing competition on the local labour market in IT sector in Krakow and other locations where the Company conducts its business;
- h) The international economic situation, taking into particular consideration the situation on financial markets that effects levels of demand for products and IT services;
- i) Exchange rate levels fluctuations, especially EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN and RUB/PLN, which affect the profitability of export sales;
- j) The international economic situation, in particular in Europe, which influences the demand for IT products and services on this market, as well as the financial credibility of the customers in this region;
- k) The international political situation, including increasing risk of terrorist attacks in places of project management complicates their implementation.

7. Other Significant Factors, including Risks and Threats

The Group is exposed to the following main types of financial risk:

7.1. Credit Risk

The Parent Company establishes the financial credibility of potential clients before signing contracts for the supply of IT systems and adjusts the conditions of each contract to the potential risk depending on its assessment of the financial standing of the client. Concentration of credit risk is limited due to diversification of the Comarch's sales to a significant number of customers in different branch of economy, in different world's regions.

7.2. Risk of Change in Interest Rates

The Comarch Group is exposed to the risk of changes in interest rates related to cash and cash equivalents, as well as long-term investment credits to finance the construction of new production buildings in the Special Economic Zone in Krakow. These are credits at variable interest rates based on the WIBOR and EURIBOR index. The group has been hedging this interest rate risk using IRS contracts and it continuously monitors market situation in this scope. The influence of interest rate changes on the amount of interest on credit paid is partly compensated for by a change in the amount of interest received on cash and cash equivalents.

Financial analysis of the Group's financial result sensitivity to the risk of changes in interest rates is included in notes 2.3.2. of the consolidated financial statement.

7.3. Risk of Fluctuation in the Exchange Rates

The Comarch Group is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies, especially in relation to foreign exchange of EUR/PLN, GBP/PLN, USD/PLN, BRL/PLN and CAD/PLN. At the same time, part of the Group's costs are also expressed in, or related to exchange rates for foreign currencies. In individual cases, the Parent Company hedges future

payments with forward contracts, as well as tries to use natural hedging through adjusting structures of assets, liabilities and equity denominated in foreign currencies (for example through undertaking in last periods credit liabilities expressed in EUR). The balance sheet value of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date.

Financial analysis of the Group's financial result sensitivity to exchange rate fluctuation risk is included in notes 2.3.2. of the consolidated financial statement.

7.4. Financial Liquidity Risk

The Comarch Group has a liquidity risk management system to manage its short, medium and long-term funds. The fundamental financial liquidity risk arises because the majority of costs incurred by the Comarch Group are fixed, while revenue from sales, as is typical for a services company, fluctuates. The Comarch Group manages liquidity risk by holding the appropriate amount of working capital, by holding reserve credit lines in the current account, by constantly monitoring the forecasted and actual cash flows and by analysing the maturity profiles of financial assets and liabilities.

8. Perspectives of Development in the Group and Anticipated Financial Situation in 2019

In 2018, the demand for IT services and IT products has increased, with changes in its structure. The Group observed an increase in demand for solutions for telecommunication sector, for public sector as well as, for ERP products and a stable demand for IT solutions for clients from other sectors. The Group's backlog now ensures full use of its production capacity in several subsequent periods.

The development of the political and economic situation in Poland and in the world, as well as the situation on the labour market will have a decisive impact on Comarch Group's operations and financial results in 2019. Thanks to consistently executed strategy of positioning itself on the market as a technological and product-based Company, Comarch's offer is very well diversified. Customer base is constantly expanding and a considerable part of them are international companies, what allows to continue the development of the Company. Dynamically developing activity of Comarch Group in international markets additionally increases sales volume and enhance the image of Comarch among international corporations, thus strengthening the competitive position of enterprise. It also means the need to make numerous capital investment abroad Poland (principally through the establishment of foreign subsidiaries). Execution of Comarch strategy largely depends on macroeconomic conditions, beyond the Company, especially on the level of IT investments by medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector and labour market becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. An opportunity for the Group is its high innovativeness and growth in demand for delivery of IT solutions in a service model - Comarch Group thanks to the wide range of its own products, owned infrastructure and human and capital resources can flexibly adapt to business models expected by customers.

The most important risks related to the Group's operations are:

- risks related to R&D work (developing proprietary software products);
- risks related to implementation of long-term contracts;
- risks related to failure to meet contract terms and conditions and contractors taking advantage of the provided performance guarantees;
- risk of foreign legal and political environment related to execution of export contracts;
- the credit risk related to the sale with deferred payment, and frequently with a long period of execution of contracts;
- risk of employee's rotation, and risk of a lack of possibility to hire the appropriate number of qualified employees, the risk of increased labour costs;
- the risk of fluctuations in exchange rates and interest rates;

- risks related to international terrorism, impeding the posting of employees in business travel in some regions of the world.

The Group does not expect any significant changes in its financial situation or in terms of the risks associated with its activities.

9. Financial Analysis

Balance Sheet						
	31 December 2018	%	31 December 2017*	%	Change	Change %
ASSETS						
Non-current assets						
Property, plant and equipment	551,063	33.1%	556,838	34.7%	-5,775	-1.0%
Investment real estates	32,683	2.0%	15,357	1.1%	17,326	112.8%
Goodwill	42,197	2.5%	42,197	2.8%	0	0.0%
Other intangible assets	59,447	3.6%	63,319	4.2%	-3,872	-6.1%
Non-current prepayments	2,834	0.2%	3,321	0.1%	-487	-14.7%
Investment in associates	1,520	0.1%	11,233	1.0%	-9,713	-86.5%
Other assets at fair value	935	0.1%	2,904	0.0%	-1969	-67.8%
Other investment	211	0.0%	112	0.0%	99	88.4%
Deferred income tax assets	35,045	2.1%	31,237	2.4%	3,808	12.2%
Other receivables	20,906	1.3%	5,392	0.3%	15,514	287.7%
	746,841	44.8%	731,910	46.6%	14,931	2.0%
Current assets						
Inventories	97,198	5.8%	114,967	5.3%	-17,769	-15.5%
Trade and other receivables	435,372	26.1%	392,153	28.1%	43,219	11.0%
Current income tax receivables	2,555	0.2%	2,222	0.4%	333	15.0%
Long-term contracts receivables	134,800	8.1%	46,886	2.8%	87,914	187.5%
Available-for-sale financial assets	-	-	-	-	-	-
Other financial assets at fair value – derivative financial instruments	3,264	0.2%	8,516	0.1%	-5,252	-61.7%
Stock or shares	-	-	-	-	-	-
Cash and cash equivalents	245,915	14.8%	207,937	16.3%	37,978	18.3%
	919,104	55.2%	772,681	53.0%	146,423	18.9%
Available-for-sale financial assets	-	-	3,861	0.4%	-3,861	-100.0%
Total assets	1,665,945	100.0%	1,508,452	100.0%	157,493	10.4%

*) Data as at 31st of December, 2017 were restated according to the principles resulting from the application of IFRS 15.

As of the end of 2018, the value of Comarch Group's assets increased by PLN 157.493 million, i.e. 10.4%. The value of non-current assets at the end of 2018 increased by PLN 14,931 thousand, i.e. 2.0% as compared to 2017, mainly as a result of the increase in the value of infrastructure investments from PLN 15,357 thousand to PLN 32,683 thousand (increase of 112.8%, compared to 2017), increase in deferred income tax assets of PLN 3,808 thousand PLN (i.e. by 12.2%) and other receivables (increase of PLN 15,514 thousand, i.e. by 287.7%). The value of property, plant and equipment decreased by PLN 5,775, i.e. 1.0%, as compared to the previous year, due to the transfer of one of the office buildings in Krakow to the position of investment real estates. Investments in affiliates decreased by PLN 9,713 thousand, i.e. by 86.5%, mainly as a result of impairment losses on shares in the Thanks Again affiliate. The share of other non-current assets positions remains at a level

comparable to 2017. The value of current assets increased by PLN 146,423 thousand, i.e. by 18.9% compared to last year's level. The value of revenues due to long-term contracts increased the most: by PLN 87,914 thousand, i.e. by 187.5%, which is the effect of the Group's implementation of large projects acquired during 2018. The increase was also recorded in the value of trade and other receivables (of PLN 43,219 thousand, i.e. 11.0%), as well as cash and cash equivalents (of PLN 37,978 thousand, i.e. 18.3%). The value of inventories decreased by PLN 17,769 thousand, i.e. by 15.5%, and the value of derivative instruments decreased by PLN 5,252 thousand, i.e. by 61.7% compared to last year.

EQUITY	31 December 2018	%	31 December 2017*	%	Change	Change%
Capital attributable to the company's shareholders						
Share capital	8,133	0.5%	8,133	0.5%	0	0.0%
Other capital	143,041	8.6%	143,041	9.5%	0	0.0%
Exchange differences	8,837	0.5%	4,169	0.3%	4,668	112.0%
Net profit for the current period	30,616	1.8%	64,626	4.3%	-34,010	-52.6%
Undivided financial result	667,519	40.1%	665,525	44.1%	1,994	0.3%
Changes in the undivided result due to the application of IFRS 15	0	0.0%	-50,432	-3.3%	50,432	-100.0%
	858,146	51.5%	835,062	55.4%	23,084	2.8%
Minority interest	17,962	1.1%	16,128	1.1%	1,834	11.4%
Total	876,108	52.6%	851,190	56.4%	24,918	2.9%
LIABILITIES						
Non-current liabilities						
Credit and loans	175,010	10.5%	185,596	12.3%	-10,586	-5.7%
Credit and loans	9,801	0.6%	6,928	0.5%	2,873	41.5%
Other liabilities	1,338	0.1%	736	0.0%	602	81.8%
Financial liabilities at fair value – derivative financial instruments	410	0.0%	446	0.0%	-36	-8.1%
Provision due to deferred income tax	43,625	2.6%	43,962	2.9%	-337	-0.8%
Provisions due to other liabilities and charges	-	-	-	-	-	-
	230,184	13.8%	237,668	15.8%	-7,484	-3.1%
Current liabilities						
Trade and other liabilities	182,502	11.0%	177,320	11.8%	5,182	2.9%
Current income tax liabilities	9,007	0.5%	4,942	0.3%	4,065	82.3%
Invoiced revenues for long-term contracts	163,818	9.8%	65,133	4.3%	98,685	151.5%
Credit and loans	40,267	2.4%	39,111	2.6%	1,156	3.0%
Financial liabilities at fair value – derivative financial instruments	479	0.0%	509	0.0%	-30	-5.9%
Other financial liabilities	328	0.0%	165	0.0%	163	98.8%
Provisions for other liabilities and charges	163,252	9.8%	132,414	8.8%	30,838	23.3%
	559,653	33.6%	419,594	27.8%	140,059	33.4%
Total liabilities and charges	789,837	47.4%	657,262	43.6%	132,575	20.2%
Total equity and liabilities	1,665,945	100.0%	1,508,452	100.0%	157,493	10.4%

*) Data as at 31st of December, 2017 were restated according to the principles resulting from the application of IFRS 15.

In 2018, the share structure of equity and liabilities did not change significantly, as compared to 2017. Equity grew in 2018 by 2.9%. There was a slight increase in the minority interest (PLN 17,962 thousand compared to PLN 16,128 thousand in 2017). The share of equity attributable to the company's shareholders in the liabilities structure remained at a similar level (51.5% compared to 55.4% in 2017). Liabilities constituted 47.4% of total equity and liabilities (43.6% a year earlier). Their value increased by PLN 132,575 thousand, i.e. by 20.2% compared to the last year. This increase was caused by significant changes in the value of liabilities due to long-term contracts (increase of PLN 98,685 thousand, i.e. 151.5%), increase in provisions for other liabilities and charges (increase of PLN 30,838 thousand, i.e. 23.3%) and trade payables and other liabilities (increase of PLN 5,182 thousand, i.e. 2.9%). The biggest decrease concerned loans in the long-term part (of PLN 10,586 thousand, i.e. 5.7%).

Debt analysis	2018	2017*	2016	2015	2014
Debt ratio	12.9%	14.9%	12.1%	10.6%	11.7%
Debt/equity ratio	25.1%	26.9%	20.6%	17.9%	20.7%

*) Data as at 31st of December, 2017 were restated according to the principles resulting from the application of IFRS 15.

Debt ratios in 2018 decreased as a result of the completion of intensive investment in real estates, mortgage credit and loans. The Group is financed with internal means (52.6%) and with external means (47.4%).

	2018	%	2017*	%	Change	Change %
Revenue	1,369,619	100.0%	1,125,110	100.0%	244,509	21.7%
Cost of sales	-1,008,042	-73.6%	-832,750	-74.0%	-175,292	21.0%
Gross profit	361,577	26.4%	292,360	26.0%	69,217	23.7%
Other operating income	20,160	1.5%	17,673	1.6%	2,487	14.1%
Sales and marketing costs	-139,417	-10.2%	-134,529	-12.0%	-4,888	3.6%
Administrative expenses	-106,123	-7.7%	-98,076	-8.7%	-8,047	8.2%
Other operating expenses	-48,654	-3.6%	-19,064	-1.7%	-29,590	155.2%
Operating profit	87,543	6.4%	58,364	5.2%	29,179	50.0%
Finance revenue -net	-13,951	-1.0%	31,867	2.8%	-45,818	-143.8%
Share of profit / (loss) of associates	-11,112	-0.8%	-3,082	-0.3%	-8,030	260.5%
Profit before income tax	62,480	4.6%	87,149	7.7%	-24,669	-28.3%
Income tax expense	-30,029	-2.2%	-21,038	-1.9%	-8,991	42.7%
Net profit for the period	32,451	2.4%	66,111	5.9%	-33,660	-50.9%
Attributable to:	/	/	/	/	/	/
Shareholders of the Parent Company	30,616	2.2%	64,626	5.7%	-34,010	-52.6%
Interests not entitled to control	1,835	0.1%	1,485	0.1%	350	23.6%

*) For comparative purposes, data for 12 months 2017 have been restated according to the rules resulting from the application of IFRS 15.

In 2018, the Comarch Group generated sales revenue which amounted to PLN 1,369,619 thousand. They were higher by 244,509 thousand, i.e. by 21.7% than in 2017. The operating result reached PLN 87,543 thousand and was higher by PLN 29,179 thousand, i.e. 50.0% than in 2017. The net result

attributable to the shareholders of the parent company amounted to PLN 30,616 thousand and was lower by PLN 34,010 thousand than in 2017.

Profitability analysis	31 December 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Margin on sales	26.4%	26.0%	31.3%	30.1%	29.6%
EBIT margin	6.4%	5.2%	10.5%	10.0%	9.5%
Gross margin	4.6%	7.7%	9.4%	9.6%	8.9%
Net margin	2.2%	5.7%	6.6%	7.0%	6.5%

In 2018, the margin on sales and EBIT margin decreased to 26.4% and 6.4%, respectively. Return on gross sales and net sales reached 4.6% and 2.2% respectively. Operating profitability of Comarch Group, in 2018, has improved compared to 2017. Net margin was slightly lower than in the previous year, which is due to the worse than in 2017 financial result and higher amount of income tax.

The following factors had a major impact on the financial results:

- dynamic development of domestic sales (increase of PLN 169,450 thousand, i.e. by 36.6%), which resulted from the implementation of new contracts in the public sector and dynamic development of sales of ERP solutions,
- increase in revenue from export sales of PLN 75,059 thousand (i.e. of 11.3%), which was achieved mainly due to higher sales of IT solutions for telecommunications for European countries and Asia,
- increase in operating expenses, resulting from wage pressure in the IT sector - the basic wage bill in the Comarch Group in the reporting period increased by 7.7% compared to 12 months 2017,
- a negative result on financial activities, caused by the strengthening of PLN against EUR and USD during 2018. Transactions carried out and the balance sheet valuation of financial instruments hedging the Group's foreign exchange risk, decreased the Group's net result by PLN 1,657 thousand. Balance sheet valuation of credits and loans contracted in foreign currencies decreased the Group's net result by PLN 8,770 thousand,
- high value of current income tax for 2018 amounted to PLN 34,174 thousand and was the result of high profitability of operations of the Group companies in Germany, Great Britain and a high share of Comarch S.A. income not covered by the scope of the permit to operate in the Special Economic Zone in Krakow,
- high value of created write-offs for doubtful trade receivables, mainly related to operations in the Middle East. They reduced the Group's operating and net result in 2018 by PLN 40,819 thousand,
- inclusion in 2018 of the shares in the result and impairment losses on shares in the associated company Thanks Again LLC, which decreased the Group's net result by PLN 10,770 thousand,
- application of the IFRS 15 accounting standard in 2018, which caused that a significant portion of revenue from sales of Comarch software licenses was not recognized in the income statement for 2018. The value of the correction, in this respect, amounted to minus PLN 29,371 thousand in the entire year 2018,
- creation of a provision of PLN 24,200 in connection with the receipt of a request for payment of a bank guarantee the proper performance of the Agreement for the support service of operation and maintenance of the Comprehensive IT System of the Social Insurance Institution (KSI ZUS Agreement).

Costs associated with software development in the field of telecommunication, e-Health, telemedicine devices and new generation loyalty solutions and ERP will have in subsequent periods a significant impact on the increase in operating expenses and a decrease in the current financial result of the Comarch Group, while they will contribute in the future to increase of revenues generated in these business areas.

The financial results achieved on the Group's core activity, confirm the effectiveness of Group's strategy – a strategy that is based on:

- significant investments in human capital,
- development and sale of IT solutions based mainly on own products,
- sales development on foreign markets, in particular in Western Europe, Asia and the Americas,
- constant improvement of operational efficiency through the improvement of procedures and cost rationalization,
- developing further business areas, especially in the field of medicine and Internet of Things (IoT),
- promoting the IT sales service model,
- investments in own IT technologies.

Liquidity analysis	31 December 2018	31 December 2017*	31 December 2016	31 December 2015	31 December 2014
Current ratio	1.6	1.8	2.0	1.9	1.9
Quick ratio	1.2	1.4	1.7	1.7	1.6
Cash to current liabilities ratio	0.4	0.5	0.6	0.6	0.7

In 2018, as in previous years, the Comarch Group had very good financial liquidity. In the opinion of the Management Board, the Comarch Group has no problems with meeting contracted financial liabilities on time. Temporarily free funds are invested by the Group in safe financial instruments such as bank deposits and shares in financial investment funds.

Turnover analysis	31 December 2018	31 December 2017*	31 December 2016	31 December 2015	31 December 2014
Current assets turnover ratio	1.5	1.5	1.5	1.6	1.6
Receivable turnover ratio (days)	115	126	133	125	115
Inventories turnover ratio (days)	37	162	36	18	55
Liabilities turnover ratio (days)	173	197	189	173	177
Liabilities turnover excluding liabilities due to investment credit ratio (days)	159	144	142	134	142

*) For comparative purposes, data for 12 months 2017 have been restated according to the rules resulting from the application of IFRS 15.

The turnover ratios confirm the effective use of Comarch Group funds. At the end of 2017, the state of semi-finished products and products was high, in 2018 it decreased, which translated into a reduction in inventories turnover ratio. Other ratios remained at a similar level to previous years.

Methods of Calculation of Financial Ratios

Debt Ratios

$$\text{Debt Ratio} = \frac{\text{Credits and Loans}}{\text{Total Assets}}$$

$$\text{Debt/Equity Ratio} = \frac{\text{Credits and Loans}}{\text{Equity attributable to Shareholders}}$$

Profitability Ratios

$$\text{Return on Sales} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

$$\text{EBIT Margin} = \frac{\text{Operating profit}}{\text{Revenue}}$$

$$\text{Gross Margin} = \frac{\text{Profit before Income Tax}}{\text{Revenue}}$$

$$\begin{array}{l} \text{Return on Sales} \\ \text{(profit attributable to shareholders)} \end{array} = \frac{\text{Net Profit attributable to Shareholders}}{\text{Revenue}}$$

Liquidity Ratios

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\begin{array}{l} \text{Trade and Other Receivables+} \\ \text{+Cash and Cash Equivalents+} \\ \text{+Available-for-Sale Assets} \end{array} \div \text{Current Liabilities}$$

$$\text{Cash to Current Liabilities Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

Turnover Analysis

$$\text{Current Assets Turnover Ratio} = \frac{\text{Revenue}}{\text{Current Assets}}$$

$$\text{Receivables Turnover Ratio} = \frac{\left(\frac{\text{Trade and Other Receivables} + \text{Current Income Tax Receivables}}{\text{Revenue}} \right) * 360}$$

$$\text{Inventories Turnover Ratio (days)} = \frac{(\text{Inventories-production in progress}) * 360}{\text{Costs of Sold Goods and Materials}}$$

$$\begin{array}{l} \text{Liabilities} \\ \text{-Liabilities due to} \\ \text{Long-term Contracts} \end{array} \div \begin{array}{l} \text{Sales and Marketing Costs+} \\ \text{+Administrative Expenses+} \\ \text{+Other Operating Expenses +} \\ \text{+Costs of Sold Products,} \\ \text{Services, Goods and Materials} \end{array} * 360$$

$$\begin{aligned} & \text{Liabilities Turnover Ratio} \\ & \text{excluding} \\ & \text{Liabilities due to} \\ & \text{Bonds and Investment Credit (days)} \\ & = - \frac{(\text{Liabilities} \\ & \quad - \text{Credits and Loans}) * 360}{\text{Sales and Marketing Costs} + \\ & \quad + \text{Administrative Expenses} + \\ & \quad + \text{Other Operating Expenses} + \\ & \quad + \text{Costs of Sold Products,} \\ & \quad \text{Services, Goods and Materials)} \end{aligned}$$

10. Credits, Loans, Suretyships, Guarantees and Significant Off- Balance Sheet Items

10.1. Non-Revolving Credits

As at the 31st of December, 2018, the Group had liabilities due to credits and loans in the amount of PLN 198,676 thousand.

In 2018, all covenants under the loan agreements concluded by companies in the Comarch Group were met. The Parent Company's Management Board expects no problems in meeting them in the future.

Company of Comarch Group	Financial Institution	Total amount of credit/loan		Amount to be paid (does not include the valuation of interest as at the balance sheet date)				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. office buildings SSE4 in Krakow	BGŻ BNP Paribas Bank Polska S.A	44,000	PLN	3,563 (4,182 as at the 31 st of December, 2017)	EUR	15,320 (17,444 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS do 29-07-2024	29 th of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement
Comarch S.A. office buildings SSE5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	1,418 (1,997 as at the 31 st of December, 2017)	EUR	6,099 (8,246 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A. nonrevolving operating credit	Santander Bank Polska S.A. (formerly Bank Zachodni WBK S.A.)	7,400	EUR	1,910 (2,944 as at the 31 st of December, 2017)	EUR	8,212 (12 280 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch S.A. office buildings SSE6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	8,188 (9 854 as at the 31 st of December, 2017)	EUR	35,209 (41 098 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to

										manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch S.A. office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	13,333 (11,286 as at the 31 st of December, 2017)	EUR	57,330 (47,075 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch S.A. Nonrevolving, long-term credit	Bank Handlowy w Warszawie S.A.	2,508	EUR	1,188 (2,508 as at the 31 st of December, 2017)	EUR	5,109 (10,461 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 2019	Declaration of submission to enforcement
Comarch S.A. Non-current assets - equipment of Internet of Things laboratory in Krakow	DNB Bank Polska S.A.	2,531	EUR	1,751 (2,130 as at the 31 st of December, 2017)	EUR	7,529 (8,885 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement
Comarch Healthcare S.A. Non-current assets - medical equipment for Medical Centre iMed24 in Krakow	Bank Polska Kasa Opieki S.A.	15,889	PLN			0 (4,540 as at the 31 st of December, 2017)	PLN	31 st of December, 2018	31 st of December, 2018	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, surety granted by Comarch S.A., power of attorney to manage Comarch Healthcare S.A. and Comarch S.A. bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch AG Office building in Dresden - refinancing	BGŻ BNP Paribas Bank Polska S.A.	6,000	EUR	0 (621 as at the 31 st of December, 2017)	EUR	0 (2,589 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	15 th of May, 2018	The mortgage and cession of rights in the office building in Dresden insurance policy, Surety granted by Comarch S.A.,

									Comarch S.A. declaration of submission to enforcement
Bonus Development Sp. z o.o. SK-A Office building in Lodz	Bank Polska Kasa Opieki S.A.	9,262	EUR	7,346 (8,043 as at the 31 st of December, 2017)	EUR	31,586 (33,545 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 31 st of May, 2030	31 st of May, 2030 The mortgage on the office building in Lodz, power of attorney to manage Bonus Development Sp. z o.o. SK-A bank accounts in the Bank Polska Kasa Opieki S.A., Bonus Development Sp. z o.o. SK-A declaration of submission to enforcement, cession of rights in the building insurance policy cession of rights in the bank guarantee for contract good performance and for warranty obligations, cession of rights under the lease agreement concluded between the borrower and Comarch S.A., surety granted by Comarch S.A. together with a declaration of submission to execution and power of attorney to accounts of Comarch S.A. conducted by PEKAO S.A.
Comarch S.A.S, Comarch S.A. Data centre in Lille in France	BGŻ BNP Paribas Bank Polska S.A	8,000	EUR	6,218 (6,734 as at the 31 st of December, 2017)	EUR	26 736 (28,085 as at the 31 st of December, 2017)	PLN	EURIBOR3M + bank margin	18 th of September, 2023 The conventional mortgage established on the second place on the property belonging to Comarch S.A. located at ul. prof. Michała Życzkowskiego 23, Cracow (the SSEIV building), a statement of Comarch S.A. of submission to enforcement, power of attorney to accounts of Comarch S.A. maintained in bank BGŻ BNP Paribas S.A., cession of rights in the insurance policy of SSEIV building
Comarch S.A.		3,500	EUR	1,399	EUR	6,016	PLN		

Comarch infrastructure modernization programme	CaixaBank S.A. Oddział w Polsce			(0 as at the 31 st of December, 2017)		(0 as at the 31 st of December, 2017)	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement
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10.2. Revolving Credits

As at the 31st of December, 2018, the Group had liabilities due to current credit lines in the amount of PLN 60,000 thousand, the limits have not been used.

In 2018, all covenants under the loan agreements concluded by companies in the Comarch Group were met. The Parent Company's Management Board expects no problems in meeting them in the future.

Company of Comarch Group	Financial Institution	Subject of the funding	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.	A working capital loan to finance current operations	20,000	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2019	An authorization to manage Comarch S.A.'s accounts in bank Powszechna Kasa Oszczędności Bank Polski S.A. and a declaration of submission to enforcement
Comarch S.A.	Bank Polska Kasa Opieki S.A.	A working capital loan to finance current operations	30,000	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2019	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement
Comarch S.A.	mBank S.A.	A working capital loan to finance current operations	10,000	PLN	0	PLN	WIBOR O/N + bank margin	17 th of March, 2020	An authorization to manage Comarch S.A.'s accounts in bank mBank S.A. and a declaration of submission to enforcement

10.3. Loans

10.3.1. Loans Received from Companies in the Comarch Group

As at 31st of December, 2018, Comarch S.A. held liabilities due to unpaid capital of loans from unrelated entities in the amount of PLN 16,601 thousand.

Company of Comarch Group / Subject of the funding	Financial Institution	Total amount of credit/loan		Amount remained to payment (does not include the valuation of interest as at the balance sheet date)				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			7,463 (9 983 as at the 31 st of December, 2017)	PLN	fixed	1 st of March, 2022	None
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	17,691	PLN			765 (0 as at the 31 st of December, 2017)	PLN	fixed	31 st of January, 2019	None
Comarch Polska S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			2,991 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	Surety granted by Comarch S.A.
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,474	PLN			737 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of July, 2019	None
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			2,745 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	None
Comarch S.A. delivery of IBM hardware in	IBM Global Financing Polska Sp. z o.o.	1,200	PLN			900 (0 as at the 31 st of	PLN	fixed	1 st of September, 2019	Surety granted by Comarch S.A.

relation to an IT project performed by the Comarch Group						December, 2017)				
Comarch S.A.										
delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	999	PLN			999 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of December, 2019	None

10.3.2. Loans Granted to Members of the Management Board and Members of the Supervisory Board

During the reporting period, Bonus Management sp. o.o. II Activia SK-A. granted to managing and supervising persons of Comarch S.A. loan in the amount of PLN 2,353 thousand. By the date of publication of the quarterly report for Q4 2018, this loan has been fully repaid. As at the 31st of December, 2018, there are no unpaid loans as well as granted by companies of Comarch Group guarantees and sureties to members of the management and supervisory bodies and their related parties.

10.3.3. Loans Granted to Employees of Comarch Group

None present.

10.4. Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the

contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,823 thousand and is valid for the whole term of the contract.

- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30th of August, 2018.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2018.
- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2019.
- 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 28th of June, 2030.
- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 31st of October, 2019.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.

- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch SAS was granted to the amount of EUR 2,414 thousand and is valid for the duration of the contract.
- 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 Colombia S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch Colombia 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 with one of the clients for the implementation, servicing and delivery of the 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 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 in order 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 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 and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the Comarch NRM service, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 9,966 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Yuhan Hoesa, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the NW Next Generation service, a surety for liabilities of Comarch Yuhan Hoesa was granted to the amount of EUR 18,467 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 with one of the clients for the implementation, servicing and delivery of necessary licenses for ERP, POS and MoS services, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,254 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the e-Care service, a surety for liabilities of Comarch AB was granted to the amount of EUR 1,151 thousand and is valid for the duration of the contract.

The above list of suretyships includes items that the Company does not treat as contingent liabilities.

10.5. Bank Guarantees

On the 31st of December, 2018, the value of bank guarantees and letters of credit issued by banks on order from Comarch S.A. in reference to executed agreements and participation in tender proceedings was PLN 81,163 thousand, whereas it was PLN 65,876 thousand on 31st of December, 2017.

On the 31st of December, 2018, the value of bank guarantees issued by banks on order from Geopolis sp. z o.o. was PLN 63 thousand, whereas it was PLN 82 thousand on 31st of December, 2017.

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

On the 31st of December, 2018, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand (PLN 69 thousand), whereas it was EUR 16 thousand (PLN 67 thousand) on the 31st of December, 2017.

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch Healthcare S.A. (valid till the 30th of June, 2020), Comarch Malaysia SDN. BHD. (valid without time limit), Comarch Argentina S.A. (valid without time limit), Comarch R&D S.à r.l. (valid without time limit) and Comarch Polska S.A. (valid till the 30th of June, 2020).

11. The Most Important Events in 2018 and after the Balance-Sheet

11.1. Contracts Significant for Issuers' Activities

The most important contracts signed in 2018 are:

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

In relation to the current report no. [RB-17-2017](#) (ENG: [RB-17-2017](#)) dated the 12th of September, 2017, on opening the offers presented in the limited offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS", organized by Zakład Ubezpieczeń Społecznych w Warszawie (the Polish Social Insurance Institution in Warsaw; ZUS) and in relation to the current report no. [RB-21-2017](#) (ENG: [RB-21-2017](#)) dated the 14th of November, 2017, on the announcement of results of this tender, Comarch S.A.'s Management Board hereby informs in the current report no. [RB-4-2018](#) (ENG: [RB-4-2018](#)) that on the 2nd of March, 2018, the consortium of Comarch Polska S.A. with its registered office in Krakow and Comarch S.A. with its registered office in Krakow (hereinafter referred to as the "Consortium") signed the agreement with Zakład Ubezpieczeń Społecznych w Warszawie (hereinafter referred to as the "ZUS") on support, operation and maintenance services for Comprehensive IT System for ZUS (hereinafter referred to as the "Agreement"). Subject of this Agreement is providing the maintenance, integration and additional services by Consortium for KSI ZUS IT system within the scope and terms specified in the Agreement. The total amount of the remuneration due to Consortium shall not exceed the gross amount of PLN 242,033,004.00 (two hundred forty-two million thirty-three thousand and four zlotys), including net amount of PLN 196,774,800.00 (one hundred ninety-six million seven hundred seventy-four thousand eight hundred zlotys) and 23% VAT in the amount of PLN 45,258,204.00 (forty-five million two hundred fifty-eight thousand two hundred and four). Time for execution of this Agreement is 48 months, however it begins from the day of starting the services, that is not later than within 12 months from the date of concluding the Agreement, after previous written declaration by the Consortium about readiness to take over maintenance services and after signing by the parties the protocol of handing over the services, unless otherwise agreed in writing. The Agreement expires also at the moment of exhausting the limit of gross remuneration due to Consortium. Within the terms specified in the Agreement, ZUS has the right to charge Consortium with the contractual penalties due to improper performance of liabilities resulting from the Agreement. The total amount of contractual penalties due to reasons specified in the

Agreement may not exceed 50% of the gross remuneration. The payment of a contractual penalty shall not exclude the compensation responsibility in accordance with the law, provided that responsibility of Consortium due to failure to perform or improper performance of the liabilities specified in the Agreement (excluding the contractual penalties and amounts diminishing the remuneration), shall not exceed 100% of the gross remuneration, provided that the limitation of responsibility is not related to compensation for damages caused intentionally, caused by disclosure of protected data, including personal data, caused to a person or tangible, or intangible assets, resulting from physical or legal defects in products delivered by the Consortium. None of the parties to the Agreement is responsible for the lost profits and damages not connected to their operations or operations of the third parties, for whom the party is responsible.

11.1.2. Investment Credit Agreement with CaixaBank S.A. Branch in Poland

The Management Board of Comarch S.A. hereby informed in the current report no. [RB-14-2018](#) (ENG: [RB-14-2018](#)), dated 21st of May, 2018 that on 24th of August, 2018 Comarch S.A. signed an investment credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance expenditures related to the implementation of modernization works on the Comarch S.A. office infrastructure. The credit amounts to EUR 3,500,000.00, i.e. PLN 14,980,350.00 according to the euro exchange rate as at the date of signing the agreement. The crediting period lasts until August 23, 2023, the interest rate on the credit is based on the variable rate. The credit should be used until August 23, 2019. The credit collateral is:

- a) power of attorney granted to the Bank by Comarch S.A. to dispose of funds on settlement accounts operated by the Bank;
- b) statement by Comarch S.A. on submission to enforcement up to 150% of the credit amount.

AFTER THE BALANCE SHEET DATE

None presented.

11.2. Other

11.2.1. Conclusion of a Settlement with the Agency for Restructuring and Modernization of Agriculture (ARMA)

With reference to current report no. [RB-14-2014](#) (ENG: [RB-14-2014](#)), dated 19th of May, 2014 (regarding receiving an accounting note from the Agency for Restructuring and Modernization of Agriculture (hereinafter: "ARMA") covering a contractual penalty in the amount of PLN 32,455,497.28 (in words: thirty two million four hundred fifty-five thousand four hundred ninety-seven 28/100) in connection with the implementation by Comarch S.A. of the agreement of 29th of April, 2013 ("OFSA Agreement") and current report no. [RB-4-2015](#) (ENG: [RB-4-2015](#)), dated 15th of January, 2015, informing about the delivery of a claim to Comarch S.A. on 14th of January, 2015 for the payment of PLN 34,493,717.28 (in words: thirty-four million four hundred ninety-three thousand seven hundred seventeen 28/100) - brought against Comarch S.A. by ARMA to the District Court in Warsaw, 3rd Civil Department - for contractual penalties charged by ARMA. Comarch S.A.'s Management Board informed in the current report no. [RB-6-2018](#) (ENG: [RB-6-2018](#)), about the settlement between Comarch S.A. and ARMA in front of the court mediator. As part of this settlement - making mutual concessions - the Parties agreed that the contractual penalties due to ARMA due to improper performance by Comarch S.A. OFSA agreements amount to PLN 3,478,473.60 (in words: three million four hundred seventy eight thousand four hundred seventy three 60/100) and that they will be settled with due Comarch S.A. from ARMA compensation, the amount of which, as part of mutual concessions, was set at PLN 1,478,098.24 (in words: one million four hundred seventy eight thousand ninety eight 24/100) - due to lost profits resulting from ARMA's failure to consortium from Comarch S.A. and Comarch Polska S.A. contracts for "Maintenance and development of the IT Information System of the Agency - SIA (ZSZiK, IACSplus, GIS, SIZ, PZSIPplus, PA)" ("the SIA Agreement") - as a result of concluding this agreement with another

contractor. As a result of the settlement, the total value of the contractual penalty to be paid by Comarch S.A. will amount to PLN 2,000,375,36 (in words: two million three hundred and seventy-five 36/100), which is in the reserve established by Comarch S.A. in 2014 in the amount of PLN 2,276,882.40 (in words: two million two hundred seventy-six thousand eight hundred and eighty-two 40/100). At the same time, as part of the settlement, ARMA waived further claims arising from contractual penalties related to the performance of the OFSA Agreement, and Comarch S.A. waived all further claims related to the failure to sign the SIA Agreement. Comarch S.A.'s Management Board informs that he has taken action to approve the above-mentioned settlement by the competent court.

11.2.2. Conclusion of an Agreement with Tauron Dystrybucja S.A.

With reference to current report no. [RB-19-2017](#) (ENG: [RB-19-2017](#)), dated 24th of October, 2017 regarding receipt by Comarch S.A. as the Leader of the consortium comprising: Comarch S.A., Apator Rector sp. z o.o., Tukaj Mapping Central Europe sp. z o.o. and Eurosystem S.A. (the „Consortium”) received debit note issued by Tauron Dystrybucja S.A. (the “Tauron”) requesting payment of PLN 30,246,071.61 by the Consortium's members. The Management Board of Comarch S.A. hereby informed in the current report no. [RB-9-2018](#), (ENG: [RB-9-2018](#)), dated 5th of June, 2018, as a result of mediation proceedings between the Consortium and Tauron, a settlement was reached. In accordance with the concluded settlement, Tauron verified the demand for payment of contractual penalties for delay in execution of Phase 2, Stage 3 and Passporting up to PLN 11,140,250.00, waving further investigation of accrued contractual penalties from the above-mentioned agreements.

In addition, as a result of Tauron's identification of the need to perform additional works and services, the Consortium will undertake the additional tasks for Tauron for PLN 23,950,250. Pursuant to the provisions of the settlement, the penalties from the settlement will be settled by contractual deduction with the receivables of the Consortium for the payment of remuneration for the implementation of the above-mentioned additional work and services. At the same time, on the 5th of June, 2018, Comarch S.A. concluded with Apator Rector sp. o.o. agreement in which Apator Rector sp. o.o. will release Comarch S.A. towards Tauron from commitment to pay the penalties, as well as surrendering to Comarch S.A. all claims. Apator Rector sp. o.o. has also committed itself in the concluded agreement to perform additional works and services resulting from the settlement concluded with Tauron.

11.2.3. Opinion of the Supervisory Board Regarding Dividend for 2017

The Management Board of Comarch S.A. hereby informed in the current report no. [RB-7-2018](#) (ENG: [RB-7-2018](#)), dated 21st of May, 2018 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 2017 in financial year from 1st of January, 2017 to 31st of December, 2017 in the amount of PLN 39 338 096,57 (thirty-nine million, three hundred and thirty-eight thousand, ninety-six zlotys and 57/100) as follows:

- 1) part of the net profit in the amount of PLN 12 200 023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) is allocated for the payment of dividends. Dividends in the amount of PLN 1.50 (one zloty 50/100) per one share will be received by persons who are shareholders of the Company on August 10, 2018 (the dividend day). The number of shares covered by the dividend is 8,133,349 units. The dividend will be paid out on August 31, 2018;
- 2) the remaining part of the net profit in the amount of PLN 27,138,073,07 (twenty-seven million one hundred thirty-eight thousand seventy-three zlotys and 7/100) is transferred to supplementary capital.

The dividend was paid on 31st of August, 2018.

AFTER THE BALANCE SHEET DATE**11.2.4. ZUS Statement on the Partial Termination of the Contractual Relationship Arising from the Contract for the Provision of Maintenance Services of the Comprehensive IT System of the Social Insurance Institution**

In reference to the current report no. [RB-4-2018](#), ENG: [RB-4-2018](#) dated the 2nd of March, 2018 on signing the contract by a consortium of Comarch Polska SA with its headquarters in Krakow and Comarch S.A. with headquarters in Krakow (hereinafter: "Consortium") with the Social Insurance Institution based in Warsaw (hereinafter "ZUS") for the support, operation and maintenance of the Comprehensive IT System of the Social Insurance Institution (hereinafter: "the Agreement"), the Management Board of Comarch S.A. informed with the current report nr [RB-2-2019](#), ENG: [RB-2-2019](#) about receiving on the 20th of February, 2019 a statement by the ZUS informing about the definitive partial termination of the contractual relationship arising under the Agreement in the field of Not Accepted Metrics and Related Metrics, as well as in the field of Integrator, with immediate effect. In the area of Not Accepted Metrics, the ZUS submitted a statement on withdrawal from the Agreement, in the field of Related Metrics and in the field of Integrator, the ZUS submitted a declaration on partial termination of the Agreement.

According to the statement of the ZUS in the scope not covered by the termination or withdrawal, the Agreement remains in force. As a reason for withdrawing from the Agreement in the area of Not Accepted Metrics and partial termination of the contract, the ZUS indicates failure to verify Comarch's readiness for 7 Not Accepted Metrics, which in the opinion of ZUS also implies the need to terminate the Agreement in the scope of 23 Related Metrics and in the role of the Integrator.

The lump sum of remuneration due to the Consortium for the provision of services covered by the ZUS' declaration amounts to PLN 1,908,542 net monthly.

In connection with the partial termination of the Agreement, ZUS called the Consortium to pay a contractual penalty in the amount of 10% of the gross remuneration, i.e. PLN 24,203,300.40 within 7 days from the date of receipt of the ZUS' statement.

In the opinion of the Management Board of Comarch S.A. there were no reasons to withdraw from any part of the Agreement or its partial termination. In addition, by charging a contractual penalty ZUS refers to the provisions of the contract that are not applicable to partial termination / withdrawal from the contract on the grounds indicated in the statement of the ZUS. Comarch S.A. also informs that the Consortium implements the provisions of the Agreement and confirms its readiness to take over, on the 1st of March, 2019, all ZUS KSI maintenance services in accordance with the schedule. As part of the competence tests performed by the ZUS until the 30th of January, 2019, complete technical preparation of the Consortium in the scope of Integrator's functions and in the scope of 67 metrics of 74 total metrics was confirmed. Partial termination of the Agreement by ZUS took place before the end of the transitional period, as a rule deprived the Consortium of the possibility of proving its competence within the period provided for in the Agreement. In the opinion of the Management Board of Comarch S.A. the actions taken by the ZUS constitute a significant breach of the Agreement and the law, therefore the Consortium will call upon ZUS to respect its rights and is ready to claim its rights, including damages, in court. The Management Board of Comarch S.A. is of the opinion that there is no reason for ZUS to demand from the Consortium the payment of a contractual penalty.

The Management Board of Comarch S.A. considered this information as confidential due to its potentially price-creating nature and at the same time informs that in the opinion of the Management Board, the described situation will not have a negative effect on the financial and economic situation of the Comarch Group.

11.2.5. Demand for Payment of a Good Performance Guarantee Regarding the ZUS KSI Contract

On 11th of April, 2019, the Comarch S.A.'s Management Board hereby informed in the current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)) about receiving on 11th of April 2019, from CaixaBank S.A. branch in Poland, an information on the submission by the Social Insurance Institution (ZUS) of a request for payment of a bank guarantee of due performance of the contract for the provision of maintenance services of the Comprehensive IT System for the Social Insurance Institution ("KSI ZUS Agreement") in the amount of PLN 24,203,300.40. The bank guarantee was established on behalf of a consortium of Comarch S.A. and Comarch Polska S.A. in accordance with the provisions of the KSI ZUS Agreement, about which the Company informed in the current report [RB-4-2018](#) (ENG: [RB-4-2018](#)) dated 2nd of March, 2018. The term of payment of the guarantee is 14 days from the date of receipt by the bank of the request. In connection with the bank being requested to withdraw from the bank guarantee Comarch S.A. will create a reserve of PLN 24,203,340.40, which will be included in the Comarch Group's financial statements for 2018, which will result in a corresponding reduction in the operating result and net result of the Comarch Group for 2018. Possible payment of the guarantee will not have a material impact on the Group's financial position. Comarch and has no impact on the Group's operations. In the opinion of the Management Board of Comarch S.A. ZUS's request for payment from the guarantee is unfounded. If the guarantee is paid, the Management Board of Comarch S.A. will take legal steps to return it by ZUS.

With reference to current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)), dated 11th of April, 2019 regarding receiving from CaixaBank S.A. branch in Poland, an information on the submission by the Social Insurance Institution (ZUS) of a request for payment in the amount of PLN 24,203,300.40 a bank guarantee of due performance of the contract for the provision of maintenance services of the Comprehensive IT System for the Social Insurance Institution ("KSI ZUS Agreement") established on behalf of a consortium of Comarch S.A. and Comarch Polska S.A. companies, the Management Board of Comarch S.A. hereby informed in the current report no. [RB-6-2019](#), (ENG: [RB-6-2019](#)), dated 23rd of April, 2019 on receiving from CaixaBank S.A., a branch in Poland an information about the receipt of a statement from ZUS on postponement of the above-mentioned request by 31st of May, 2019, for the duration of settlement talks. The original deadline for payment from the guarantee was 14 days from the date of receipt by the bank of the demand for payment, i.e. on 25th of April, 2019.

12. Major Domestic and Foreign Investment (Securities, Financial Instruments, Intangible Assets and Real Estate), including Capital Investment Made outside the Group of Related Parties, as well as a Description of their Financing, as well as an Appraisal of Ability for Executing Investment Plans, Including Capital Investment Compared to the Amount of Resources Owned

The Group does not restrict its interest to the territory of Poland alone. With products featuring international competitive edge, Comarch will consistently aim at increase in international sales, especially in Western Europe. The sales will be executed directly to the final client (through Comarch S.A. or another Company from the Comarch Group) or through partner companies.

Within the following years, the Comarch Group will continue investment projects which will enable further expansion of the Company to new commercial areas and new markets. They will be financed with the means accorded by the companies at the Comarch Group, but also with bank credits.

12.1. Capital Investments

All capital investments were described in point [20.2.](#)

12.2. Real Estates

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18th of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract was construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m². The contract value was PLN 69,643 thousand. The building was put into use in the first quarter of 2018.

Office building acquired in Lille by Comarch S.A.S. has been adapted to the office function and now is the headquarter of the company. On 15th of March, 2016, an agreement was concluded between Comarch S.A.S., a subsidiary of Comarch S.A. and SNC-LAVALIN S.A.S. for the implementation of a construction project in Lille, France. The subject of the contract was alteration of the warehouse building at 17 Rue Paul Langevin in Lezennes in the data centre. The contract value was EUR 7,553 thousand, i.e. PLN net 32,943 thousand, at the exchange rate at the 30th of June, 2018. The works were completed in the second quarter of 2018.

In 2018, there were no purchases of land properties.

13. Activities in Special Economic Zone

On the 22nd of March, 1999, Comarch S.A. obtained a permit for conducting activity in the Special Economic Zone in Krakow ("SEZ"). According to the regulation of the Council of Ministers of the 14th of October, 1997 on establishment of a Special Economic Zone in Krakow (Journal of Laws No. 135, item 912 and changes to this act), the entities, which invested in the Krakow special economic zone at least EUR 2 million, were granted the tax allowances applicable for the income tax from legal entities from the income obtained from the activity specified in the permit. As a result of Poland joining the European Union, an Act was passed on the 2nd of October, 2003, that changed the act on special economic zones and certain other acts (Journal of Laws No. 188 Item 1840) that changed the conditions for tax exemptions for entities operating in special economic zones. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of Comarch S.A., the maximum value of public aid cannot exceed 75% of the value of investment expenditures, which the company has incurred since obtaining the permit, i.e. from the 22nd of March, 1999, to the 31st of December, 2006. Comarch S.A. approached the Minister of the Economy in order to change the terms and conditions of its permit. On the 1st of July, 2004, it received a decision from the Minister of the Economy dated the 24th of June, 2004, on the topic of changes to the terms and conditions of the permit (those mentioned above and those compliant with the act). At the same time, the period of time for which the permit for Comarch S.A. was issued was extended to the 31st of December, 2017, in the changed permit.

Comarch S.A. holds total four permits for operating in the Krakow Special Economic Zone:

- obtained in 2007, originally with the validity period until 31st of December, 2017, currently its validity term has not been specified in accordance with the decision of the Ministry of Development and Finance of 18th of October, 2017;
- obtained in 2013, its validity term has not been specified;
- obtained in February 2016, its validity term has not been specified;
- obtained in March 2016, its validity term has not been specified.

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

The investment relief in respect of the permit obtained in 1999 was fully used (its validity period expired on 31st of December, 2017). Limit of the unused investment relief in respect of the authorization obtained in 2007 as at the 31st of December, 2018, (discounted as at the permit date), is PLN 7,873 thousand. Limit of the unused investment relief in respect of the authorization obtained in 2013 as at the 31st of December, 2018, (discounted as at the permit date), is about PLN 28,929 thousand. Limit of

the unused investment relief in respect of the authorization obtained in March, 2016, related to investment in office building SSE7 in Krakow, as at the 31st of December, 2018, (discounted as at the permit date), is about PLN 22,759 thousand.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences and due to income tax relief in connection with activities in Special Economic Zone, which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle. In relation to the above-mentioned principle, assets are recognised only for one year with the assumption that the basis for their recognition is average income acquired from activities in the special economic zone over five years (including the year for which the financial statement is prepared).

In 2018, the asset established due to the zone operations in the amount of PLN 8,863 thousand was created as at 31st of December, 2017. At the same time, an asset was created in the amount of PLN 11,162 thousand, which asset will be realized successively (in the form of write-offs decreasing the Group's net profit), in proportion to Comarch S.A. tax income from the activity released in 2019. The total impact of this operation is an increase in the result by PLN 2,299 thousand.

14. Resolutions of the AGM and the Board of Supervisors

14.1. Corporate Governance Principles

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board presents in the current report no. [EBI 1/2018](#), (ENG: [EBI 1/2018](#)), report of Comarch S.A.'s Supervisory Board and an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function, an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles and an assessment of the rationality of the company's policy in reference to sponsorship and charity.

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board presents in the current report no. [EBI 2/2018](#), (ENG: [EBI 2/2018](#)), that on the 21st of May, 2018 Supervisory Board of Comarch S.A. passed the resolution no. 10/05/2018 in which projects of the resolutions at the AGM, of the Company of 27th of June, 2018.

14.2. Annual General Meeting – 27th of June 2018

a) Convention of the AGM, Agenda of the Meeting and Information on Participation in the Company's General Meeting

On the 21st of May, 2018, pursuant to article 395, 399 § 1, article 402 with index 1 and 402 with index 2 of the Code of Commercial Companies and Partnerships, and pursuant to article 14 of the Company's Statute, the Management Board of Comarch S.A. convened the Annual General Shareholders' Meeting of Comarch S.A., to be held at 10:00 o'clock on the 27th of June, 2018, at ul. Prof. Michała Życzkowskiego 23 in Krakow, Poland. Agenda of the meeting and projects of resolutions to be presented on AGM, and their grounds, were also published on that day. Pursuant to art. 402 with index 2 of the Code of Commercial Companies and Partnerships, the Company's Management Board has presented information on participation in the Company's General Meeting, including:

- Shareholder's right to demand the inclusion of specific issues in the agenda of the nearest General Meeting,
- A shareholder's right to introduce projects of resolutions,
- Method of exercising the right to vote by proxy,
- The possibility and the method of participating in the General Meeting using means of electronic communication,

- The method of giving one's opinion during the General Meeting using means of electronic communication,
- The method of exercising a voting right in by correspondence or by using means of electronic communication,
- Date of registration for participation in the General Meeting: 30th of May, 2016,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address.

The Company announced details in current report no. [RB-8-2018](#), ENG: [RB-8-2018](#), dated the 21st of May, 2018.

b) Content of the Resolutions Passed at the AGM

The AGM passed the resolutions related to:

- election of Chairman of the General Meeting;
- removing from the agenda of the meeting the point regarding the election of the Returns Committee;
- passing the agenda of the meeting;
- approving the Company's financial statement for the fiscal year 1.01.2017 - 31.12.2017;
- approving the report of the Management Board regarding the activities of the Company in 2017;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2017 - 31.12.2017;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2017;
- approving the activity report of the Company's Board of Supervisors for the fiscal year 2017, and the assessment of the Company's and the Comarch Capital Group's situation, from the audit of the Company's financial statements and the Report of Comarch S.A.'s Management Board regarding the activities in 2017 and from the audit of the Comarch Capital Group's consolidated financial statements and the Report of Comarch S.A.'s Management Board regarding the activities of the Capital Group in 2017;
- distribution of the Company's net profit for the fiscal year 1.01.2017 - 31.12.2017;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2017 - 31.12.2017;

The full text of the resolutions has been made public in the current report no. [RB-10-2018](#), ENG: [RB-10-2018](#), dated the 27th of June, 2018.

c) Resolution of the AGM Regarding Dividend for 2017

The General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2017 - 31 December 2017. The General Shareholder's Meeting decided that net profit in the amount of PLN 39,338,096.57 will be divided as follows:

1. PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders at the 10th of August, 2018 (dividend day), will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. The dividend will be paid on 31st of August, 2018;
2. The remaining part of the net profit in the amount of PLN 27,138,073.07 (twenty-seven million one hundred thirty-eight thousand seventy-three zlotys and 7/100) will be passed to supplementary capital.

Dividend was paid at the 31st of August, 2018.

The company announced details in current report no. [RB-11-2018](#) (ENG: [RB-11-2018](#)), dated 27th of June, 2018.

d) The List of Shareholders Participating the Annual General Shareholders Meeting

Accordingly, to the list of shareholders participating the Annual General Meeting of Comarch S.A. on the 27th of June, 2018, Elżbieta Filipiak and Janusz Filipiak held at least 5% of the total number of votes represented at this Meeting:

- Janusz Filipiak – 893,000 shares which gave 4,465,000 votes at the AGM, which constituted 47.98% of the all votes at this AGM and which constituted 29.52% of the total number of votes;
- Elżbieta Filipiak – 846,000 shares which gave 4,230,000 votes at the AGM, which constituted 45.45% of the all votes at this AGM and which constituted 27.96% of the total number of votes.

The total number of votes from all issued Comarch S.A. shares is 15,126,949. Shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 27th of June, 2018, held shares giving 8,824,644 votes, which constituted 58.34% of the total number of votes. The Company announced details in current report no. [RB-12-2018](#), ENG: [RB-12-2018](#) dated the 27th of June, 2018.

15. Operations on Comarch S.A. Shares

15.1. Purchase/Disposal Transactions on Comarch S.A. Shares

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

On the 27th of June, 2018, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a purchase on the 2nd of March, 2018, of 63 ordinary bearer shares on regulated market at the weighted average price of PLN 155.00 per 1 share and purchase on the 27th of June, 2018, of 300 ordinary bearer shares on regulated market at the weighted average price of PLN 144.00 per 1 share. The total value of both transactions was PLN 52,965.00. The Company announced details in current report no. [RB-13-2018](#) (ENG: [RB-5-2018](#)) dated the 27th of June, 2018.

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

AFTER THE BALANCE SHEET DATE

On the 4th of March, 2019, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 4th of March, 2018, of 308 ordinary bearer shares on regulated market at the weighted average price of PLN 156.00 per 1 share. The value of the transaction amounted to PLN 48,048.00. The Company announced details in current report no. [RB-3-2019](#) (ENG: [RB-3-2019](#)), dated the 4th of March, 2018.

On the 4th of March, 2019, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse.

This transaction concerned a disposal on the 4th of March, 2018, of 70 ordinary bearer shares on regulated market at the weighted average price of PLN 157.00 per 1 share. The value of the transaction amounted to PLN 10,099.00. The Company announced details in current report no. [RB-4-2019](#) (ENG: [RB-4-2019](#)), dated the 4th of March, 2018.

15.2. Managerial Option Program for Members of the Management Board

None present.

16. Transactions on Shares of Subsidiaries and Associates of Comarch S.A.

None present except for those mentioned in point [20.3](#) of the statement.

AFTER THE BALANCE SHEET DATE

None present except for those mentioned in point [20.4](#) of the statement.

17. Other Events in 2018 and after the Balance Sheet Date

17.1. Dates of Periodical Financial Reports in 2018

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19th of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, with current report no. [RB-1-2018](#), ENG: [RB-1-2018](#) dated the 2nd of January, 2018, Comarch S.A.'s Management Board presented terms of periodical financial reports in 2018.

17.2. The Management Board Statement regarding the Corporate Governance Principles

Pursuant to § 29, section 5 of the Rules of the Warsaw Stock Exchange, the Management Board of Comarch S.A. presented report regarding the corporate governance principles in the Company in 2017 as attachment to the annual statement published on 27th of April, 2018.

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

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

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

With reference to the current report no. [RB-3-2016](#) (ENG: [RB-3-2016](#)), dated the 18th of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, the Management Board of Comarch S.A. announced in the current report no. [RB-20-2017](#) (ENG: [RB-20-2017](#)), that on the 30th of October, 2017, they signed amendment to the above-mentioned contract. As a consequence, the planned completion date of this investment was performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed, which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721,000 and planned completion date of the works comprised by the amendment has been extended to the 30th of June, 2018.

AFTER THE BALANCE SHEET DATE

17.5. Dates of Periodical Financial Reports in 2019

In the current report no. [RB-1-2019](#) (ENG: [RB-1-2018](#)) dated the 4th of January, 2018, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2019:

- Q4 2018 - on 1st of March, 2019
- Q1 2019 - on 17th of May, 2018
- Q3 2019 - on 15th of November, 2018
- Consolidated half-year report which include condensed consolidated financial statement and condensed financial statement for the first half of 2019 - on 30th of August, 2018
- Annual report for 2018 - on 29th of April, 2019
- Consolidated annual report for 2018 - on 29th of April, 2019

17.6. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2019 and the 26th of April, 2019, Comarch Group concluded forward contracts for the sales of EUR 2,500 thousand. The total net value of open forward contracts as of the 29th of April, 2019 amounted to EUR 29,200 thousand and USD 3,300 thousand. The contracts will be settled within 24 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.

18. Characteristic of Policy of the Development Direction in the Comarch Group

The strategic development directions in the Comarch Group are:

- development of international sales, especially focusing on mature markets in Western Europe (in particular in the DACH region) and both Americas,
- constant development of its own technologically advanced products, high expenses for R&D,
- development of products and IT services for medicine,
- development of sales of IT products and services as cloud computing,
- diversification of an offer through sales of products and services to customers in many economic sectors,
- continuation of development works within IT solutions for e-Health sector which should become one of the main sources of customers for the Comarch Group in the future,
- strict cooperation with global customers in international markets,
- constant investment in human resources,

- development of a modern production base in Poland and abroad.

19. Achievements within Research and Development

Globalisation of world economy, as well as liberalisation of trade, result in disappearance of barriers for companies and their products. The IT market becomes an open and global market where prices and quality of available products are continuously compared against each other. Along with increase in the presence of foreign capital in Poland, even IT companies conducting operations solely in the Polish market must offer competitive products from the point of view of the global market. Comarch, since the very beginning of its operations, has had reputation of a technological Company developing and successfully selling products competitive internationally. Therefore, the main strategic objectives of the Company are still development of new competitive products to enable further development of Comarch and, as a result, increasing its value. Maintaining dynamics of sales requires expenditures for development of products as well as their proper promotion and marketing. This applies to both modifications of already existing products and technologies as well as developing new products.

The present policy of Comarch assumes running research and development work related to implementation of new products and standardisation of products from the very beginning of their preparation for the client. Thus, even in cases when a product was developed for the needs of a particular client, a part or whole of software / code may be then used for preparation of a standard product. This results in higher profitability of particular contracts and expansion of the client base. Expenses for research and development works amounted to PLN 181.2 million, thus reached 13.2% of revenue in 2018. Comarch allocated their internal funds as well as acquired actively European funds.

Comarch S.A.

In 2017, as part of Measure 1.1 of the **Intelligent Development Operational Program 2014-2020** co-financed by the European Regional Development Fund, a contract was signed for co-financing the project "Production of technology" IoT Mesh "and supporting tools".

The "Healthy City" Project was also implemented under Priority 1.1. Support for R&D Activities of Enterprises", Sub-priority 1.1.2 „R&D Work Related to Manufacturing a Pilot/Demonstration Installation".



Fundusze Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



Under the **Horizon 2020** Program, a contract for financing the "LIVING INNOVATION - Implementing RRI through co-creation of smart futures with industry and citizens" - LIV.IN. project has been signed.



Komisja Europejska

Comarch Healthcare S.A.

In 2018, a contract was signed for the co-financing of the project "SOS for LFS - implementation of modern medical telecare for the inhabitants of the Lodz Metropolitan Area" from the European Social Fund under the **Regional Operational Program of the Lodz Region** for the years 2014-2020.



Fundusze Europejskie
Program Regionalny



**Rzeczpospolita
Polska**



Unia Europejska
Europejski Fundusz Społeczny

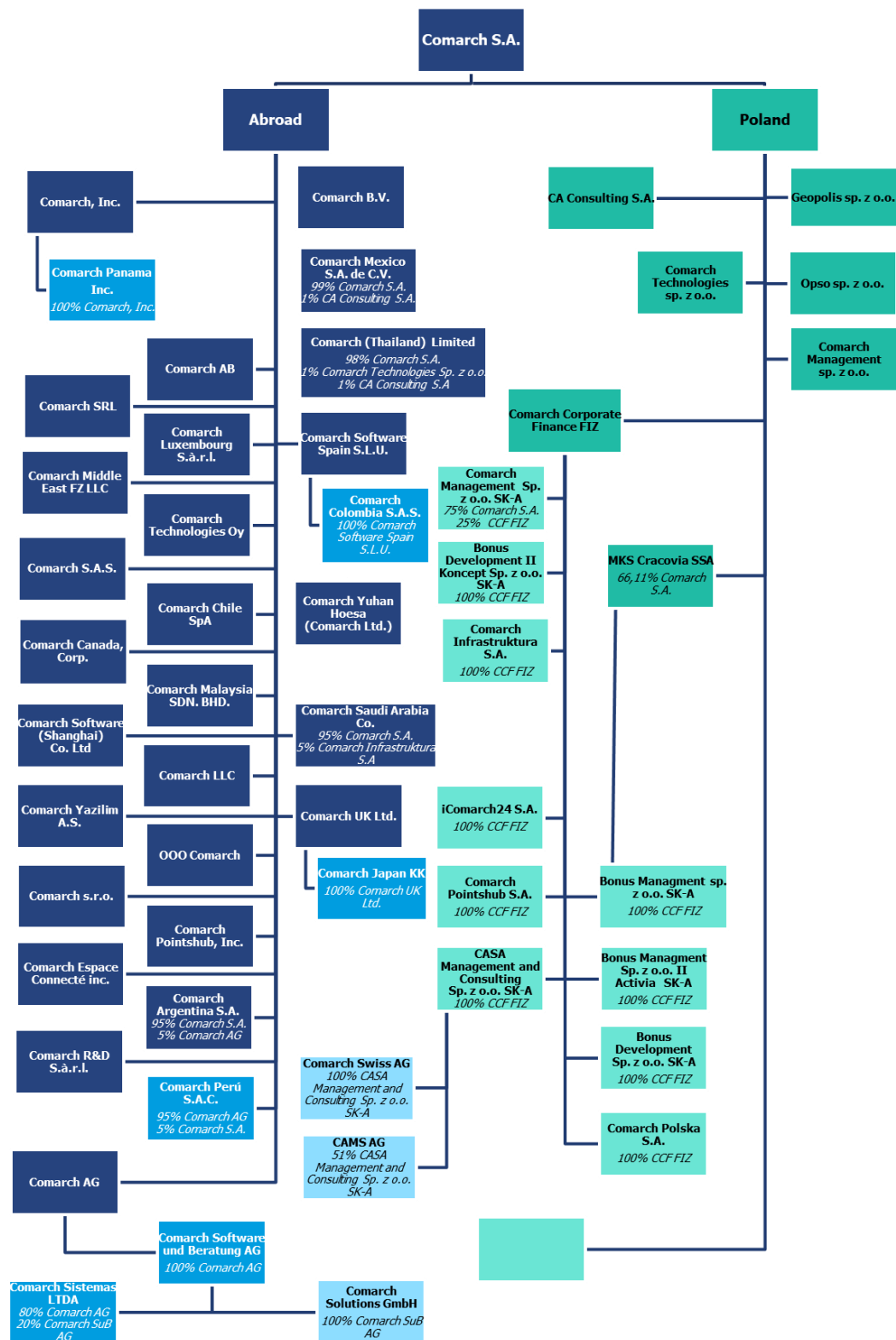


As part of the Strategic program of scientific research and development "Prevention and treatment of civilization diseases" - STRATEGMED II, the contract for financing the project "Non-invasive monitoring for early detection of atrial fibrillation (AF)" - NOMED-AF was continued.



20. Capital Affiliations of the Issuer

20.1. Capital Structure of the Comarch Group



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

20.2. Characteristics of Companies in the Comarch Group

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 a 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, XI 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.

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 and Comarch Software (Shanghai) Co. Ltd acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- Comarch Polska S.A. acquires IT contracts in domestic market, mostly in public sector and executes them in their entirety or in part;
- Comarch Technologies sp. z o.o. is responsible for developing technologies related to design and production of electronic devices and related software;
- CA Consulting S.A. conducts ICT activity consisting in the provision of IT and consulting services to Comarch S.A. and clients from outside the Comarch Group,
- Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty conducts 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. manufactures and sells software related to medicine, medical devices, and provides medical and diagnostics services, as well as manufactures and delivers comprehensive IT solutions for medical 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 systems in public administration units;
- 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 Pointshub S.A. are currently not operating.

PARENT COMPANY

Company: **Comarch Spółka Akcyjna COMARCH**
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 350527377
NIP (Polish Identification Tax Number): 677-00-65-406

The Parent Company - shares of the company are admitted to trading in the Warsaw Stock Exchange and are held, according to the knowledge of the company as at the date of preparation of this report, by Janusz Filipiak (24.55% of shares), Elżbieta Filipiak (16.27% of shares), members of the Management Board (1.05%).

The company has branches in the following cities: Tirana (Albania), Białystok, Bielsko-Biała, Częstochowa, Gdańsk, Gliwice, Katowice, Kielce, Kraków, Lublin, Łódź, Poznań, Rzeszów, Tarnów, Toruń, Warszawa, Włocławek and Wrocław.

Company: **Comarch AG COMARCH**
Address: Chemnitzer Str. 59b, 01187 Dresden, Germany
VAT ID: DE 206 522075

The company's share capital is EUR 15,000,000.00. It consists of 15,000,000 ordinary bearers' shares of nominal value of EUR 1 each, held by Comarch S.A. Total number of votes resulting from Comarch AG shares amounts to 15,000,000. Comarch S.A. holds 100% shares and votes at the company's general annual meeting. The company's business is the sale and implementation of IT solutions Comarch on the DACH market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch AG is Comarch S.A.'s subsidiary.

Company: **Comarch Software und Beratung AG COMARCH**
Address: Riesstr. 16, 80992 Munich, Germany
VAT ID: DE129457436

Comarch AG holds 6,213,072 shares of Comarch SuB, which constitute 100% of the company's share capital. This gives 6,213,072, i.e. 100% share of the total votes at the company's annual general meeting. The company is active on the IT market, mostly in Germany and Austria, offering its products and services to three business segments: ERP, finance and integration of systems for medium sized enterprises. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch SuB is Comarch S.A.'s subsidiary (through Comarch AG).

Company: **Comarch Solutions GmbH COMARCH**
Address: Innsbruck - Müllerstr. 1, 6020 Innsbruck, Austria
VAT ID: ATU46234800

The company's share capital is EUR 50,000.00. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Solutions GmbH is Comarch S.A.'s subsidiary (through Comarch Software und Beratung AG).

Company: **Comarch SAS COMARCH**
Address: 17 rue Paul Langevin, 59260 Lezennes, France
VAT ID: FR 20500252606

Comarch S.A. holds 100% of Comarch SAS shares, that constitute 100% of the share capital and 100% of votes at the meeting of shareholders. The share capital of Comarch SAS amounts to EUR 3,308,429.

On 10th of December, 2015, the share capital was lowered to cover losses from previous years and at the same time share capital was increased to the amount of EUR 3,308,429. On the 10th of December, 2015, the company sold its shares of Comarch R&D SARL to Comarch S.A. The company's business is the sale and implementation of Comarch IT solutions in the French-speaking market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch SAS is a subsidiary of Comarch S.A.

Company: **Comarch R&D S.à r.l. COMARCH**
Address: 100A, allée Saint Exupéry, 38330 Montbonnot-Saint Martin, France
VAT ID: FR 69507984557

From the 10th of December, 2015, Comarch S.A. holds 100% of shares in Comarch R&D SARL, representing 100% of the share capital and 100% votes at the shareholders meeting. The share capital of Comarch R&D S.à r.l. amounts to EUR 7,500 and consists of 750 shares of nominal value of EUR 10 each. The business of Comarch R&D S.à r.l. is sales and implementation of Comarch IT solutions in the French-speaking market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch R&D S.à r.l. is a subsidiary of Comarch S.A.

Company: **Comarch Luxembourg S.à r.l. COMARCH**
Address: Route d'Arlon 23,
L-8008 Strassen, Grand Duchy of Luxembourg
VAT ID: LU24700126

Comarch S.A. holds 100% shares of Comarch Luxembourg S.à r.l., that constitute 100% of the share capital and 100% of votes at the meeting of shareholders. The share capital of Comarch Luxembourg S.à r.l. amounts to EUR 500,000 and consists of 500,000 shares of nominal value of EUR 1 each. Total number of votes at the company's general meeting amounts to 500,000. The subject matter of activities of Comarch Luxembourg S.à r.l. is sales and implementation of IT systems in Benelux countries. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Luxembourg S.à r.l. is Comarch S.A.'s subsidiary.

Company: **Comarch, Inc. COMARCH**
Address: 10 W. 35th St. 9450 W. Bryn Mawr Ave
Suite 325 Rosemont, IL 60018
VAT ID: 52-2207301

The company sells Comarch software and services in the markets of both Americas. The company's share capital is USD 40,000. Comarch S.A. holds 100% of interest in the company's share capital and 100% shares in votes at the AGM of the company. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch, Inc. is Comarch S.A.'s subsidiary.

Company: **Comarch Pointshub, Inc. COMARCH**
Address: 10 W. 35th St. 9450 W. Bryn Mawr Ave
Suite 325, Rosemont, IL 60018
VAT ID: 47-4563861

The subject matter of activities of Comarch Pointshub, Inc. are investment activities on capital and IT market. The company's share capital is USD 8,500,000. Comarch S.A. holds 100% of interest in the company's share capital and 100% shares in votes at the AGM of the company. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch, Pointshub, Inc. is Comarch S.A.'s subsidiary.

Company: **Comarch Panama, Inc. COMARCH**
Address: Calle 52 Este, Obarrio
Edificio P.H. Plaza Ejecutiva
Piso 3, Oficina 307
Panama City, Panamá
Telephone/fax: +507 263 25 69
VAT ID: RUC 698712-1-468218 DV95

The company's share capital is USD 360,000 and is divided into 360,000 shares of nominal value of USD 1 each. The company sells and implements Comarch IT systems in the Central and Southern America market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Panama, Inc. is Comarch S.A.'s subsidiary (through Comarch, Inc.).

Company: **Comarch Sistemas LTDA COMARCH**
Address: Avenida Roque Petroni Junior nº 1.089
Vila Gertrudes, Sao Paulo, Brasil
VAT ID: 20.035.102/0001-50

The company's share capital is BRL 1,000,000 and is divided into 1,000,000 shares of nominal value of BRL 1 each. Comarch AG holds 80% of Comarch Sistemas LTDA shares that constitute 80% of the share capital and 80% of votes at the meeting of shareholders and Comarch Software und Beratung AG holds remaining 20% of Comarch Sistemas LTDA shares. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Sistemas LTDA is Comarch S.A.'s subsidiary (through Comarch Software und Beratung AG).

Company: **Comarch Canada, Corp. COMARCH**
Address: 1155 blvd Rene-Levesque Ouest
Suite 2500, Montreal, QC H3B 2K4 Canada
VAT ID: GST/HST 81055 8403 RT0001

The company's share capital is CAD 50,000 and is divided into 50,000 shares of nominal value of CAD 1 each. Comarch S.A. holds 100% of shares and votes of the company. The company sells and implements Comarch IT systems in Canada. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Canada, Corp. is Comarch S.A.'s subsidiary.

Company: **Comarch Espace Connecté, Inc.**
Address: 1155 Boul. Rene-Levesque O. Suite 2500,
Montreal QC H3B 2K4
VAT ID: 1222643674 IC 0001

The company's share capital is CAD 400,000 and is divided into 400,000 registered shares of nominal value of CAD 1 each. The sole shareholder of Comarch Espace Connecté Inc. is Comarch S.A. Currently, the company does not operate.

Company: **Comarch Middle East FZ-LLC COMARCH**
Address: PO. Box 500824 Dubai, United Arab Emirates
Register no.: 19879

The company's share capital is AED 200,000 and is divided into 200 shares of AED 1,000 each (as at the 31st of December, 2017, AED 1 is worth PLN 0,9591). Comarch S.A. acquired all the shares for cash at nominal value. The company sells and implements Comarch products in the Middle East and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Middle-East FZ-LLC is Comarch S.A.'s subsidiary.

Company: **Comarch Malaysia SDN. BHD. COMARCH**
Address: B-3A-06 Block B West, PJ8 Service Suites
No 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya
Register no.: 1138689-D
VAT ID: 000638922752

The company's share capital is MYR 500,000. Comarch S.A. owns 100% share in the share capital, which entitle to 100% votes at the AGM. The company's business is the sale and implementation of Comarch IT solutions in the Asian market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Malaysia SDN.BHD. is Comarch S.A.'s subsidiary.

Company: **Comarch Software Spain S.L.U. COMARCH**
Address: Calle Caléndula, 93, Miniparc III Edificio E, Alcobendas 28109, Madrid,
VAT ID: B87128849

The company's share capital is EUR 1,100,000 and is divided into 110,000 shares of nominal value of EUR 10 each. Comarch S.A. holds 100% of shares in the company's share capital and 100% votes at the AGM of the company. The company's business is the sale and implementation of Comarch IT solutions in the Spanish-speaking markets. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Software Spain S.L.U. is Comarch S.A.'s subsidiary.

Company: **Comarch Yazilim A.S. COMARCH**
Address: Matbuat Sok. Durukan Apt. No:17/6 Esentepe, Şişli/ Stambul, Turkey
VAT ID: 2110683747

The company's share capital is TRY 600,000 (1 TRY amounts to PLN 0.9235 as of the 29th of December, 2017) and is divided into 600,000 shares of nominal value of TRY 1 each. The sole shareholder of the company is Comarch S.A. The company's business is the sale and implementation of Comarch IT solutions in the Turkish market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Yazilim A.S. is Comarch S.A.'s subsidiary.

Company: **Comarch S.R.L. COMARCH**
Address: Piazza Quattro Novembre 7, 20124 - Milan (MI), Italy
VAT ID: 08967390967

The company's share capital is EUR 1,753,386,50. Comarch S.A. holds 100% of the company's shares. The company's business is the sale and implementation of Comarch IT solutions in the Italian market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch S.R.L. is Comarch S.A.'s subsidiary.

Company: **Comarch LLC COMARCH**
Address: 18/7 Kutuzova Str., 01133 Kiev, Ukraine
VAT ID: 329182826556

The company's share capital is UAH 20,500 (as at the 31st of December, 2017, UAH 1 amounts to PLN 0.1236). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The registered company is a one-person limited liability company. It sells and implements Comarch products in Ukraine and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch LLC is Comarch S.A.'s subsidiary.

Company: **OOO Comarch COMARCH**
Address: Bakhrushina 32/1 115054 Moscow, Russia
VAT ID: INN/KPP 7704545099/770401001

The company's share capital is worth RUB 1,200,000 and it corresponds to 1 share at nominal value of

RUB 1,200,000 (as at the 31st of December, 2017, RUB 1 amounts to PLN 0.0604). The company's share capital was paid in total in cash. The company sells and implements Comarch products in Russia and supports IT systems delivered to clients. Pursuant to the Act on Accounting dated the 29th of September, 1994, OOO Comarch is Comarch S.A.'s subsidiary.

Company: **Comarch Software (Shanghai) Co. Ltd. COMARCH**
Address: Room 3610-2, Block 11, No.3855 Shangnan Road Pudong New Area, Shanghai, China
VAT ID: 310115690128967

The company's share capital is worth USD 200,000 and Comarch S.A. holds it in total. The company resumed operating activities in 2017. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Software (Shanghai) Co. Ltd. is Comarch S.A.'s subsidiary.

Company: **Comarch Technologies Oy COMARCH**
Address: Tekniikantie 14
02150 Espoo, Finland
VAT ID: FI23730145

The company's share capital is worth EUR 50,000 and is divided into 50,000 shares of nominal value of EUR 1. Total number of votes resulting from all company's shares amounts to 50,000. Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the Finnish market. Pursuant to the Act on Accounting dated 29th of September, 1994, Comarch Technologies Oy is Comarch S.A.'s subsidiary.

Company: **Comarch UK Ltd. COMARCH**
Address: 201 Great Portland Street, London, W1W 5AB, Great Britain
VAT ID: GB 133 0821 52

The company's share capital is GBP 50,000. Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions Company:

Comarch Chile SpA COMARCH
Address: Apoquindo N° 3650, piso 12 Santiago, Chile
VAT ID:

The company's share capital is CLP 161 million (as at the 31st of December, 2017, CLP 1 amounts to PLN 0.5663). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the South American market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Chile SpA is Comarch S.A.'s subsidiary.

Company: **Comarch AB COMARCH**
Address: C/o Bobowski, Flygfältsgatan 1, 128 30 Skarpnäck, Sweden
VAT ID: SE559018956801

The company's share capital is SEK 50,000 (as at the 29th of December, 2017, SEK 1 amounts to PLN 0.4243). Comarch S.A. holds 100% of the company's shares that entitle to 100% votes. The company's business is the sale and implementation of Comarch IT solutions in the Swedish market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch AB is Comarch S.A.'s subsidiary.

Company: **Comarch Argentina S.A. COMARCH**
Address: Suipacha 1380, 2° Floor, Buenos Aires, Argentina
CUIT: 30-71425465-7

The company's share capital is ARS 3,298,195 (as at the 31st of December, 2017, ARS 1 amounts to PLN 0.1926). Comarch S.A. holds 95% of the company's shares that entitle to 95% votes and Comarch AG holds remaining 5% of Comarch Argentina S.A. shares. The company's business is the sale and implementation of Comarch IT solutions in the Argentinean market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Argentina S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch s.r.o. COMARCH**
Address: Sumbalova 1a 841 04 Bratislava, Slovakia

The company's share capital is EUR 149,372.63. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch s.r.o. is Comarch S.A.'s subsidiary. Currently, the company does not operate.

Company: **Comarch Swiss AG COMARCH**
Address: Luzern Mühlemattstraße 8, 6004 Luzern, Switzerland
VAT ID: 472274

The company's share capital is CHF 300,000 and is divided into 300 registered shares of nominal value of CHF 1,000 each. They entitle to 300 votes at the general meeting. 100% of the company's shares were held by Casa Management and Consulting sp. z o.o. SKA. The company sells the Comarch Group's products in Switzerland. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Swiss AG is Comarch S.A.'s subsidiary (through CCF FIZ and CASA Management and Consulting sp. z o.o. SKA).

Company: **CAMS AG COMARCH**
Address: Luzern Mühlemattstraße 8, 6004 Luzern, Switzerland
VAT ID: CHE-273.360.056

The company's share capital is CHF 100,000 and is divided into 1,000 registered shares of nominal value of CHF 100 each. They entitle to 1,000 votes at the general meeting. 51% of the company's shares were held by Casa Management and Consulting sp. z o.o. SKA. Pursuant to the Act on Accounting dated the 29th of September, 1994, CAMS AG is Comarch S.A.'s subsidiary (through CCF FIZ and CASA Management and Consulting sp. z o.o. SKA).

Company: **Comarch Colombia SAS COMARCH**
Address: Calle 72 NO 10-07 Of 603 Bogota D.C.
Bogota, Colombia
VAT ID: NIT 900967807-1

The company's share capital is COP 3,192,063,000 (COP 100 as at 31st of December, 2018 is PLN 0.1114). The company sells and implements Comarch IT systems in the Central and Southern America market. Comarch Software Spain S.L.U. holds 100% of the company's shares that entitle to 100% votes. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Argentina S.A. is Comarch Colombia SAS subsidiary (through Comarch Software Spain S.L.U.).

Company: **Comarch Peru SAC. COMARCH**
Address: Av. Republica de Panama,
3420 Urb. Limatambo Dpto.,
1701 Lima-Lima- San Isidro
VAT ID: 20601740924

The company's share capital is PEN 165,000 of which PEN 8 250 was paid by Comarch S.A. and the other PEN 156 750 by Comarch AG (PEN 1 as at 31st of December, 2018 is PLN 1.1186). The company sells and implements Comarch IT systems in the Central and Southern America market. Pursuant to the Act on Accounting dated the 29th of September, 1994, ComarchPeru SAC. is Comarch S.A. subsidiary

(in 95% through Comarch AG).

Company: **Comarch Saudi Arabia Co. COMARCH**
Address: 1st Floor, The Plaza Complex, Olaya Street, Olaya, P.O. Box 84421,
Riyadh 11671, Kingdom of Saudi Arabia
License No.: 210380472112

The company's share capital is SAR 1,000,000 (SAR 1 as at 31st of December, 2018 is PLN 1.0019). Comarch S.A. holds 95% of Comarch Saudi Arabia Co. shares and Comarch Infrastruktura S.A. holds remaining 5% of Comarch Saudi Arabia Co. shares. The company sells and implements Comarch IT systems in Kingdom of Saudi Arabia. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Saudi Arabia Co. is Comarch S.A.'s subsidiary.

Company: **Comarch Japan KK COMARCH**
Address: Ark Mori Bldg. 12-32, Akasaka 1-Chome, Minato-Ku, Tokyo
VAT ID: 4010401132602

The company's share capital is JPY 15,000,000 (JPY 1 as at 31st of December, 2018 is PLN 3.4124). Comarch UK Ltd holds 100% of Comarch Japan KK shares. The company sells and implements Comarch IT systems in Japan. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Japan KK is Comarch S.A.'s subsidiary (through Comarch UK Ltd).

Company: **Comarch Yuhan Hoesa (Comarch Ltd.) COMARCH**
Address: 603, 6F, Magok techno-tower Bldg. 63, Magokjungang 6-ro,
Gangseo-gu, Seoul, South Korea
VAT ID: 110114-0229599

The company's share capital is KRW 100,000,000 and is divided into 10,000 registered shares of nominal value of KRW 10,000 each (KRW 1 as at 31st of December, 2018 is PLN 0.3373). Comarch S.A. holds 10,000 of shares, i.e. 100% of votes in Comarch Yuhan Hoesa (Comarch Ltd.). Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Yuhan Hoesa is Comarch S.A.'s subsidiary.

Company: **Comarch (Thailand) Limited COMARCH**
Address: No.3, Promphan 3 Building, Unit No.1709-1710, 3 Ladprao Soi 3,
Ladprao Rd., Chom Phon, Chatuchak Bangkok 10900, Thailand
Vat ID: 105560178291

The company's share capital is THB 8,000,000 worth THB 100 per share (THB 1 as at 31st of December, 2018 is PLN 0.1111). Comarch S.A. holds 98% of shares, Comarch Technologies Sp. z o.o. holds 1% of shares and CA Consulting S.A. holds 1% of shares of Comarch (Thailand) Limited. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch (Thailand) Limited is Comarch S.A.'s subsidiary.

Company: **Comarch BV COMARCH**
Address: Weena 505, 3013AL Rotterdam, Netherlands
VAT ID: NL859390457B01

The company's share capital is EUR 100,000 and is divided into 100,000 registered shares of nominal value of EUR 1 each. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch BV is Comarch S.A.'s subsidiary.

Firma Spółki: **Comarch Mexico S.A. de C.V. COMARCH**
Adres spółki: Blvd. Miguel de Cervantes Saavedra 169, Office 15-121, Granada,
Mexico City, CMX, 11520, Mexico


VAT ID:

CME180416B94

The company's share capital is MXN 500,000 and is divided into 500 registered shares of nominal value of MXN 1,000 each. Comarch S.A. holds 495 of shares, i.e. 99% of votes, and CA Consulting S.A. holds 5 of shares, i.e. 1% of votes of Comarch Mexico S.A. de C.V. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Mexico S.A. de S.V. is Comarch S.A.'s subsidiary.

Company: **Comarch Technologies sp. z o.o.** **COMARCH**
(Polish law limited liability company) Technologies
Address: Aleja Jana Pawła II 39 a, 31-864 Krakow,
Regon (Polish National Official Register of Business Entities): 300075359
NIP (Polish Identification Tax Number): 2090000305

The company's share capital is PLN 50,000 and is divided into 500 shares of PLN 100 each. They entitle to 500 votes at the company's annual general meeting. Comarch S.A. holds 100% shares which entitle to 100% votes at the company's annual general meeting. Comarch Technologies sp. o.o. is engaged in the development of secure solutions for end-to-end hardware and software for B2B customers. The basis for development is the experience gained in the field of prototyping, production and quality control of solutions in the area of consumer electronics and industries like automotive, medical and finance & banking. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Technologies sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **CA Consulting S.A.**  **CA CONSULTING**
(joint stock company)
Address: Al. Jerozolimskie 81, 02-001 Warsaw
Regon (Polish National Official Register of Business Entities): 356846563
NIP (Polish Identification Tax Number): 678-29-24-039

The company's share capital is PLN 1,050,000 and is divided into 5,250 shares at nominal value of PLN 200 each that give 5,250 votes. Comarch S.A. holds 100% of CA Consulting S.A. shares entitling to 100% votes at the AGM of the company. CA Consulting S.A. specialises in data communications relating to the provision of connections for the own needs of the Comarch Group, as well as the provision of IT and consulting services for Comarch's contractor. Pursuant to the Act on Accounting dated 29th of September, 1994, CA Consulting S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch Management spółka z o. o.** **COMARCH**
(Polish law limited liability company)
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120560832
NIP (Polish Identification Tax Number): 675-13-76-192

The share capital of Comarch Management sp. z o.o. amounts to PLN 300,000 and consists of 3,000 shares of nominal value of PLN 100 each. They entitle to 3,000 votes. Comarch S.A. holds 100% of Comarch Management sp. z o.o. shares entitling to 100% of votes at the shareholders' meeting of the company. The subject matter of activities of Comarch Management sp. z o.o. are investment activities on capital and IT market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Management sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty**
(CCF FIZ) (closed investment fund) **COMARCH**
Address: 31-038 Krakow, ul. Księcia Józefa 186
Regon (Polish National Official Register of Business Entities): 120576141
NIP (Polish Identification Tax Number): 106-00-01-334

Comarch S.A. holds four investment certificates of the fund, acquired within the frame of issuance of series A certificates for the issue price of PLN 250,000 each. The total purchase price of the acquired 4,000 investment certificates amounted to PLN 1,000,000. They constitute 100% of investment certificates issued by the fund and entitle to 100% of votes at meeting of the fund's investors. Comarch S.A. purchased the above-mentioned investment certificates from its own resources. CCF FIZ conducts an investment activity in the scope of new technologies and Internet services that are not Comarch S.A.'s basic activities.

Company: **Comarch Management spółka z o. o. Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-864 Kraków, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120578542
NIP (Polish Identification Tax Number): 675-13-76-542

The share capital of Comarch Management sp. z o. o. SKA amounts to PLN 170,110. CCF FIZ holds 8.82% of shares entitling to 25% of votes, Comarch S.A. holds 26.45% of shares entitling to 75% of votes and 64.73% of shares were purchased by Comarch Management sp. z o.o. SKA for redemption. Shares purchased by Comarch Management spółka z o.o. SKA for redemption doesn't give any votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Management sp. z o.o. SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Firma Spółki: **Bonus Management sp. z o.o. Spółka Komandytowo-Akcyjna COMARCH**
Adres Spółki: 31-008 Kraków, ul. Rynek Główny 15
Regon: 120641766
NIP: 676-23-69-528

The company's share capital is PLN 2,879,400 and is divided into 2,876,400 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares which give 100% of votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management sp. z o.o. II Activia Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 121358009
NIP (Polish Identification Tax Number): 6762430883

The company's share capital is PLN 1,555,200 and is divided into 1,555,200 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares which give 100% of votes. The company conducts investment activity on capital market and activities related to IT. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. II Activia SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Management sp. z o.o. Cracovia Park Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 123092610
NIP (Polish Identification Tax Number): 676-24-75-383

With the notarial deed of the 25th of March, 2014, Bonus Management sp. z o.o. Cracovia Park spółka komandytowo-akcyjna was established. Its share capital amounts to PLN 800,000 and is divided into

800,000 shares with nominal value of PLN 1 each. Bonus Management spółka z ograniczoną odpowiedzialnością SKA holds 50% of the share capital (66.67% of votes at the company's AGM) and MKS Cracovia SSA holds 50% of the share capital (33.33% of votes at the company's AGM). Bonus Management sp. z o. o. Cracovia Park SKA conducts investment activities in real estates and related to sports and recreation. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Management sp. z o.o. Cracovia Park SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Development sp. z o.o. Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 120637434
NIP (Polish Identification Tax Number): 676-23-68-121

The company's share capital is PLN 5,640,000 and is divided into 5,640,000 shares of nominal value of PLN 1. 50,000 preference series A shares entitle to 100,000 votes and 5,590,000 ordinary shares give 5,590,000 votes. CCF FIZ holds 100% of the company's shares entitling to 100% votes. Bonus Development sp. z o. o. SKA conducts real estate development activities and real estate management in Comarch Group. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Development sp. z o. o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Bonus Development sp. z o.o. II Koncept Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: 31-008 Krakow, ul. Rynek Główny 15
Regon (Polish National Official Register of Business Entities): 121376250
NIP (Polish Identification Tax Number): 6762432161

The company's share capital is PLN 101,263 and is divided into 101,263 shares of nominal value of PLN 1. CCF FIZ holds 100% of the company's shares entitling to 100% votes. Bonus Development sp. z o. o. II Koncept SK-A acts real estate development activities and real estate management in Comarch Group. Pursuant to the Act on Accounting dated the 29th of September, 1994, Bonus Development sp. z o. o. SK-A is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Healthcare S.A. COMARCH Healthcare (joint stock company)**
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120652221
NIP (Polish Identification Tax Number): 675-13-82-502

Comarch Healthcare S.A. was created from the merger of iMed24 S.A. and ESAProjekt sp. o.o. (registration in the National Court on the 1st of July, 2015). The company's share capital is PLN 12,114,806 and is divided into 12,114,806 shares of nominal value of PLN 1. These shares entitles to a total of 12,114,806 votes at the general meeting of shareholders. CCF FIZ holds 38.27% of the company's shares (38.27% of votes), Comarch S.A. holds 17.33% of the company's shares (17.33% of votes), Comarch Software und Beratung AG holds 33.02% of the company's shares (33.02% of votes) and CASA Management and Consulting sp. z o.o. SKA holds 11.38% of shares (11.38% of votes). The company is one of the leading Polish manufacturers and suppliers of comprehensive solutions for the health sector, conducts IT projects related to telemedicine, as well as owns the Medical Centre iMed24. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Healthcare S.A. is Comarch S.A.'s subsidiary.

Company: **Comarch Polska S.A. COMARCH POLSKA SA (joint stock company)**
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120705696
NIP (Polish Identification Tax Number): 675-13-87-586

The company's share capital is PLN 500,000 and is divided into 5,000 shares of nominal value of PLN 100, entitling to 5,000 votes at the AGM. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Polska S.A. sells IT systems for public sector customers. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Polska S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Pointshub S.A. COMARCH**
(joint stock company)
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120792583
NIP (Polish Identification Tax Number): 675-14-02-274

The company's share capital is PLN 750,000 and is divided into 7,500 shares of nominal value of PLN 100, entitling to 7,500 votes at the AGM. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Pointshub S.A. produces and implements new generation loyalty. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Pointshub S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Comarch Infrastruktura S.A. (joint stock company) COMARCH**
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120807830
NIP (Polish Identification Tax Number): 675-14-03-084


The company's share capital is PLN 575,000 and is divided into 5,750 shares of nominal value of PLN 100, entitling to 5,750 votes. CCF FIZ holds 100% of the company's shares (100% of votes). Comarch Infrastruktura S.A. offers outsourcing of IT services. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Infrastruktura S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **iComarch24 S.A. (joint stock company) iCOMARCH24.PL**
Address: 31-864 Krakow, Aleja Jana Pawła II 39 a
Regon (Polish National Official Register of Business Entities): 120871348
NIP (Polish Identification Tax Number): 6751410687

The company's share capital is PLN 500,000 and is divided into 5,000 shares of nominal value of PLN 100, entitling to 5,000 votes. CCF FIZ holds 100% of the company's shares (100% of votes). The company provides accounting services for domestic subsidiaries of Comarch Group as well as manufactures and sells financial and accounting software in the Cloud model for small and medium-sized enterprises. Pursuant to the Act on Accounting dated the 29th of September, 1994, iComarch24 S.A. is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **CASA Management and Consulting sp. z o.o. Spółka Komandytowo-Akcyjna (limited joint-stock partnership) COMARCH**
Address: ul. Szarskiego 18, 30-698 Krakow
Regon (Polish National Official Register of Business Entities): 121040023
NIP (Polish Identification Tax Number): 6793020643

The company's share capital is PLN 3,114,000 and is divided into 31,140 shares of nominal value of PLN 100, entitling to 31,140 votes. CCF FIZ holds 100% of the company's shares (100% of votes). CASA Management and Consulting sp. z o.o. SK-A conducts investment activity on capital market. Pursuant to the Act on Accounting dated the 29th of September, 1994, CASA Management and Consulting sp. z o.o. SKA is Comarch S.A.'s subsidiary (through CCF FIZ).

Company: **Geopolis Sp. z o.o.** 
(Polish law limited liability company)
Address: ul. Włocławska 167, 87-100 Toruń
Regon (Polish National Official Register of Business Entities): 146720793
NIP (Polish Identification Tax Number): 524-276-02-89

The company's share capital is PLN 50,000. Comarch S.A. holds 100% of Geopolis sp. z o.o. Geopolis sp. z o.o. supports informatization in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals. Pursuant to the Act on Accounting dated the 29th of September, 1994, Comarch Saudi Arabia Co. is Comarch S.A.'s subsidiary.



Company: **Opso sp. z o.o.**
(Polish law limited liability company)
Address: 31-864 Krakow, ul. prof. Michała Życzkowskiego 23
Regon (Polish National Official Register of Business Entities): 122485307
NIP (Polish Identification Tax Number): 675-147-11-92

The share capital of Opso sp. z o.o. amounts to PLN 205,000 and consists of 100 shares at nominal value of PLN 2,050 each, entitling to 100 votes. Comarch S.A. holds 100% Opso sp. z o.o. shares entitling to 100% votes at the AGM of the company. Opso sp. z o.o. provides catering services. Pursuant to the Act on Accounting dated 29th of September, 1994, Opso sp. z o.o. is Comarch S.A.'s subsidiary.

Company: **Miejski Klub Sportowy Cracovia Sportowa Spółka Akcyjna**
(Polish city sports club)
Address: 30-111 Krakow, ul. Kałuży 1
Regon (Polish National Official Register of Business Entities): 351553230
NIP (Polish Identification Tax Number): 677-20-79-476



The share capital of MKS Cracovia SSA is 21,840,100 PLN and is divided into 218,401 shares. Comarch S.A. holds 144,381 shares and 144,381 votes at the AGM of MKS Cracovia SSA that constitute 66.11% of the company's share capital. The company conducts sports activities. Pursuant to the Act on Accounting dated the 29th of September, 1994, MKS Cracovia SSA is Comarch S.A.'s subsidiary.

ASSOCIATES

Company: **SoInteractive S.A.**  sointeractive
(joint stock company)
Address: 31-864 Krakow, ul. Prof. Michała Życzkowskiego 29 a
Regon (Polish National Official Register of Business Entities): 120629191
NIP (Polish Identification Tax Number): 676-23-66-843

The company's share capital is PLN 791,000 and is divided into 7,910 shares of nominal value of PLN 100, entitling to 12,420 votes. CCF FIZ holds 25.28% of the company's shares, which give 16.1% of votes. Bonus Management sp. z o.o. II Activia SKA holds 17.7% of the company's shares, which give 11.27% of votes. The Company's business is to create gamification solutions B2C, B2B and B2E and mechanisms of games and the Internet of Things. Pursuant to the Act on Accounting dated the 29th of September, 1994, SoInteractive S.A. is Comarch S.A.'s associate.

Company: **Metrum Capital S.A. (Volatech Capital Advisors S.A.)**
(joint stock company)
Address: ul. Kałuży 1, 30-111 Krakow
Regon (Polish National Official Register of Business Entities): 0000502255
NIP (Polish Identification Tax Number): 6772380164

The company's share capital is PLN 700,000. Comarch S.A. holds 21.43% of the share capital (15.79% of votes at the company's AGM) and CAMS AG holds 42.86% of the share capital (31.58% of votes at the company's AGM). The Company's business is the production IT software that supports investments in the capital market. Pursuant to the Act on Accounting dated the 29th of September, 1994, Metrum Capital S.A. is Comarch S.A.'s associate (directly and through CCF FIZ).

Company:

Thanks Again LLC



Address: 1015 Tyrone Road, Suite 820, Tyrone, GA 30290
Regon (Polish National Official Register of Business Entities): 120629191
NIP (Polish Identification Tax Number): 676-23-66-843

Comarch S.A. holds 42.5% of Thanks Again LLC shares (42.5% of votes). Thanks Again LLC is an operator of loyalty systems for airports in North America. Pursuant to the Act on Accounting dated the 29th of September, 1994, Thanks Again LLC is Comarch S.A.'s associate (through Comarch Pointshub Inc.).

20.3. Changes in Ownership and Organisational Structure in 2018

On the 22nd of March, 2018, the Extraordinary General Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share. On 6th of July, 2018, the share capital increase was registered.

On the 11th of May, 2018, the increase of capital in Comarch Management Sp. z o.o. was registered by PLN 100 thousand, i.e. from PLN 300 thousand to PLN 400 thousand.

On the 13th of April, 2018, a subsidiary company Comarch Mexico S.A. de C.V. was registered. The share capital amounts to MXN 500 thousand and consists of 500 shares with the nominal value MXN 1,000 each. Comarch S.A. holds 495 of shares, i.e. 99% of shares and votes in Comarch Mexico S.A. de S.V., while CA Consulting S.A. holds 5 of shares, i.e. 1% of shares and votes in the company.

On the 2nd of July, 2018, the Extraordinary General Meeting of Comarch Japan KK has adopted a resolution about the increase of the share capital by JPY 10,000 thousand, i.e. from JPY 5,000 thousand to JPY 15,000 thousand. Comarch UK acquired in its entirety a new share issue, i.e. 200 shares with a nominal value of JPY 50,000. Until the date of publication of this report, the above capital increase has not been registered.

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

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

In October 2018, Comarch (Thailand) Limited commenced its operations. The owners of 100% shares in the company were originally three natural persons who are members of the management board of Comarch S.A. On 14th of December, 2018, a contract for the purchase of shares in Comarch (Thailand) Limited by the following companies was signed: Comarch SA, CA Consulting SA, Comarch Technologies

Sp. z o.o. The shares were paid up and this change was legally registered in Thailand on December 24, 2018. The share capital of the company is THB 8,000,000, THB 100 per share.

On the 23rd of November, 2018 was registered a subsidiary Comarch BV with headquarter in Rotterdam. The share capital of the company amounts to EUR 100,000 and consists of 100,000 shares with value of EUR 1 each. Comarch S.A. owns 100% in share capital and votes of company Comarch BV.

20.4. Changes in Ownership and Organisational Structure in Comarch Group after the Balance Sheet Date

None present.

21. Non-Financial Data Report

On 29th of April, 2019, the Company has published on the website <https://www.comarch.pl/relacje-inwestorskie/raporty-okresowe/2018/> Consolidated Non-Financial Data Report for 2018.

22. Transactions Concluded by the Issuer or its Subsidiary with Related Parties on Terms Different from Market Conditions

None present.

23. 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 2018.

24. Factors and Events of Unusual Nature that Affect the Issuer Activities and the Achieved Results, as well as Their Appraisal

24.1. Deferred Income Tax Asset

In 2018, the asset due to activities in SEZ created as at 31st of December 2017 has been resolved in the amount of PLN 8,863 thousand according to the amount of zone income generated in 2018. The settlement of deferred tax asset related to temporary differences created on the 31st of December, 2016, in the amount of PLN 4,125 thousand was made in part and a deferred tax asset related to temporary differences was created in the amount of PLN 10,700 thousand was created and also dissolution in the amount of PLN 9,802 thousand and recognition in the amount of PLN 4,736 thousand of an asset due to tax loss. The total effect of the above-mentioned operations on the net result of 2018 amounted to plus PLN 1,509 thousand. Due to valuation of net assets of CCF FIZ, in 2018, the Group dissolved in part a deferred tax provision, which was recognised in the previous years and was worth PLN 57 thousand. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 5,193 thousand and dissolved in the amount of PLN 5,473 thousand. The total effect of the all above-mentioned operations on the net result of 2018 was plus PLN 337 thousand.

In total, changes in deferred tax resulted in an increase in result of PLN 4,145 thousand.

24.2. Valuation of Currency Translation Differences

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 31st of December, 2018, decreased revenue and operating profit of Comarch Group by PLN 485 thousand (while during the corresponding period in 2017 decreased by PLN 19,429

thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 8,762 thousand (while during the corresponding period in 2017 increased by PLN 6,628 thousand). The valuation of financial instruments and realised transactions (mostly forward contracts), as well as provision for deferred income tax in reference to the valuation of the financial instruments, decreased Comarch Group's net result by PLN 1,426 thousand (while in the corresponding period of 2017 they increased it by PLN 24,493 thousand). The total effect of exchange rate differences and valuation and realization of derivative financial instruments on the net result of Comarch S.A. in 2018 amounted to minus PLN 10,673 thousand (plus PLN 11,692 thousand in 2017).

24.3. Write-off Revaluating Receivables

As at the 31st of December, 2017, the Group recognized an impairment loss of trade receivables in the amount of PLN 40,819 thousand and resolved previously created write-offs in the amount of PLN 3,844 thousand due to the payment of the amount due. These operations were included respectively in other operating income and expenses in the profit and loss account.

24.4. Establishment of a Provision for the Payment of a Good Performance Guarantee for the ZUS KSI project

In connection to the submission by the Social Insurance Institution (ZUS) of a request for payment a bank guarantee of due performance of the contract for the provision of maintenance services of the Comprehensive IT System for the Social Insurance Institution ("KSI ZUS Agreement"), Comarch S.A. created a provision of PLN 24 million, which was included in the financial statements of Comarch S.A. for 2018, which resulted in a corresponding decrease in the operating result and net result of Comarch S.A. for 2018.

25. Changes in Methods of Company Management and Its Capital Group Management

None present.

26. Description of the Main Capital Deposits or the Main Capital Investments Made within the Comarch Group in the Given Year

They were described in point [12](#).

27. Data Referring to the Agreement Signed with the Entity Entitled to Audit Financial Statements

On the 29th of May, 2017, the Management Board of Comarch S.A. informed that, pursuant to art. 19 sec. 2 point 5) of the company's articles of association, the Supervisory Board selected BDO Sp. z o.o. with its registered office in Warsaw at ul. Postępu 12 (KRS 0000293339) to audit the financial statements and approved of the conclusion of the Agreement between Comarch S.A. and BDO Sp. z o.o., in dealing with:

- a) review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30th of June, 2017,
- b) audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31st of December, 2017,
- c) review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30th of June, 2018,
- d) audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31st of December, 2018.

The Company announced details in current report no. [RB-11-2017](#), ENG: [RB-11-2017](#), dated the 29th of May, 2017.

The total net remuneration due on account of reviewing the above-mentioned financial statements was as follows:

No	Types of services	Remuneration (net value)- paid	Remuneration (net value)- due
2018			
BDO Spółka z ograniczoną odpowiedzialnością			
1.	Obligatory audit of annual financial statements for 2018	PLN 40,000.00	PLN 60,000.00
2.	Review of half-year financial statement for H1 2018 and agreed additional costs related to consolidation process	PLN 50,000.00	-
3.	Other services for Comarch S.A.	-	-
4.	Audit of annual financial statements of CA Consulting S.A., Comarch Polska S.A., Comarch Healthcare S.A., Comarch Technologies Sp. z o.o., Comarch Management Sp. z o.o S.K.A., Comarch Infrastruktura S.A., iComarch24 S.A., MKS Cracovia SSA, Comarch Pointshub S.A. for 2018	PLN 14,800.00	PLN 50,200.00
2017 rok			
BDO Spółka z ograniczoną odpowiedzialnością			
1.	Obligatory audit of annual financial statements for 2017	PLN 100,000.00	PLN 0.00
2.	Review of half-year financial statement for H1 2017 and agreed additional costs related to consolidation process	PLN 50,000.00	PLN 0.00
3.	Other services for Comarch S.A.	-	-
4.	Audit of annual financial statements of CA Consulting S.A., Comarch Polska S.A., Comarch Healthcare S.A., Comarch Technologies Sp. z o.o., Comarch Management Sp. z o.o S.K.A., Comarch Infrastruktura S.A., iComarch24 S.A., MKS Cracovia SSA, Comarch Pointshub S.A. for 2017	PLN 65,000.00	PLN 0.00
BDO Accountants Burg. CVBA			
1.	Other services for Comarch AG Belgian Branch	EUR 9,550.00	-
BDO Dr. Mohamed Al-Amri & Co			
1.	Audit of the financial statements of Comarch Saudi Arabia Limited Liability Company	SAR 30,000.00	-
AO BDO Yunikon			
1.	Audit of the financial statements of OOO Comarch Company	RUB 500,000.00	-

28. Systems that Control Employees Shares Programmes

None present.

29. Description of Company's Policy in the Field of Business Sponsorship and Charity

Socially responsible business is, in an appreciable extent, based on activities for the benefit of the local community. Comarch Capital Group from the beginning of its activity has been widely involved in social activities, propagating the idea of creating a broad social platform, on the grounds of which sport and the latest IT technologies are promoted. Activities that promote a healthy lifestyle and environmental protection, help animals, as well as involvement in culture and supporting initiatives of local communities are also important.

COMARCH FOR CULTURE

COMARCH FOR IMPROVING THE QUALITY OF ORGAN MUSIC IN THE ST. MARY'S BASYLICA

In 2018, Comarch continued the financial support of the project of organ repair and revitalization of the musical space in the St. Mary's church. As a result of the restoration, the middle bodies authored by Kazimierz Żebrowski regained their original splendour and noble sound. They were put into operation and dedicated by the Metropolitan of Krakow on 15th of December, 2018. For many years Comarch has been cooperating with the Marian parish in organizing musical events and sponsoring the St. Mary's Organ Festival - a series of summer music events within the walls of the parish - from the very beginning of its existence. The company also wants the city in which its headquarter is located to grow as a meeting place for lovers of broadly understood culture from around the world.

- For many years we have been cooperating with St. Mary's Parish in organizing musical events and we are sponsoring the St. Mary's Organ Festival. That's why we got involved in organ renovation. We want the instrument to regain its sound, and the city and the local community received a high-class monument
- says prof. Janusz Filipiak, founder and president of Comarch S.A.

Another year in a row Comarch S.A. sponsored an event which became a part of Krakow's cultural calendar - the concert of Last Night of the Proms, and also another edition of the St. Mary's Organ Festival. The Krakow company has sponsored this musical event from the very beginning of its existence.

COMARCH ACTIONS ABROAD

In 2018, Comarch Swiss AG supported the Polish Museum in Rapperswil in Switzerland.

COMARCH CARES GRANT COMPETITION

Comarch's employees and co-workers can apply to the #ComarchCares Grant Contest who, together with institutions (foundations, associations, educational and educational institutions), want to implement pro-social activities. In the spring of 2018, two projects submitted in the autumn edition of 2017 were implemented. The first one is a series of workshops for levelling learning skills of children and young people from families affected by dysfunctions, carried out by a team from Warsaw. The second project "Clean Air" of the team from Lodz assumed the purchase of air-purifying filters in kindergarten rooms and conducting educational workshops on environmental protection and health prevention. In autumn 2018 the next edition of the competition was resolved, in which two winning grants were selected: Programming has the future of the team from Tarnów and Programming - an adventure for a lifetime of the team from Poznań. Projects will be implemented in 2019.

GRADUATION PROJECT

For the first time, the company was also involved in the Graduation Project - an overview of the best diploma thesis for people from the Visegrád Group countries. In 2018, 347 diplomas were submitted for the review, from which the jury selected 30 designs for the exhibition. Diplomas will be shown in June

2019, during the European Design Festival at the Palace of Culture and Science in Warsaw and in autumn at Vienna Design Week. The vernissage in Cieszyn will be accompanied by the ceremonial handing of special distinctions - paid internships at Comarch.

CHRISTMAS COLLECTIONS FOR LOCAL COMMUNITIES

As in 2016, 2017, and in 2018, employees from Polish Comarch companies in branches throughout Poland joined in the organization of holiday collections for people in need.

WE MADE KRAKÓW GREEN

Last year, the company continued the greening of the capital of Małopolska together with the Municipal Greenery Management in Krakow. Employees of the Comarch Group along with their families planted 200 hornbeams and aesculus at Planty Park in Krakow. In addition, they distributed 500 pot plant cuttings to the residents of Krakow. The company plans to continue this action in the future.

PULARIZATION OF SCIENCE

From the beginning of its activity, Comarch Capital Group has been actively cooperating with schools, universities and other educational institutions. In individual branches, employees create initiatives that involve spending time on students at dedicated courses or occasional meetings. The company continues the program to start a career in the IT industry for students. In 2018 the 16th edition of the summer internship for students of IT and related fields was held, attended by 405 IT students and beginning UX designers. 78% of internship participants decided to continue cooperation with the company. In addition, having many graduates of the University of Science and Technology in Krakow and cooperating with this university in many fields from the beginning of the company's establishment, Comarch decided to support the celebration of the 100th anniversary of the academy.

COMARCH FOR EDUCATION

Comarch promotes knowledge about ERP systems among universities and vocational schools with economic profiles. This activity is carried out through:

- lending Comarch ERP systems in educational versions (over 570 facilities and educational institutions equipped with educational versions of Comarch ERP),
- ERP meetings and seminars for lecturers and students, vocational trips,
- trainings for teachers in the field of Comarch ERP systems.

Comarch also prepared the first dedicated exercise books for economic schools, with a view to professional examinations for an economist technician.

SPORT AND HEALTHY LIFESTYLE

For 25 years, the Polish companies of the Comarch Group have been involved in promoting sport among young people and residents of Małopolskie voivodship, mainly by sponsoring the Cracovia sports club. The company also promotes a healthy and active lifestyle among its employees. In Poland, Comarch encourages employees to come to work by bicycle, providing bicycle infrastructure and occasional bicycle-related activities. During the annual "Bicycle Breakfast" event, employees who came to work by bicycle on that day received a healthy snack. Many sporting events are also accompanied by sports activities. The Comarch Group also encourages its employees to participate in external sports events, and the income from many of them is transferred to social purposes. In 2018 employees of the Comarch Group companies in Poland participated in several running events in Poland, as well as volleyball and football competitions. In addition, people working in the company's location in Krakow took part in the Comarch World Cup (over a dozen teams, 200 players). Also, in 2018, in the summer season, employees of the Comarch Group in Poland have been able to face the training challenges during the ComarchONrun running competition and Comarchonbike cycling competition for the fourth time. The Comarch Recreation Centre is at the disposal of employees of the Comarch Group companies in Kraków and their families.

IMED24 FAMILY RUN AND CAPOEIRA WORKSHOP PARTNER

The iMed24 Medical Centre supports events that promote an active, healthy lifestyle, which is why it is a Medical Partner of two sporting events: the Family Run Krakow and Martial Arts Workshops - Capoeira.

CRACOVIA FOR CHILDREN

Hockey players and footballers of Cracovia are frequent guests in educational institutions. Our athletes mainly visit primary schools and kindergartens. In addition, the footballers attend classes in the Cracovia KIDS project, whose goal is primarily to promote healthy, sporty lifestyle from the youngest. At Christmas, Santa Claus appeared at hockey and football matches, giving presents to the youngest fans. The hockey action "Teddy Bear Toss" is constantly popular, in which the patients of the University Children's Hospital receive a lot of stuffed mascots from the hands of Comarch Cracovia hockey players. The Little Stripes' Day (Pasiasty Dzień Dziecka), organized at the stadium, is permanently added to the calendar. However, a novelty is the Football Player's Day, organized for the first time in 2018. The event is also addressed to the youngest. Cracovia also cares about the safety of its youngest fans by organizing the Little Stripes Zone (Strefa Małego Pasiaka) on the stadium. There are various games for children, and children are supervised by volunteers from the "Cracovia to My" (Cracovia is Us) association. The zone is a frequent place of visit for Cracovia athletes who meet with children, give autographs and pose for photos. To promote a healthy lifestyle among children, Cracovia organizes a PE lesson or Classes in Stripes (Klasy w Pasy) actions. In 2018, on the Day of Healthy Nutrition, athletes go out to the city and handed apples to the youngest passers-by.

CRACOVIA IN CHARITY ACTIONS FOR POOR AND PATIENTS

A constant element is supporting the "Szlachetna Paczka" and "Wielka Orkiestra Świątecznej Pomocy". Traditionally, Cracovia's football players and ice hockey players made their packages as part of the "Szlachetna Paczka". The athletes also joined the support the young Cracovia football player who suffers of leukaemia. The players visited him in the hospital and gave him presents. The club through its website appealed to donate blood to him. The #PasyDlaPasów campaign initiated by the fans of Cracovia, involving the collection of funds for the purchase of subscriptions for fans who are in a difficult financial situation, was also carried out. The club joined the action and decided to double the amount collected by the fans. In addition, the club donates a lot of gadgets for smaller charity campaigns.

30. Significant Legal, Arbitration or Administrative Proceedings

30.1. Proceedings Related to Liabilities or Receivables of the Issuer or a Subsidiary, which Value Constitutes at least 10% of Equities

None present.

30.2. Two or More Proceedings Related to Liabilities or Receivables of Issuer's or a Subsidiary, which Total Value Constitutes at least 10% of Equities and the Issuer's Opinion on the Matter

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 51,210 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31st of December, 2018, and are worth PLN 7,662 thousand. They include provisions for claims recognized in 2018 and worth PLN 233 thousand. In the opinion of the Management Boards in the entities of the Comarch Group and based on the opinions of legal advisors, there are no circumstances suggesting the necessity to create provisions for the rest of the claims in legal proceedings or matters in disputes but not legal proceedings.

Krakow, 29th of April, 2019

Name and surname	Position	Signature
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-President of the Management Board	
Paweł Prokop	Vice-President of the Management Board	
Andrzej Przewięźlikowski	Vice-President of the Management Board	
Zbigniew Rymarczyk	Vice-President of the Management Board	
Konrad Tarański	Vice-President of the Management Board	
Marcin Warwas	Vice-President of the Management Board	

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REPORT OF COMARCH S.A.'s MANAGEMENT BOARD REGARDING THE ACCEPTANCE OF CORPORATE GOVERNANCE PRINCIPLES IN 2018

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Statement of the Management Board of Comarch S.A. on the application in the Company of corporate governance rules in accordance with § 70 section 6 point 5 of the Regulation issued by the Minister of Finance on the 29th of March, 2018, 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 (consolidated text, Journal of Laws from 2018, pos. 757).

1. Corporate Governance Principles that Apply to an Issuer

Comarch S.A., a company listed on the Warsaw Stock Exchange, was in 2017 a subject to the corporate governance principles set out in the document "Best Practices of WSE Listed Companies 2016" (Annex to Resolution of the WSE Council No 26/1413/2015 of the 13th October 2015). The rules are available on the website https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf (https://www.gpw.pl/pub/GPW/o-nas/DPSN2016_EN.pdf) which is the official website of the Warsaw Stock Exchange devoted to these issues.

The Best Practices include six sections:

- Disclosure Policy, Investor Communications,
- Management Board, Supervisory Board,
- Internal Systems and Functions,
- General Meeting, Shareholder Relations,
- Conflict of Interest, Related Party Transactions,
- Remuneration.

Additionally, on 29th of April, 2016, the Management Board of Comarch S.A. presented statement of the Company's compliance with the corporate governance recommendations and principles contained in the Best Practices of WSE Listed Companies 2016 which is available at <http://www.comarch.pl/relacje-inwestorskie/lad-korporacyjny/> (<http://www.comarch.com/investors/corporate-governance/>).

2. Recommendations for Corporate Governance Principles not Implemented by the Issuer along with an Explanation of the Circumstances and Reasons surrounding the Decision not to Implement a Particular Principle

a) Recommendations for Best Practices of Listed Companies

IV.R.2. f justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-life broadcast of the general meeting,*
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting,*
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.*

The principle is not applied in full by the Company. A shareholder may participate in a General Meeting and exercise voting right personally or by proxy. Power of attorney to participate in the General Meeting and to exercise a voting right should be granted in writing or in electronic form. Power of attorney in electronic form does not require safe electronic signature verified with the valid classified certificate. The Company does not provide the possibility of voting by correspondence, voting using means of electronic communication or participating in the General Meeting using means of electronic

communication, however enables on-line broadcasts of General Meetings over the Internet real-time bilateral communication. Due to the current shareholding structure (relatively little dispersed ownership), in the Company's opinion, currently there is no reason to implement voting by correspondence using means of electronic communication.

b) Detailed Principles for Best Practices of Listed Companies

VI.Z.4. In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system,*
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group,*
- 3) information about non-financial remuneration components due to each management board member and key manager,*
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence,*
- 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.*

In terms of disclosures of remuneration the Company applies generally applicable laws. The Company complies with the principle VI.Z.4 partially. Comarch SA has a remuneration policy which defines the form, structure and level of remuneration of the Company's employees, including members of Management and Supervisory Boards. The remuneration of the members of the Management Board is determined by the Supervisory Board on the basis of qualifications, experience and responsibilities of a Board member. Remunerations of the Management Board members include variable components, the amount of which depends on the financial performance and the degree of implementation of goals designated by the Supervisory Board. The remuneration of the Management Board members is paid by the Company and the subsidiaries, depending on the degree of involvement in the operations of individual subsidiaries. Remuneration of the Supervisory Board members is determined by General Meeting of Shareholders and it does not contain variable components. The Company presents in annual reports the amount of total remuneration of Management Board members (without division into fixed and variable components) and the Supervisory Board members, in division for paid by the Company and jointly by the other Group entities.

3. Shareholders Holding Directly or Indirectly Significant Shares in Votes at the General Shareholders Meeting as at 29th of April, 2019

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12
Other members of the Board	84,904	1.04	122,504	0.81
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,886,860	47.80	3,886,860	25.69
Total	8,133,349	100.00	15,126,949	100.00

4. Owners of Securities Entitling them to Special Control Rights as well as a Description of these Rights

Janusz Filipiak, President of the Management Board, holds 893,000 registered share preference votes (1:5). These entitle him to 4,465,000 votes at the company's general shareholders' meeting. Elżbieta Filipiak, Chairman of the Supervisory Board, holds 846,000 registered share preference votes (1:5). These entitle her to 4,230,000 votes at the Company's general shareholders' meeting. Paweł Prokop, Vice-President of the Management Board, holds 9,400 registered share preference votes (1:5). These entitle him to 47,000 votes at the Company's general shareholders' meeting.

5. All Restrictions Relating to Execution of Voting Rights, i.e. Restriction of Voting Rights through Holding a Particular Share or Number of Votes, Time Restrictions regarding Voting Rights or Records according to which, in Collaboration with the Company, Capital Rights Related to Securities are Separated from Securities Holdings

None present.

6. All Restrictions Regarding Transferring the Holding Rights of an Issuer's Securities

According to art. 8 point 7 of Comarch S.A.'s Articles of Association

„7. Disposing registered shares requires consent of the Management Board provided in writing. In case of refusal of disposing, the Management, within 2 months of filing with the Company of the intention of assigning shares, appoints the purchaser and price of shares. Price of shares may not be lower than average stock exchange price from the three recent months preceding the month of filing, provided that shares of the Company are in stock exchange trading. Otherwise, price of shares may not be lower than the book value per share as of the last balance sheet date. Price is due within one month of the date of resolution of the Management indicating the purchaser of shares.”

7. Principles for the Appointing and Dismissing of Management and their Rights, notably the Right for Decision Making on Shares Issue or Buyout

a) Principles for Appointing and Dismissing

According to the Articles of Association of the Company, the Management Board of the Company consists of 2 to 8 persons appointed and dismissed by the Annual General Meeting. Members of the Management Board are appointed for the common term of office of three years. The AGM defines salaries for the Management Board, provided that this competency may be passed on in part or in entirety to the Supervisory Board. The Supervisory Board suspends on important reasons, selected or all members of the Management Board in their duties and delegating members of the Supervisory Board for the period not longer than 3 months for temporary execution of activities of those members of the Management Board who have been dismissed, who resigned or who cannot execute their duties on other reasons.

b) Rights according to art. 9, 20 - 22 of the Comarch S.A.'s Articles of Association and the Commercial Companies Code

- The Management Board may appoint proxies.
- President of the Management Board single-handedly or two members of the Management Board acting jointly or one member of the Management Board acting jointly with a proxy are authorised for making statements on behalf of the Company and representing the Company in Court and off Court.
- In agreements between the Company and members of the Management Board and in disputes with them, the Company is represented by the Supervisory Board or by a proxy appointed with a resolution of the General Meeting. The Supervisory Board may authorise, by way of a resolution, one or more members of the Supervisory Board to perform such legal actions.
- The Management Board defines internal organisation of the Company.
- According to art. 445 and 446 of the Commercial Companies Code, the General Meeting passes a resolution on amendments to the statutes, providing for the authorisation for the management board to increase the share capital within the limits of the authorised capital. According to art. 9 sec. point 5 of the Comarch S.A.'s Articles of Association, within the target capital, the Management Board of the Company may issue shares only in conversion for cash contributions and may not issue preferential shares or allocate personal rights for the shareholder, referred to in Article 354 of the Code of Trade Companies. In the scope of all the issues related to increasing the share capital within the target capital, in particular on excluding or limiting collection right and determining the issue price, obtaining consent of the Supervisory Board is required

8. Description of Principles for Changes in Articles of Association

A General shareholders' Meeting may pass a resolution regarding changes in articles of association, including an increase or a decrease in share capital, and a resolution on a significant change in the Company's subject matter.

9. Description of Operating Principles for General Meetings and Their Essential Rights and Shareholders' Rights as well as Modality, in particular Principles resulting from Rules for General Shareholders' Meeting if such Rules were passed, unless these Information Results from Law

1. Annual General Shareholders' Meetings may be ordinary or extraordinary.
2. An ordinary General Meeting of the Management Board shall be called no later than the end of June each year.

3. General meetings shall be called in accordance with the Polish Commercial Companies Code, the Company's Articles of Association and with the Rules for General Shareholders' Meeting dated the 28th of June, 2010.
4. Meetings shall take place at the Company's headquarters.
5. At least two members of the Company's Management Board and at least two members of its Supervisory Board should take part in the Annual General Shareholders' Meeting.
6. If the subject of debate is to concern the financial affairs of the Company an auditor shall be present.
7. Representatives of the media may attend the General Shareholders' Meeting as observers.
8. Only persons who are Company's shareholders 16 (sixteen) days prior the date of the General Meeting are entitled to participate in the General Meeting.
9. Shareholders who are physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote themselves or via a proxy.
10. Shareholders who are not physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote via a person empowered to submit a declaration of intent in their name, or via a proxy.
11. The chairman of the Annual General Shareholders' Meeting conducts debates, takes decisions in matters of the agenda and procedure, and is authorized to interpret the present rules.
12. The duties of the chairman of the Annual General Shareholders' Meeting include:
 - Ensuring that debates are conducted in accordance with the agenda and procedure as stipulated,
 - Directing the debate: deciding who shall speak and in what order,
 - Receiving proposed and draft resolutions and opening them to debate and
 - Organizing and conducting the voting.
13. The Annual General Shareholders' Meeting shall choose a three-person returns committee from the candidates notified by the chairman. The returns committee shall ensure that each vote is correctly conducted, supervise the practical aspects of the vote and check, confirm and declare the results. Where the Annual General Shareholders' Meeting is attended by a small number of shareholders a returns committee shall not be selected unless a shareholder or proxy submits a request for a returns committee to be selected. Where a returns committee is not selected its functions shall be performed by the chairman of the Annual General Shareholders' Meeting.
14. The Annual General Shareholders' Meeting shall take decisions in the form of resolutions adopted by open voting except:
 - Voting on an issue of selecting or deselecting members of bodies of the Company, or liquidators,
 - Motions to prosecute members of bodies of the Company or liquidators,
 - In personal matters,
 - At the request of at least one shareholder,
 - In other circumstances stipulated in the regulations currently binding.
15. Shareholders shall notify the chairman of the Annual General Shareholders' Meeting of their candidates for membership of the Supervisory Board in writing or verbally.
16. Proposals for Supervisory Board candidates should be supported in detail with particular emphasis placed on the candidate's education, qualifications and professional experience.
17. Before a resolution is adopted on the composition of the Supervisory Board the General Shareholders' Meeting shall vote on a resolution to determine the number of members the Supervisory Board is to have.
18. The Company may organise the General Meeting in such a way as to enable shareholders to participate at the General Meeting using means of electronic communication.

10. Membership, Changes in Membership during Last Financial Year and Rules of Operations of the Company's Managing and Supervising Persons as well as Their Committees

a) Members of the Comarch S.A.'s Supervisory Board as at 31st of December, 2018:

Name and Surname	Position
Elżbieta Filipiak	Chairman of the Supervisory Board
Maciej Brzeziński	Vice-Chairman of the Supervisory Board
Robert Bednarski	Member of the Supervisory Board
Danuta Drobniak	Member of the Supervisory Board
Wojciech Kucharzyk	Member of the Supervisory Board
Anna Ławrynowicz	Member of the Supervisory Board
Anna Pruska	Member of the Supervisory Board

The Supervisory Board shall undertake constant supervision of all areas of the Company's operations. The Supervisory Board shall operate according to the regulations of the Polish Commercial Companies Code, the Company's Articles of Association, the Corporate Governance Principles in force at the Company and the Rules for the Supervisory Board dated the 30th of June, 2003 approved at the Annual General Shareholders' Meeting (and amendments). The detailed operations of the Supervisory Board were presented in the above-mentioned documents.

b) The most important rules included in the Rules for the Supervisory Board are:

1. The Supervisory Board shall contain three to seven people chosen by the Annual General Shareholders' Meeting. The Meeting shall, by a resolution, specify the number of members of the Supervisory Board before voting commences to select candidates for that Board.
2. Supervisory Board members shall be appointed for a common term of office lasting three years.
3. Members of the Supervisory Board shall perform their rights and duties directly and in person. Any member of the Supervisory Board may be dismissed before their term of office has been completed. Members of the Supervisory Board may be re-elected.
4. General Shareholders' Meeting shall appoint from among members of the Supervisory Board the Chairperson, the Vice Chairperson, and also the Secretary of the Supervisory Board, as needed.
5. The chairman of the Supervisory Board:
 - convenes meetings of the Supervisory Board;
 - conducts meetings of the Supervisory Board
 - opens debates at the Annual General Shareholders' Meeting.
6. When the chairman is absent his place shall be taken by the vice-chairman of the Supervisory Board.
7. The Supervisory Board may select supervisory committees from amongst its members for specific sectors of the Company's operations. In particular, this shall concern an auditing committee.
8. These committees may sit separately and may vote on resolutions. These may concern the findings of inspections and audits concerning the way the company operates.
9. Meetings of the Supervisory Board shall be convened by the chairman of the Supervisory Board. The Management Board or another member of the Supervisory Board may demand that the chairman convene a meeting of the Supervisory Board. This demand should be accompanied by a proposed agenda. The chairman of the Supervisory Board shall convene a meeting within two weeks

of receiving the demand. If the meeting is not convened in accordance with the procedure stipulated above, the petitioner may himself call the meeting.

10. The agenda of meetings of the Supervisory Board shall be stipulated by the convener and, along with any relevant materials, be sent to members of the Supervisory Board three (3) days before the planned date of the meeting unless circumstances arise to justify shortening this period.
11. The agenda of meetings of the Supervisory Board may only be changed or supplemented.
12. Meetings of the Supervisory Board should be convened at least four times in each financial year.
13. Resolutions of the Supervisory Board shall be adopted by a majority of the votes present. Where there is a tie the chairman shall have the deciding vote.
14. A resolution of the Supervisory Board shall be valid where all its members have been invited and where more than half the members of the Supervisory Board, including the chairman or vice-chairman of the Supervisory Board, are present.
15. Provided all members of the Supervisory Board express their written agreement to this, resolutions of the Supervisory Board may be adopted by written ballot without a meeting being convened.
16. Meetings of the Supervisory Board may also be conducted using resources for remote communication, such as the telephone, facsimile machines, electronic mail and teleconferencing, by using the Internet in another manner and by the use of other telecommunications resources.
17. Members of the Supervisory Board may take part in voting on resolutions of the Supervisory Board by voting in writing via another member of the Supervisory Board.
18. The mode of voting on resolutions by the Supervisory Board specified above is not acceptable in the matters set out in art. 388 paragraph 4 of the Polish Commercial Companies Code. These are:
 - The selection of the chairman and vice-chairman of the Supervisory Board;
 - The appointment and dismissal of a member of the Management Board;
 - The suspension of a member of the Management Board.
19. Members of the Management Board may take part in meetings of the Supervisory Board. The Management Board shall be informed of all dates and agendas of meetings of the Supervisory Board.
20. The Supervisory Board may invite members of the Management Board to take part in a meeting.
21. At each of its meetings the Supervisory Board shall be informed by the Company of the current individual and consolidated financial results of the Company and of significant matters concerning the Company's operations. Where this is justified by the Company's situation, this shall include the risk associated with operations and ways to manage this risk.
22. Members of the Management Board shall not take part in those sections of meetings of the Supervisory Board which concern the dismissal, scope of responsibility, or pay and conditions of Management Board members.
23. Meetings of the Supervisory Board shall be minuted. The minutes should include the agenda for debate, the name and surname of all the Supervisory Board members present and the results of the votes on resolutions.
24. The Supervisory Board shall undertake constant supervision of all areas of the Company's operations.
25. The specific competences of the Supervisory Board are as follows:
 - Assessing the Company's annual financial statement and the consolidated financial statement of the Comarch capital group;
 - Assessing the Management Board's reports on the Company's operations and on the Comarch capital group and, in addition, assessing the Management Board's conclusions on distributing profits and covering losses;

- Submitting a written report containing the information required by points above of the present section;
 - Scrutinizing the work of the Management Board in effecting resolutions adopted at the Annual General Shareholders' Meeting;
 - Selecting statutory auditors for the financial statements of the Company and of the Comarch capital group. The Supervisory Board may adopt a resolution to apply stricter criteria for the statutory auditor's independence than are demanded by the legal regulations;
 - Appointing and dismissing members of the Management Board, stipulating the compensation attracted by performing the function of member of the Management Board, suspending – for substantial reasons – individual members, or all members, of the Management Board, designating members of the Supervisory Board to temporarily perform the functions of members of the Management Board, or suspending the Management Board itself;
 - Giving consent to increase share capital within the context of authorized capital;
 - Giving consent to acquire and dispose of real estate or shares in real estate;
 - Giving consent to the members of the Company's Management Board on the management boards or supervisory boards of companies from outside the Comarch Capital Group;
 - Giving consent to the conclusion by the Company of a significant agreement with a shareholder holding at least 5% of the total number of votes in the Company or a related entity;
 - Giving consent to conclude an agreement with an issue underwriter in accordance with the provisions set out in art. 433 paragraph 3 of the Polish Commercial Companies Code;
 - Exercising, in respect of members of the Management Board and on behalf of the Company, rights and privileges arising from an employment relationship;
 - Approving the Company's growth strategy;
 - Expressing its opinion on draft resolutions for the Annual General Shareholders' Meeting sent to it by the Management Board and shareholders.
26. Once every year the Supervisory Board must adopt a resolution in the matter of its assessment of the Company's situation, the Supervisory Board's report on its activities, assessment of the Company's compliance with information obligations regarding the corporate governance principles, assessment of the rationality of the Company's policy in the area of sponsorship, charity or other similar activities. These documents shall be passed on to the Annual General Shareholders' Meeting.
27. To aid it in performing its function, the Supervisory Board has the right to see all the Company's documents and may demand reports and explanations from the Executive Board and from Company's employees. The Supervisory Board may also conduct a review of the state of the Company's assets.
28. The Supervisory Board operates as a collective body but may, however, delegate its individual members to particular supervisory activities.
29. Members of the Supervisory Board should hold the interests of the Company as their highest priority. A member of the Supervisory Board should avoid undertaking professional or non-professional activity that could lead to a conflict of interests or adversely affect his reputation as a member of the company's governing body, and should he disclose a conflict of interest immediately.
30. Members of the Supervisory Board shall be bound to inform other members of the Supervisory Board of any conflict of interest arising and, following this, not take place in the debate concerning the matter that is subject to a conflict of interest. Where it is uncertain whether a conflict of interest has arisen, the Supervisory Board shall vote on a resolution to resolve this uncertainty.
31. Members of the Supervisory Board shall keep secret all information they acquire in the course of their duties concerning the Company's activities and the activities of companies within the Comarch Capital Group.
32. Within fourteen days of their selection a member of the Supervisory Board shall make a written submission of any economical, familial or other involvements with a shareholder holding five per

cent or more of the votes at the Annual General Shareholders' Meeting. The Management Board shall inform the Supervisory Board in writing at that board's next meeting of any case where any entity acquires five per cent or more of the votes at the Annual General Shareholders' Meeting. Where information of this nature is passed to them, the members of the Supervisory Board shall submit – within fourteen days of the sitting of the Supervisory Board at which they were informed – written information concerning any conflict of interest arising. Should the involvements referred to in the present section change, members of the Supervisory Board are obliged – without summoning the Company to meet – to provide details of these changes within fourteen days.

33. Members of the Supervisory Board delegated to long-term, individual supervisory duties may not, unless the Company gives permission, involve themselves in competing business interests or participate in the business of a competitor Company as a partner or associate, or as a member of a body of a joint-stock Company. Further, they may not participate in the business of a competitor Company in a different legal personality as a member of a Company body. Additionally, members of the Supervisory Board are forbidden to participate in a competitor capital group where they hold ten per cent or more of the shares or participation rights, or where they enjoy the right to appoint at least one member of the Management Board.
34. Permission for members of the Supervisory Board delegated to long-term, individual supervisory duties to pursue competing commercial interests shall be granted according to a decision of the Supervisory Board.
35. A member of the Supervisory Board may not accept benefits that could affect impartiality and objectivity in making decisions or may adversely affect the assessment of the independence of his opinions and courts.
36. If a member of the Supervisory Board finds that a decision of the Supervisory Board is contrary to the interests of the Company, he may request that his opinion be included in the minutes of the meeting of the Supervisory Board.
37. Duties of members of the Supervisory Board
 - Members of the Supervisory Board are obliged to draw up a list of persons closely associated with them and to deliver it to the Company immediately, no later than within 7 days.
 - Members of the Supervisory Board and persons closely associated with them are obliged to provide the Company and the Polish Financial Supervision Authority with information on each transaction concluded for their own account in relation to Company's shares or debt instruments or to derivative instruments or other related financial instruments - if the value of this transaction or the sum of transaction values exceeds € 5,000. The obligation to notify transactions applies to each subsequent transaction when the total amount of EUR 5,000 is reached during one calendar year. The threshold of 5,000 euros is calculated by adding without offsetting the position of all transactions. Members of the Supervisory Board are obliged to provide information about transactions immediately, but no later than within two business days after the transaction date. Members of the Supervisory Board are obliged to notify persons closely related to their obligations under the above content and to keep a copy of this notification. In the case of the appearance of new people closely related, a member of the Supervisory Board is obliged to notify them in writing about the obligations arising from the above content and sanctions for violation of these obligations, as well as to keep a copy of this notification. A declaration signed by a person closely related should be forwarded to the Company immediately, but no later than within 7 days.
 - Members of the Supervisory Board delegated to long-term supervisory tasks shall submit a monthly, written report detailing their activities to the Supervisory Board.
 - Members of the Supervisory Board should not resign their positions in mid-term where this would make it impossible for the Supervisory Board to function or where, especially, this would delay the adoption of vital resolutions.
 - Members of the Supervisory Board shall receive compensation according to terms stipulated by the Annual General Shareholders' Meeting.

- Two members of the Supervisory Board shall participate in the debates at the Annual General Shareholders' Meeting. Members of the Supervisory Board shall themselves select these delegates to represent the Board at the Annual General Shareholders' Meeting.
 - Members of the Supervisory Board should make all efforts to participate in Supervisory Board meetings.
 - In the case of election of Supervisory Board members by voting in separate groups, each group has the right to delegate one of the Supervisory Board members elected by it to permanent, individual performance of supervisory activities.
 - Members delegated to long-term, individual supervisory tasks have the right to participate in meetings of the Management Board.
38. The compensation for members of the Supervisory Board delegated to long-term, individual supervisory tasks shall be stipulated by the Supervisory Board.
39. The Company shall cover the costs of the Supervisory Board's operation.
40. The Supervisory Board shall use the Company's office space, equipment and material.
41. The Company's Management Board shall provide the Supervisory Board with administrative and technical support.

c) Committees

In 2018, the Audit Committee (equivalent of the Audit Committee within the meaning of Annex I to the European Commission Recommendation of the 15th of February, 2005 concerning executive directors (...)), consisted of Danuta Drobniak - Chairman of the Audit Committee, Elżbieta Filipiak- Member of the Audit Committee and Robert Bednarski- Member of the Audit Committee. In 2018, the Audit Committee held three meetings.

According to the information available to the Company, two members of the Audit Committee fulfilled the conditions for independence (Danuta Drobniak and Robert Bednarski).

Danuta Drobniak (statutory auditor no. 9578) and Robert Bednarski (work experience, including on the positions of the Director of the Finance Management Office at PKN ORLEN SA, a member of the Management Board and Chief Financial Officer of Basell Orlen Polyolefins, Vice President of the Management Board for Economic and Financial Issues at Boryszew S.A., a member of ACCA since 2005) have knowledge and skills in accounting or auditing.

The knowledge of the IT industry is held by Elżbieta Filipiak (graduate of AGH, one of the founders of Comarch S.A.) and Robert Bednarski (professional experience, among others as a member of the Board and financial director at Basell Orlen Polyolefins, in which he was responsible for coordination, from financial, tax and IT websites, investments in the development of the company's production capacities, associated with Ciech S.A. as a member of the Management Board, he was responsible for finance and IT).

d) The most important rules included in the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A.:

1. The Audit Committee operates in accordance with the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A. adopted on November 27, 2017 with Resolution No. 2/11/2017 of the Audit Committee of Comarch S.A.
2. The Audit Committee consists of at least three members, including the Chairman of the Audit Committee, appointed or removed by the Supervisory Board for the term of its term from among the members of the Supervisory Board.
3. Most members of the Audit Committee, including the Chairman, are independent of the Company, i.e. they meet the independence criteria.
4. At least one member of the Audit Committee possesses knowledge and skills in accounting or auditing.

5. At least one member of the Audit Committee possesses knowledge and skills in the field in which Comarch S.A. operates. or individual members in specific areas have the knowledge and skills in this industry.
6. The Committee performs its functions jointly.
7. The Committee's meetings shall be held at the registered office of the Company or other place indicated by the person convening the meeting.
8. The Chairman of the Audit Committee may invite to the meetings of the Audit Committee other members of the Supervisory Board, members of the Management Board and employees of the Company, a certified auditor and other persons whose participation in the Committee's meetings considers important from the point of view of the Committee's tasks.
9. The Committee shall meet as often as it is necessary for the effective performance of its tasks, but not less frequently than four times in a financial year.
10. Every member of the Audit Committee, as well as members of the Supervisory Board and the Management Board, has the right to bring matters to Committee meetings.
11. A resolution of the Audit Committee is validly adopted if all its members have been invited to the Audit Committee meeting and at least half of the members of the Audit Committee participate in the meeting.
12. Resolutions of the Audit Committee are adopted by a majority of votes of present. In the case of an equal number of votes, the Chairman's vote is decisive.
13. Minutes of meetings of the Audit Committee together with conclusions and recommendations of the Audit Committee are submitted to the Supervisory Board as well as to the Management Board of the Company.
14. Task and rights of the Audit Committee:
 - monitoring the financial reporting process;;
 - submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company;
 - monitoring the performance of auditing activities;
 - informing the Supervisory Board about the results of the audit;
 - assessing the independence of the certified auditor and consenting to the provision of permitted non-audit services in the Company;
 - developing a policy of selecting an audit firm to conduct the audit;
 - development of a policy by the audit firm conducting the audit, by entities related to this auditing company and by a member of the auditing company's network of permitted non-audit services;
 - determination of the procedure for the selection of an audit firm by the Company;
 - presenting recommendations to the Supervisory Board regarding the selection of an audit firm;
 - examining the issues that give rise to resignation from the services of the external auditor and issuing recommendations on the required activities;
 - monitoring the effectiveness of internal control systems and risk management systems as well as internal audit;
 - the Committee has the right to investigate every matter in its area of responsibility.
15. Once every six months before the date of approving annual and semi-annual reports, the Committee prepares and presents to the Supervisory Board a report on its activities.
16. A member of the Audit Committee should make every effort to participate in the meetings of the Audit Committee.

As at 31st of December, 2018, the Supervisory Board of Comarch S.A. did not set up a nomination committee and a remuneration committee.

e) Audit Committee and the auditor – policies, procedures

The issuer was not provided by an auditing company examining its non-audit services' financial statements.

The recommendation regarding the selection of an audit firm to conduct the audit met the applicable statutory conditions and was consistent with the principles contained in the document "Policy and procedures for selecting an audit firm to audit the statutory financial statements of COMARCH S.A. and the COMARCH Capital Group and the policy for the provision of additional services by the auditing company, an entity related to the auditing company or a member of its network adopted by the Resolution by the Audit Committee of Comarch SA " available at https://www.comarch.pl/files-pl/file_381/Polityka-wyboru-firmy-audytorskiej-27112017.pdf, https://www.comarch.com/files-com/file_280/policy-to-select-auditor-updated.pdf It was prepared following an election procedure organized by the issuer that met the issuer's criteria.

The main assumptions of the policy elaborated for the selection of an audit firm to conduct the audit and the policy of the auditing company conducting the audit by entities related to this auditing company and by a member of the auditing company's network of permitted non-audit services:

The policy of COMARCH S.A. regarding choosing an audit firm for statutory audit of financial statements.

1. In accordance with the regulations in force at the Company, the audit firm is selected by the Supervisory Board in the form of a resolution, acting on the recommendation of the Audit Committee.
2. It is forbidden to introduce any contractual clauses that would require the Supervisory Board to choose an audit firm from among a specific category or list of entities authorized to audit. Such clauses shall be automatically void.
3. The Supervisory Board, when making a selection, and the Audit Committee during the preparation of recommendations, are guided by the following guidelines regarding the audit firm:
 - Confirmation of impartiality, independence and the highest quality of auditing work
 - Knowledge of the IT industry in which the companies of the Comarch Capital Group operate,
 - Confirmation of operating within international network in most of the countries in which the companies of the Comarch Capital Group operate,
 - Confirmation of having experience in examining the reports of public interest entities,
 - The ability to provide the required range of services within timeframes specified by the Company,
 - Professional qualifications and experience of persons directly involved in the audit,
 - The price proposed by the entity authorized to audit.
4. The contract with the audit firm for the audit of financial statements shall be concluded in time for the audit firm to take part in inventory-taking of important assets.
5. In the case of the statutory audit as defined by Article 2 item 1 of the Act on Statutory Auditors, the first contract for the audit of financial statements shall be concluded with the audit firm for a period not shorter than two years with the possibility of extending it to subsequent biennial periods. The costs of conducting the audit of the financial statement shall be borne by the audited entity.
6. A maximum uninterrupted duration of orders for the statutory audits, conducted by the same audit firm, an affiliated audit firm or any member of the network operating in the European Union countries to which these audit firms belong, must not exceed 5 years. The key statutory auditor may re-conduct the statutory audit of the Company after at least 3 years from the end of the last statutory audit.

The procedure for selecting an audit firm to audit the statutory financial statements.

The Chief Financial Officer of COMARCH S.A. prepares a request for selection of an auditing company to carry out a statutory audit of COMARCH S.A.'s financial statement and consolidated financial statement of COMARCH S.A. Capital Group by the end of March of the year, which should be audited. The request should be published on the website www.comarch.pl and sent to the selected auditing service providers. Companies of the COMARCH S.A. Capital Group operating outside Poland should be audited, mostly, by subsidiaries of the selected auditing company operating in the international network.

In cases other than the extension of the audit contract with the existing auditing company, the Company conducts the tender procedure in accordance with the following procedures

Tender documentation, prepared by COMARCH S.A., for the invited audit firms:

- enables these companies to learn about the operations of the Company and the COMARCH S.A. Capital Group,
- contains an indication of financial statements subject to examination,
- contains transparent and non-discriminatory selection criteria that are used to assess the offers made by audit firms.

The selection procedure of the audit firm does not exclude from the participation companies that obtained less than 15% of their total remuneration for research from public interest entities in a given European Union country in the previous calendar year, which are listed in the list of audit firms referred to in art. 91 of the Act on Chartered Auditors.

Auditing companies operating in the international network, which audit public interest entities, submit their offers for statutory audits of COMARCH S.A.'s financial statement and consolidated financial statement of COMARCH Capital Group to the Chief Financial Officer of COMARCH S.A. with the timeframes laid down in the request published on the Company's website.

All offers received from the auditing companies operating in the international network are submitted to the Members of the COMARCH S.A.'s Audit Committee.

Members of the COMARCH S.A.'s Audit Committee analyze the received offers, determine the date of a meetings with representatives of auditing companies and, on the basis of these actions, recommend the choice of an auditor to the Supervisory Board of COMARCH S.A. The Audit Committee presents the Supervisory Board with a recommendation regarding the selection of an audit firm. In its recommendation, members of the Audit Committee:

- Indicate the auditing company they propose to entrust with the statutory audit,
- Declare that the recommendation is free from the influence of third parties,
- State that the Company did not conclude agreements containing contractual clauses that would require the Supervisory Board to choose an audit firm from among a specific category or list of entities authorized to audit.

The recommendation contains at least two options for the selection of the audit firm along with justification and indication of the justified preference of the Audit Committee with respect to one of them.

COMARCH S.A. evaluates the offers submitted by the audit firms in accordance with the selection criteria set out in the tender documentation and prepares a report containing the conclusions of the selection procedure approved by the Audit Committee.

During the procedure of the selection of an audit firm, COMARCH S.A. and the Audit Committee take into consideration any findings or conclusions contained in the annual report referred to in art. 90 sec. 5 of the Act on Chartered Auditors, which may affect the selection of an audit firm.

If the decision of the Supervisory Board regarding the selection of an audit firm deviates from the recommendation of the Audit Committee, the Supervisory Board justifies the reasons for non-compliance

with the recommendation of the Audit Committee and forwards such justification to the body approving the financial statements.

The decision of the Supervisory Board shall be announced publicly by the Management Board in the form of a current report on the selection of the audit firm.

The Supervisory Board, based on the recommendation of the Audit Committee, may extend the contract with the current auditing company to audit financial statements for subsequent at least two-year periods without the need to conduct a tender procedure after taking into account the rules of rotation of the audit firm and the key certified auditor resulting from the law.

Policy in the scope of providing additional services by an audit firm, an entity affiliated to an auditing company or a member of its network.

A statutory auditor or an audit firm that performs statutory audits of the Company or an entity affiliated to the auditing firm or any member of the network to which the statutory auditor or audit firm belongs does not directly or indirectly provide to the Company or its controlled entities any prohibited services that are not audit services.

Prohibited services shall not include services indicated in Art. 136 sec. 2 of the Act on Chartered Auditors. Services that are not prohibited, are possible to the extent not related to the Company's tax policy, after approval by the Audit Committee preceded by the Audit Committee's assessment of threats and safeguards of the independence of the audit firm.

Where applicable, the Audit Committee issues guidelines on services that are not prohibited.

Members of Comarch S.A.'s Management Board as at 31st December , 2018:

Name and surname	Position
Janusz Filipiak	President of the Management Board
Marcin Dąbrowski	Vice-President of the Management Board
Paweł Prokop	Vice-President of the Management Board
Andrzej Przewięźlikowski	Vice-President of the Management Board
Zbigniew Rymarczyk	Vice-President of the Management Board
Konrad Tarański	Vice-President of the Management Board
Marcin Warwas	Vice-President of the Management Board

The Management Board leads the affairs of the Company and operates according to the provisions of the Polish Commercial Companies Code, the Company's Articles of Association, resolutions of the Supervisory Board, resolutions of the Annual General Shareholders' Meeting, the Rules for the Management Board dated the 15th of September, 2017, and to the generally binding legal regulations. The detailed operations of the Management Board were presented in the above-mentioned documents.

f) The most important rules included in the Rules for the Management Board are:

1. The Management Board performs its functions jointly and takes resolutions at meetings of the Management Board and in the manner stipulated below.
2. Meetings of the Management Board shall be held at least once every month. In 2018, all meetings of the Management Board were held on the Company's premises at the Special Economic Zone in Krakow, at the address ul. Prof. Michała Życzkowskiego 23.
3. A meeting of the Management Board shall be called by the President of the Management Board or, in his absence, a member of the Management Board acting as the President of the Management Board.

4. Where all members of the Management Board are present at a meeting of the Management Board, a meeting of the Management Board may be called informally.
5. The President of the Management Board or, in his absence, the person acting as President of the Management Board, may call a meeting of the Management Board at the request of any member of that Board and with the agenda specified by the member making the request. Meetings of the Management Board called in this way shall, however, not be restricted exclusively to this agenda and may consider other items placed on the agenda.
6. Meetings of the Management Board shall be chaired by the President of the Management Board, a person acting as the President of the Management Board or a person nominated by the President of the Management Board.
7. The Management Board shall take decisions in the form of resolutions adopted by open vote.
8. The chairman shall order a secret vote where even one member of the Management Board taking part in the meeting requests this.
9. Resolutions shall be adopted by an absolute majority of votes.
10. A resolution adopted at a meeting of the Management Board is valid only where at least four members of the Management Board, including the President of the Management Board or the person acting as the President of the Management Board, are present.
11. The Management Board may adopt a resolution outside meetings of the Management Board in the following ways:
 - By written vote – in this case each member of the Management Board votes in writing and gives this to the President of the Management Board or to the person acting as President of the Management Board;
 - By written vote – each member of the Management Board signs the contents of the resolution and gives this to the President of the Management Board or to the person acting as the President of the Management Board;
 - voting using telecommunications means in the form of fax, e-mail, Internet or other means of distance communication.
 - Votes cast in the manner set forth above shall be recorded in the book of resolutions and appended to the minutes of the meeting of the Management Board.
 - Where adopted in the manner set out in the third indent, a resolution shall require the votes of all members of the Management Board to be valid.
12. Non-members of the Management Board may be invited to attend its meetings.
13. All meetings of the Management Board require that minutes be taken. These should include at least:
 - The date and place of the meeting.
 - The agenda of the meeting.
 - The names and surnames of the members of the Management Board present at the meeting.
 - The names and surnames of people invited to the meeting of the Management Board and present at the meeting.
 - The exact content of resolutions.
 - The number of votes cast for and against resolutions including the number of abstentions.
 - The subjects discussed.
 - A written record of dissenting opinions expressed.
 - The signatures of the members of the Management Board present at the meeting.
14. The minutes of Management Board meetings shall be kept in the Minutes Book. The Minutes Book shall be maintained by the CEO secretariat.
15. The minutes of Management Board meetings shall be drawn up immediately by CEO secretariat.

16. Performing functions in the Management Board of the Company is the main area of professional activity of a member of the Management Board. Additional professional activity of a member of the Management Board can't lead to such a commitment of time and effort to negatively affect the proper performance of the function performed in the Company. In particular, a member of the Management Board should not be a member of bodies of other entities, if the time devoted to the performance of functions in other entities prevents him from diligently performing his duties in the Company.
17. In the case of resignation or inability to perform activities by a member of the Supervisory Board, the Management Board of the Company immediately takes appropriate actions to supplement or change the composition of the Supervisory Board.
18. The Management Board of the Company is responsible for the implementation and maintenance of the effective internal control systems, risk management, compliance and internal audit functions.
19. The Management Board of the Company presents to the Supervisory Board at least once a year its own assessment of the effectiveness of the systems and functions with the relevant report.
20. A member of the Management Board of the Company should avoid undertaking professional or non-professional activity that could lead to a conflict of interest or adversely affect his reputation as a member of the Company's body. A member of the Management Board in the case of a direct or indirect conflict of interests of the Company with the interests of a member of the Management Board is obliged to notify the Supervisory Board of the Company about the conflict.
21. A member of the Management Board can't accept benefits that could affect impartiality and objectivity in making decisions, or negatively affect the assessment of the independence of his opinions and courts.
22. If a member of the Management Board decides that the Management Board's decision conflicts with the Company's interests, he may request that his position on the subject be included in the minutes of the Management Board meeting.
23. Where there is a direct or indirect conflict between the interests of a member of the Management Board and those of the Company, that member shall inform the Company's Supervisory Board that this is the case.
24. Two members of the Management Board shall participate in the debates of the Annual General Shareholders' Meeting. Members of the Management Board shall themselves decide on which of their number should represent them at the Annual General Shareholders' Meeting.

11. A Description of the Basic Features of the Internal Control and Risk Management Systems the Issuer Uses and How These Relate to the Process of Preparing the Financial Statements

The Company's Management Board is responsible for the Company's accounting in accordance with the Act on Accounting of 29th of September, 1994 (consolidated text, Journal of Laws from 2018, pos. 395 with subsequent changes) and compliant with the Regulation issued by the Minister of Finance on 29th of March, 2018 concerning current and periodical information pertaining to companies traded 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 (consolidated text, Journal of Laws from 2018, pos. 757).

The audited consolidated financial statements are prepared in all significant aspects compliant with the International Financial Reporting Standards, as approved by the European Union. When specifying the scope and methods of consolidation, as well as the relations of dependency, IFRS principles were applied. Consolidation of the Capital Group's financial statement in relation to the subsidiaries was conducted using the full method by summing all the appropriate items from the dominant unit and the consolidated subsidiaries' financial statements in the full amount. In relation to the associates the equity method was applied. The value of the share of the dominant unit in the associate was adjusted in the

interest of the dominant unit by the increase in the associate's equity occurring within the consolidating period.

When preparing financial statements and consolidated financial statements internal control and risk management at Comarch S.A. are effected in accordance with the Company's internal procedures for drawing up and approving financial statements. In accordance with the Act on Accounting of 29th of September, 1994, the Company maintains documents describing the accounting principles it has adopted. These include, but are not limited to, information on the methods for valuing assets, for valuing equity and liabilities, for determining the financial result, for maintaining the accounting ledgers and for the protection and security of data and sets of data.

Both financial statements and consolidated financial statements are prepared jointly by people working in the accountancy, the capital market, the control and the finance departments under the supervision of the Head Accountant and Chief Financial Officer. Financial statements and consolidated financial statements are audited, and half-year financial statements are reviewed by an independent expert auditor elected by the Company's Supervisory Board.

12. Description of the Diversity Policy

Comarch Group make every effort to ensure balanced share of women and men in performing functions of management and supervisory boards' members in companies. Compliant with Working Rules, employer is obliged to: „counteract discrimination in employment, in particular in relation to gender, age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed, sexual orientation.” Moreover, employees of Comarch Group. „should be treated equally within the scope of beginning and terminating work, employment conditions, promotion and trainings availability in order to improve professional qualification, in particular regardless of gender, age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed, sexual orientation, and regardless whether employed definite or indefinite time, full-time or part-time.” Comarch policy does not create any barriers in relation to gender, views, sexual orientation, ethnic or race origin within the scope of employing and personal policy. It does not contribute to direct or indirect discrimination due to gender, age, disability, race, religion, nationality, politic beliefs, union affiliation, ethnic origin, creed and sexual orientation.

Representatives of the management bodies of the Comarch Group companies are citizens of different countries. The supervisory boards of Comarch Group companies include 6 women and 34 men. The management boards of the Comarch Group companies include mainly men (125 against 15 women), which is primarily related to the nature of the Comarch Group's operations and the specifics of the IT industry, in which men form a significant majority. It should also be emphasized that a large part of the management board members are people associated with Comarch for many years, possessing extensive knowledge in the field of IT technology and qualifications necessary for the positions held. In connection with the above, it should be assumed that in the nearest future there will be no major changes in the share of women in these management bodies.

The Comarch Group constantly increases the percentage share of women's employment, however, when deciding about employment, the employee's qualifications are taken into account, not the gender. Women constitute approx. 31% of employees employed by the Comarch Group companies and about 25% of the management staff of the Comarch Group companies, which is a high proportion of women in total employment, especially taking into account the technical nature of the Comarch Group's operations.

The Comarch age structure is very diverse. Comarch employs a lot of people under 30, which is typical for the IT industry. Persons in managerial positions are usually in the 30-50 age group, which also characterizes the management boards and supervisory boards.

The Management Board's statement regarding the reliability of the financial statement

The Management Board of Comarch S.A. states that to the best of our knowledge, the annual consolidated financial statement for the year 2018 and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the issuer and its financial results. Furthermore, the annual report regarding the issuer's activities truly describes the development image and achievements as well as the issuer's situation including basic threats and risk.

Kraków, 29th of April, 2019

Name and surname	Position	Signature
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-President of the Management Board	
Paweł Prokop	Vice-President of the Management Board	
Andrzej Przewięźlikowski	Vice-President of the Management Board	
Zbigniew Rymarczyk	Vice-President of the Management Board	
Konrad Tarański	Vice-President of the Management Board	
Marcin Warwas	Vice-President of the Management Board	

Information of the Management Board of Comarch S.A. prepared on the basis of the statement of the Supervisory Board of Comarch S.A. on the selection of an audit firm

The Management Board of Comarch S.A. informs that::

- a) the selection of the audit firm conducting the audit of the annual consolidated financial statements has been carried out in accordance with the regulations, including the selection and procedure for the selection of an audit firm,
- b) the auditing company and the members of the audit team met the conditions for drawing up an unbiased and independent audit report on the annual consolidated financial statements in accordance with applicable regulations, professional standards and professional ethics,
- c) the applicable regulations regarding the rotation of the auditing company and the key statutory auditor and mandatory grace periods,
- d) The Company has a policy regarding the selection of an auditing company and a policy for providing the Company with an auditor, an entity related to the auditing company or a member of its network of additional non-audit services, including conditionally exempt services from the audit company.

Kraków, 29th of April, 2019

Name and surname	Position	Signature
Janusz Filipiak	President of the Management Board	
Marcin Dąbrowski	Vice-President of the Management Board	
Paweł Prokop	Vice-President of the Management Board	
Andrzej Przewięźlikowski	Vice-President of the Management Board	
Zbigniew Rymarczyk	Vice-President of the Management Board	
Konrad Tarański	Vice-President of the Management Board	
Marcin Warwas	Vice-President of the Management Board	

The Assessment Made by the Supervisory Board of Comarch S.A. with Justification, Regarding the Report on the Activities of the Issuer's Capital Group and the Consolidated Financial Statement in Terms of Their Compliance with the Books, Documents and the Actual Situation

In the period covered by the report, the Supervisory Board of Comarch S.A. monitored the current situation of the Comarch Group and gave its opinion on the Group's ongoing and planned activities. In particular, the Supervisory Board reviewed the quarterly, semi-annual and annual financial statements of the Comarch Group. Each time, after the publication of financial reports, the Supervisory Board meetings took place at which the Supervisory Board got acquainted with financial results and analysed the scope, reliability, correctness and transparency of data presented in the consolidated financial statements published by the Group. The Audit Committee of the Supervisory Board also held meetings with representatives of the entity authorized to audit and review the financial statements of the Comarch Group. Based on the actions taken, the Supervisory Board states that the financial statements and the report on the operations of the Comarch Group present the required information in a reliable, correct and clear manner, and the accounting methods adopted by the Company have been applied in accordance with the applicable laws. In the opinion of the Supervisory Board, the report on the activities of the issuer's Capital Group and the consolidated financial statement are consistent with the books, documents and the actual situation.

Krakow, 29th of April, 2019

Name and surname	Position	Signature
Elżbieta Filipiak	Chairwoman of the Supervisory Board	
Maciej Brzeziński	Vice Chairman of the Supervisory Board	
Robert Bednarski	Member of the Supervisory Board	
Danuta Drobniak	Member of the Supervisory Board	
Wojciech Kucharzyk	Member of the Supervisory Board	
Anna Ławrynowicz	Member of the Supervisory Board	
Anna Pruska	Member of the Supervisory Board	

Declaration of the Supervisory Board regarding the Audit Committee

The Supervisory Board of Comarch S.A. declares that:

a) provisions regarding the appointment, composition and functioning of the Audit Committee are respected, including the fulfilment by its members of the independence criteria and requirements regarding the possession of knowledge and skills in the industry in which the Company operates and in the field of accounting or auditing of financial statements,

b) The Audit Committee performed the tasks of the audit committee provided for in the applicable regulations.

Kraków, 29th of April, 2019

Name and surname	Position	Signature
Elżbieta Filipiak	Chairwoman of the Supervisory Board	
Maciej Brzeziński	Vice Chairman of the Supervisory Board	
Robert Bednarski	Member of the Supervisory Board	
Danuta Drobniak	Member of the Supervisory Board	
Wojciech Kucharzyk	Member of the Supervisory Board	
Anna Ławrynowicz	Member of the Supervisory Board	
Anna Pruska	Member of the Supervisory Board	