



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

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**PLN 89.4  
million of  
operating  
profit**

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

**PLN 966  
million of  
sales  
revenue**

**Over 4,600  
professionals  
employed**

**57  
companies  
worldwide**

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

**44% share of  
foreign sales in  
revenue from  
sales**

## 1. Information about the Company

|  |   |
|--|---|
| Name of the company:   | Comarch Spółka Akcyjna („Company”)      |
| Address of the company:                                      | 31-864 Kraków, Aleja Jana Pawła II 39 A |
| Telephone:   | (12) 646 10 00                          |
| Fax:   | (12) 646 11 00                          |
| Regon (the National Official Register of Business Entities): | 350527377                               |
| Tax identification number (NIP):                             | 677-00-65-406                           |

### 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 31<sup>st</sup> 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 31<sup>ST</sup> OF DECEMBER, 2018

| 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 | 84,526           | 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                           |
| <b>Total</b>                                    | <b>8,133,349</b> | <b>100.00</b>      | <b>15,126,949</b>                    | <b>100.00</b>                   |

#### AT THE 29<sup>TH</sup> 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                           |
| <b>Total</b>                                    | <b>8,133,349</b> | <b>100.00</b>      | <b>15,126,949</b>                    | <b>100.00</b>                   |

\*) On the 4<sup>th</sup> 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 16<sup>th</sup> of April, 2014, on market abuse. These transactions concerned: a purchase on the 4<sup>th</sup> 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 4<sup>th</sup>

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 4<sup>th</sup> of March, 2019.

## 1.2. Comarch S.A.'s Board of Supervisors and Management Board

### a) Members of Comarch S.A.'s Board of Supervisors as at 31<sup>st</sup> 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 Drobnia     | 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 29<sup>TH</sup> OF APRIL, 2019

Without changes.

### b) Members of Comarch S.A.'s Management Board as at 31<sup>st</sup> 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 29<sup>TH</sup> OF APRIL, 2019

| 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 4<sup>th</sup> 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 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a purchase on the 4<sup>th</sup> 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 4<sup>th</sup> of March, 2019.

\*\*) On the 4<sup>th</sup> 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 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a purchase on the 4<sup>th</sup> 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 4<sup>th</sup> 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 40](#) 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.

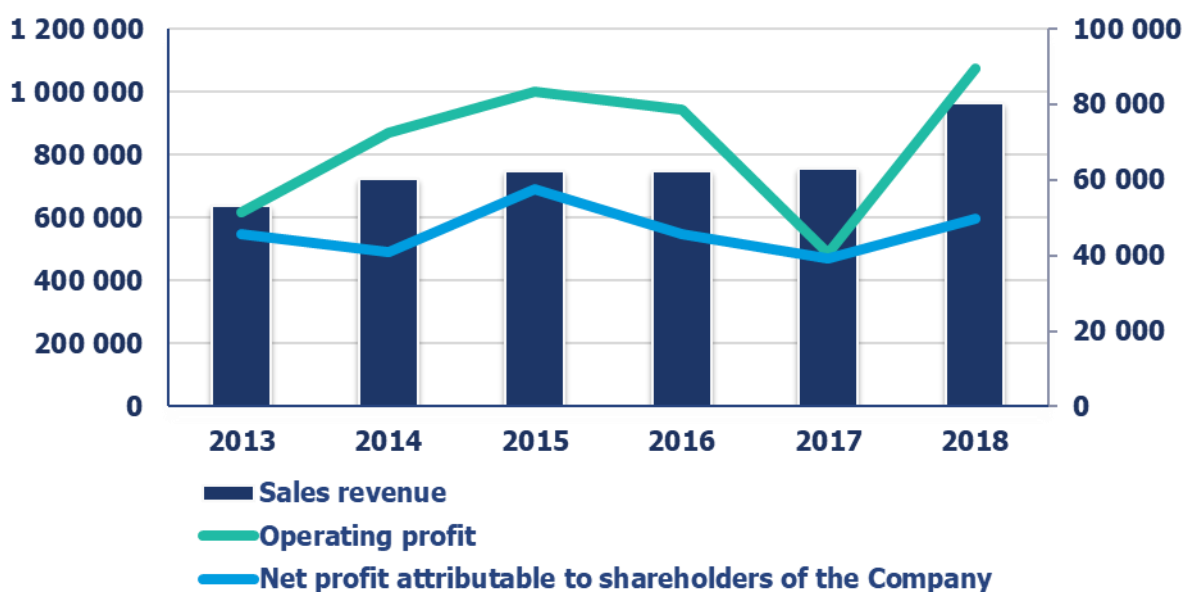
## 2. Basic Economics and Financial Values

### 2.1. Selected Financial Data

|   | 2018      | 2017      | 2016      | 2015      | 2014      |
|---|-----------|-----------|-----------|-----------|-----------|
| Revenues from sales                             | 966,100   | 755,517   | 749,213   | 749,556   | 724,825   |
| Revenues from sales of proprietary IT solutions | 899,001   | 730,197   | 720,021   | 677,941   | 638,094   |
| Operating profit                                | 89,389    | 40,533    | 78,834    | 83,377    | 72,508    |
| EBITDA*   | 132,825   | 78,585    | 114,135   | 114,881   | 102,044   |
| Net profit                                      | 49,649    | 39,338    | 45,588    | 57,683    | 41,049    |
| Profit per share (in PLN)                       | 6,10      | 4,84      | 5,61      | 7,09      | 5,06      |
| Assets  | 1,334,900 | 1,247,206 | 1,162,245 | 1,117,308 | 1,041,911 |
| Book value                                      | 834,190   | 796,984   | 771,742   | 731,905   | 677,089   |
| Book value per share (in PLN)                   | 102.56    | 97.99     | 94.89     | 89.99     | 83.33     |

\*) Operating profit + Depreciation

In 2018, the revenues from sales increased by PLN 210.6 million, i.e. 27.9% compared to that in 2017. Operating profit amounted to PLN 89.4 million and was higher by 120.5% compared to that achieved in 2017. Net profit in 2018 was higher by PLN 10.3 million, i.e. by 26.2%.



In 2018, EBIT margin was 9.3%, while net margin was 5.1%.

### 2.2. Employment and Production Capacity of Comarch S.A.

As at 31<sup>st</sup> of December, 2018, in Comarch S.A. there were 4,679 employees compared to 4,303 persons as at 31<sup>st</sup> of December, 2017.



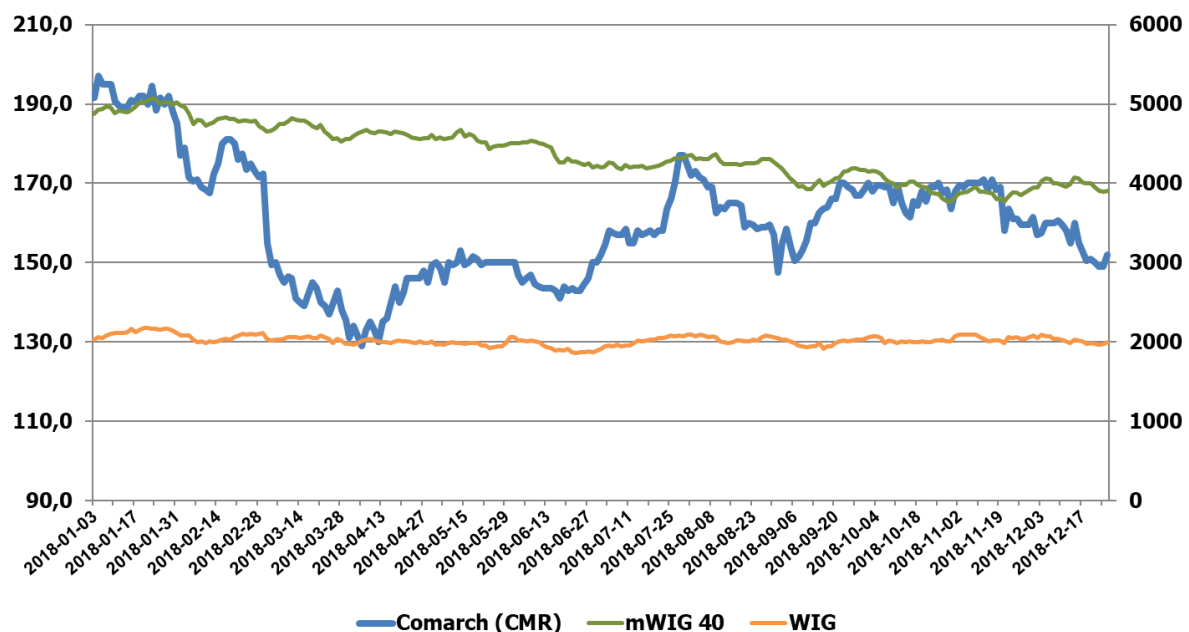
Average employment in Comarch S.A. from 2014 to 2018 is presented in tables below:

| Average number of employees | 2018         | 2017         | 2016         | 2015         | 2014         |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| full-time                   | 3,753        | 3,492        | 3,416        | 3,121        | 2,678        |
| co-workers                  | 934          | 844          | 888          | 860          | 695          |
| <b>Total</b>                | <b>4,687</b> | <b>4,336</b> | <b>4,304</b> | <b>3,981</b> | <b>3,373</b> |

| Average number of employees                    | 2018         | 2017         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|--------------|--------------|
| production employees and technical consultants | 4,052        | 3,733        | 3,698        | 3,403        | 2,831        |
| marketing and sales                            | 168          | 161          | 179          | 177          | 187          |
| management and administrative employees        | 407          | 372          | 353          | 340          | 297          |
| other  | 60           | 70           | 74           | 61           | 58           |
| <b>Total</b>                                   | <b>4,687</b> | <b>4,336</b> | <b>4,304</b> | <b>3,981</b> | <b>3,373</b> |

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 19 branches located in urban centres in Poland. As at 31<sup>st</sup> of December, 2018, 2,884 employees were employed in Krakow, 1,795 in other cities in Poland.

### 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 1<sup>st</sup> of January, 2018, and 31<sup>st</sup> 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<br>31 December 2018<br>/ 31 December 2018 | 12 months ended<br>31 December 2017<br>/ 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 unconsolidated data             |   |   |
| P/E at the balance sheet date              | 24.90   | 39.26   |
| P/BV at the balance sheet date             | 1.48  | 1.94  |
| P/S at the balance sheet date              | 1.28  | 2.05  |

### 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 KPN B.V., Orange Polska S.A., Telia Finland Oyj, Vodafone Procurement Company S.a.r.l., GEMALTO ARABIA LTD. 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 Catalog 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 catalog-driven mechanism, become agreements seamlessly upon approval.

## PROVIDING ENTERPRISE SERVICES GLOBALLY

**Enterprise Product Catalog** enables simple and flexible storage of the entire CSP product portfolio in one place. The solution sets up several slave catalogs 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 modeling of any type of service from SLAs and offers up to central Product Catalog. 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 fulfillment 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 centers 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 Fulfillment & Orchestration** is a solution designed to reduce time to market and automate the telecom service fulfillment 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 modeled 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 portfolio of satisfied clients, won during our 20-year history, and scattered throughout 30 countries, includes: ING Bank Śląski S.A., Alior Bank S.A., Santander Bank Polska S.A., BNP Paribas Bank Polska S.A., Siam Commercial Bank PCL, Raiffeisen Bank Polska S.A..

### 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 analyze 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

#### PRODUCTS

**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 Centers 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 Center 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. An 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](http://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 optimized to best reflect business processes and organization 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 E2D**

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: BP Europa SE, True Digital and Media Platform Company Limited, NN Re (Netherlands) N.V., Philip Morris Sales and Marketing Ltd., KUWAIT PETROLEUM (BELGIUM) NV, Nationale-Nederlanden Usługi Finansowe sp. z o.o.

### 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 i 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 i 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 S.A. provides part of the Comarch Group solutions dedicated to the health market.

#### City of Health

"City of Health" is a service-IT platform, consisting of a set of mutually interconnected applications and IT systems. The service addressed to regions and cities is an effective tool for implementing regional health policy. The concept of "City of Health" focuses on residents as recipients and clients of provided health care services. It is the result of Comarch's practical experience in implementing regional platforms in the country:

- Wielkopolskie e-Zdrowie
- Regional System of Medical Information
- Podlaski IT System e-Zdrowie
- E-Health for Mazowsze
- Malopolski System of Medical Information

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

Due to the type of IT systems offered by Comarch S.A., medium-size and large companies (who are the 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 Company'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 and South and North America. 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 S.A. sales.

Due to the specific nature of the industry, in which Comarch S.A. 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 S.A. sales.

## 5. Sales Structure

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

|              | 2018           | %             | 2017           | %             | 2016           | %             |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Domestic     | 537,266        | 55.6%         | 404,925        | 53.60%        | 390,379        | 52.1%         |
| Export       | 428,834        | 44.4%         | 350,592        | 46.40%        | 358,834        | 47.9%         |
| <b>Total</b> | <b>966,100</b> | <b>100.0%</b> | <b>755,517</b> | <b>100.0%</b> | <b>749,213</b> | <b>100.0%</b> |

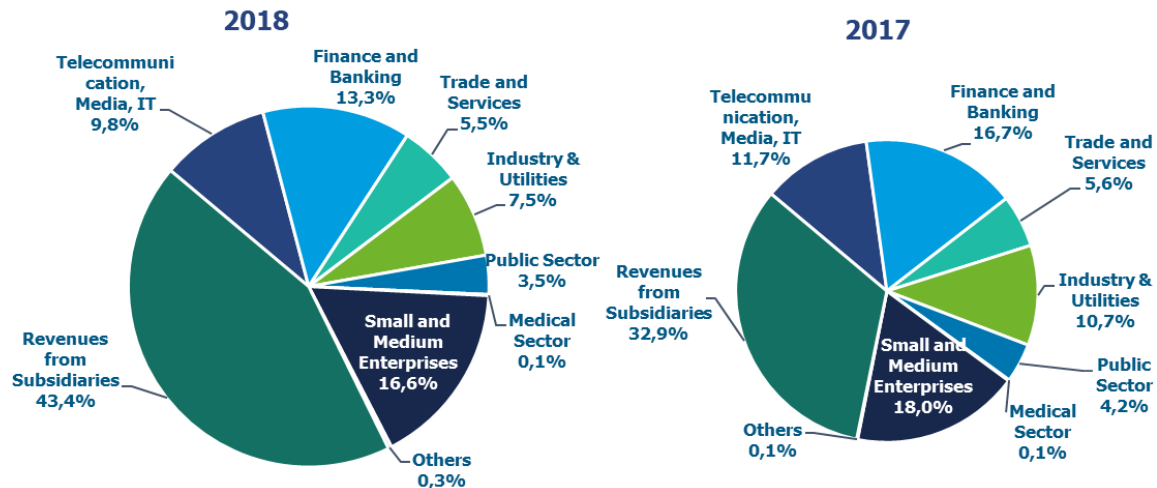
In 2018, revenue from the Company's sales increased by PLN 210.6 million, i.e. 27.9% compared to 2017. Export sales increased by PLN 78.2 million, i.e. 22.3%, mainly as a result of increasing sales made through subsidiaries. Revenue from domestic sales increased by PLN 132.3 million, i.e. by 32.7%, mainly due to the development of sales to customers from the Public sector and the growing sales of ERP solutions in Poland.

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

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

|                              | 2018           | %             | 2017           | %             | 2016           | %             |
|------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Telecommunication, Media, IT | 95,498         | 9.8%          | 88,762         | 11.7%         | 87,693         | 11.7%         |
| Finance and Banking          | 128,502        | 13.3%         | 126,518        | 16.7%         | 125,752        | 16.8%         |
| Trade and Services           | 52,681         | 5.5%          | 42,598         | 5.6%          | 54,549         | 7.3%          |
| Industry & Utilities         | 72,734         | 7.5%          | 80,675         | 10.7%         | 101,664        | 13.6%         |
| Public Sector                | 33,505         | 3.5%          | 31,522         | 4.2%          | 36,470         | 4.9%          |
| Medical Sector               | 606            | 0.1%          | 434            | 0.1%          | 345            | 0.0%          |
| Small and Medium Enterprises | 160,419        | 16.6%         | 135,843        | 18.0%         | 116,841        | 15.6%         |
| Others                       | 2,456          | 0.3%          | 604            | 0.1%          | 501            | 0.0%          |
| Revenues from Subsidiaries   | 419,699        | 43.4%         | 248,561        | 32.9%         | 225,398        | 30.1%         |
| <b>Total</b>                 | <b>966,100</b> | <b>100.0%</b> | <b>755,517</b> | <b>100.0%</b> | <b>749,213</b> | <b>100.0%</b> |

In 2018, a significant increase was recorded in sales revenue to subsidiaries (PLN 171.1 million, i.e. 68.9%), which is mainly due to the development of sales carried out by these entities on foreign markets (especially in the Telecommunications sector) and in the Public sector in Poland. In the previous year, revenue from sales to customers from the SME sector increased significantly (an increase of PLN 24.6 million, i.e. 18.1%), their share in total sales amounted to 16.6%. Sales to clients in the Trade and Services sector also increased significantly (an increase of PLN 10.1 million, i.e. by 23.7%), its share remained at last year's level. Sales of Comarch S.A. to clients from the Telecommunications, Media and IT sector increased by PLN 6.7 million, i.e. 7.6%, and its share remained at a similar level as in 2017. The increase in sales also occurred in the case of customers from the Financial and Banking sector (sales revenue increased by PLN 2 million, i.e. 1.6%) and the Public sector (sales revenue increased by PLN 2 million, i.e. 6.3%). The finance and banking were responsible for 13.3% of total Comarch S.A. revenue in 2018, and the Public sector was responsible for 3.5% of Comarch S.A. revenue in the reporting period. Sales to the Medicine sector remained on a similar level to the last year.

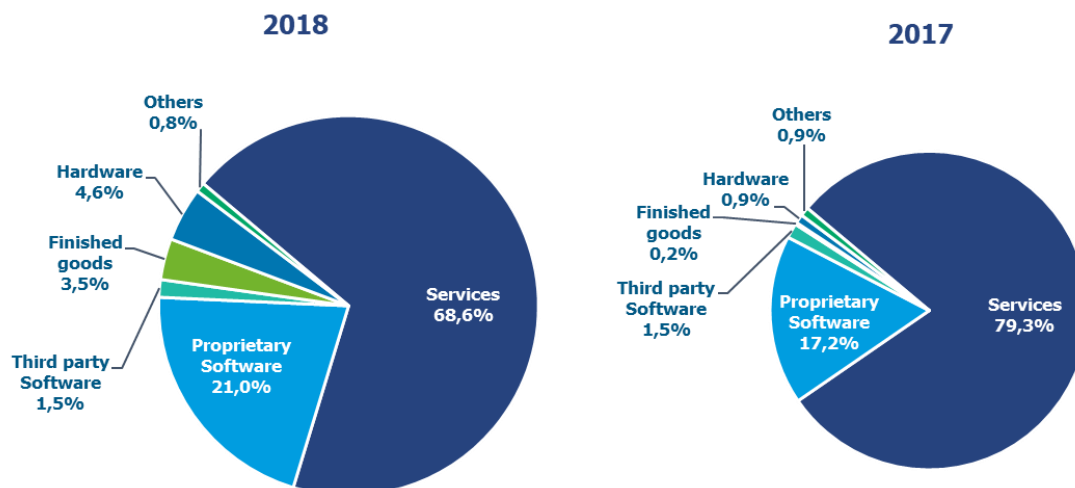


The structure of sales remained stable during the financial year.

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

|                      | 2018           | %             | 2017           | %             | 2016           | %             |
|----------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Services             | 662,341        | 68.6%         | 598,795        | 79.3%         | 582,389        | 77.7%         |
| Proprietary Software | 203,323        | 21.0%         | 130,237        | 17.2%         | 137,214        | 18.3%         |
| Third party Software | 14,850         | 1.5%          | 11,310         | 1.5%          | 17,069         | 2.3%          |
| Finished goods       | 33,337         | 3.5%          | 1,165          | 0.2%          | 418            | 0.1%          |
| Hardware             | 44,189         | 4.6%          | 6,808          | 0.9%          | 5,963          | 0.8%          |
| Others               | 8,060          | 0.8%          | 7,202          | 0.9%          | 6,160          | 0.8%          |
| <b>Total</b>         | <b>966,100</b> | <b>100.0%</b> | <b>755,517</b> | <b>100.0%</b> | <b>749,213</b> | <b>100.0%</b> |

In 2018, as in the previous years, the largest part of the sales revenue of Comarch S.A. were services. It is related to the business model of services in sales of IT solutions adopted by Comarch. In 2018 there was an increase in sales of services of PLN 63.5 million, i.e. of 10.6%. Revenue from the sales of proprietary software grew dynamically: by PLN 73.1 million, i.e. by 56.1%. The share of services and proprietary software in total sales amounted to 89.6%. Revenue from the sales of third party software increased by PLN 3.5 million, i.e. 31.3%, and sales of hardware increased by PLN 37.4 million, i.e. by 549.1%, their combined share in total sales of Comarch S.A. remained at a relatively low level of 6.1%. The sales of finished goods were significantly higher than in 2017 (an increase of PLN 32.2 million, i.e. 2761.5%), mainly as the result of an increased supply of proprietary software to customers from the public sector.



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

## 6. Factors Essential for Development of the Issuer

### 6.1. Internal Factors

- Steady increase in export sales and significance of foreign sales;
- Position and reputation of the Company affecting the nature of clients acquired;
- Commercial operations of Comarch S.A. in the special economic zone in Krakow;
- 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,
- Attractive training policy and attractive work conditions offered for employees of the Company;
- Increasing awareness of the Comarch brand among prospective clients by promotion managed through marketing campaigns, including sports marketing (MKS Cracovia SSA);
- Necessity of continuous investment in human resources to maintain the Company's competitive edge in following years;
- High levels of investment expenditure designated for research and development activity and development of new products and IT services;
- 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

- 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;
- 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) increasing competition, affecting the reduction of margins achieved; competition between IT companies;
- f) constant pressure to increase wages in the IT industry; decreasing number of technical university graduates with IT education;
- g) increasing competition on the local job market in the IT sector in Krakow and other business locations of the Company;
- 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**

Comarch S.A. is exposed to the following main types of financial risk:

### **7.1. Credit Risk**

Comarch S.A. 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 Company 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.

### **7.3. 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 are also expressed in, or related to exchange rates for foreign currencies. In individual cases, the 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 a change of credit's currency from PLN to EUR performed lately). The balance sheet value of assets and financial liabilities of the Company 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.

#### **7.4. Financial Liquidity Risk**

The Company 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 Company are fixed, while revenue from sales, as is typical for a services Company, fluctuates. The Company 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 Company and Anticipated Financial Situation in 2019**

In 2018, the demand for IT services and IT products has increased, with changes in its structure. The company observed an increase in demand for ERP solutions for SME sector, an increase in sales by subsidiaries of the Comarch Group (especially related to the Telecommunications sector and the Public sector) and a stable demand for IT solutions from customers from other sectors. The Company'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 continue to have a decisive impact on Comarch'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 in international markets additionally increases sales volume and enhance the image of Comarch S.A. among international corporations, thus strengthening the competitive position of Comarch. 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 Company is its high innovativeness and growth in demand for delivery of IT solutions in a service model - Comarch SA 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 Company'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 Company does not expect any significant changes in its financial situation or in terms of the risks associated with its activities.

## 9. Financial Analysis

|                               | 31<br>December<br>2018 | %             | 31<br>December<br>2017 | %             | Change         | Change<br>%  |
|-------------------------------|------------------------|---------------|------------------------|---------------|----------------|--------------|
| <b>I. Non-current assets</b>  | <b>736,083</b>         | <b>55.2%</b>  | <b>756,155</b>         | <b>60.7%</b>  | <b>-20,072</b> | <b>-2.7%</b> |
| Intangible assets             | 11,048                 | 0.8%          | 14,628                 | 1.2%          | -3,580         | -24.5%       |
| Property, plant and equipment | 332,185                | 24.9%         | 346,398                | 27.8%         | -14,213        | -4.1%        |
| Long-term investment          | 383,826                | 28.8%         | 386,122                | 31.0%         | -2,296         | -0.6%        |
| Non-current prepayments       | 9,024                  | 0.7%          | 9,007                  | 0.7%          | 17             | 0.2%         |
| <b>II. Current assets</b>     | <b>598,817</b>         | <b>44.8%</b>  | <b>491,051</b>         | <b>39.3%</b>  | <b>107,766</b> | <b>21.9%</b> |
| Inventories                   | 61,435                 | 4.6%          | 78,120                 | 6.3%          | -16,685        | -21.4%       |
| Current receivables           | 376,939                | 28.2%         | 312,373                | 25.0%         | 64,566         | 20.7%        |
| Short-term investment         | 70,762                 | 5.3%          | 57,670                 | 4.6%          | 13,092         | 22.7%        |
| Current prepayments           | 89,681                 | 6.7%          | 42,888                 | 3.4%          | 46,793         | 109.1%       |
| <b>TOTAL ASSETS</b>           | <b>1,334,900</b>       | <b>100.0%</b> | <b>1,247,206</b>       | <b>100.0%</b> | <b>87,694</b>  | <b>7.0%</b>  |

As of the end of 2018, the value of the Company's assets increased by 7.0% compared to 2017, i.e. from PLN 1,247.2 million to PLN 1,334.9 million, as a result of an increase of current assets. This increase was mainly due to an increase in the value of current receivables (increase of PLN 64.6 million, i.e. of 20.7%), current prepayments (increase of PLN 46.8 million, i.e. by 109.1%) and short-term investments (increase of PLN 13.1 million, i.e. of 22.7%). Inventories reported a PLN 16.7 million decline, i.e. 21.4%.

Compared to the previous year, the value of non-current assets decreased by PLN 20.1 million, which is to a large extent the result of a decrease in the value of property, plant and equipment (by PLN 14.2 million, i.e. 4.1%) resulting from the transfer to investment property of the building belonging to Comarch S.A. intended for rent. Intangible assets decreased by PLN 3.6 million, i.e. by 24.5% and long-term investments by PLN 2.3 million, i.e. by 0.6%. Non-current prepayments remained at the previous year's level.

|   | 31<br>December<br>2018 | %            | 31<br>December<br>2017 | %            | 2018/<br>2017 | %            |
|---|------------------------|--------------|------------------------|--------------|---------------|--------------|
| <b>I. Equity</b>                                      | <b>834,190</b>         | <b>62.5%</b> | <b>796,984</b>         | <b>64.0%</b> | <b>37,206</b> | <b>4.7%</b>  |
| Share capital   | 8,133                  | 0.6%         | 8,133                  | 0.7%         | 0             | 0.0%         |
| Supplementary capital                                 | 680,501                | 51.0%        | 653,363                | 52.4%        | 27,138        | 4.2%         |
| Revaluation reserve                                   | 95,162                 | 7.1%         | 95,405                 | 7.6%         | -243          | -0.3%        |
| Other reserve capitals                                | 745                    | 0.1%         | 745                    | 0.1%         | 0             | 0.0%         |
| Previous years' profit (loss)                         | 0                      | 0.0%         | 0                      | 0.0%         | 0             | 0%           |
| Net profit (loss)                                     | 49,649                 | 3.7%         | 39,338                 | 3.2%         | 10,311        | 26.2%        |
| <b>II. Liabilities and provisions for liabilities</b> | <b>500,711</b>         | <b>37.5%</b> | <b>450,222</b>         | <b>36.0%</b> | <b>50,489</b> | <b>11.2%</b> |
| Provisions for liabilities                            | 144,309                | 10.8%        | 122,701                | 9.8%         | 21,608        | 17.6%        |
| Non-current liabilities                               | 152,343                | 11.4%        | 154,762                | 12.4%        | -2,419        | -1.6%        |
| Current liabilities                                   | 157,089                | 11.8%        | 155,174                | 12.4%        | 1,915         | 1.2%         |

|                                     |                  |               |                  |               |               |             |
|-------------------------------------|------------------|---------------|------------------|---------------|---------------|-------------|
| Accruals                            | 46,970           | 3.5%          | 17,585           | 1.4%          | 29,385        | 167.1%      |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>1,334,901</b> | <b>100.0%</b> | <b>1,247,206</b> | <b>100.0%</b> | <b>87,695</b> | <b>7.0%</b> |

The value of equity increased in 2018 by 4.7% and its share in the liabilities structure is slightly lower than last year (62.5% compared to 64.0% in 2017). The increase in equity is related to the transfer of retained profit for 2018 to supplementary capital and the net profit generated in 2018. Share capital, revaluation reserve and other reserve capitals maintained a level similar to the last year.

Liabilities and provisions for liabilities constituted 37.5% of total equity and liabilities versus 36.0% a year earlier. In 2018, the balance of current liabilities amounted to PLN 157.1 million and was PLN 1.9 million higher than in 2017. The value of non-current liabilities decreased by PLN 2.4 million, mainly as a result of regular repayment of bank loans related to the ones performed by Comarch S.A. infrastructure investments. Provisions for liabilities increased by PLN 21.6 million, i.e. by 17.6%.

|   | 2018           | %             | 2017           | %             | 2018/<br>2017  | %             |
|---|----------------|---------------|----------------|---------------|----------------|---------------|
| <b>I. Net revenues from sales of products, finished goods and materials</b> | <b>966,100</b> | <b>100.0%</b> | <b>755,517</b> | <b>100.0%</b> | <b>210,583</b> | <b>27.9%</b>  |
| II. Cost of products, finished goods and materials sold                     | 719,140        | 74.4%         | 576,096        | 76.3%         | 143,044        | 24.8%         |
| <b>III. Gross profit (loss) from sales (I-II)</b>                           | <b>246,960</b> | <b>25.6%</b>  | <b>179,421</b> | <b>23.7%</b>  | <b>67,539</b>  | <b>37.6%</b>  |
| IV. Costs of sales  | 73,067         | 7.6%          | 72,449         | 9.6%          | 618            | 0.9%          |
| V. Administrative costs   | 55,517         | 5.7%          | 53,971         | 7.1%          | 1,546          | 2.9%          |
| <b>VI. Profit (loss) on sales (III-IV-V)</b>                                | <b>118,376</b> | <b>12.3%</b>  | <b>53,001</b>  | <b>7.0%</b>   | <b>65,375</b>  | <b>123.3%</b> |
| VII. Other operating revenues   | 1,972          | 0.2%          | 1,280          | 0.2%          | 692            | 54.1%         |
| VIII. Other operating costs   | 30,959         | 3.2%          | 13,748         | 1.8%          | 17,211         | 125.2%        |
| <b>IX. Profit (loss) on operating activities (VI+VII-VIII)</b>              | <b>89,389</b>  | <b>9.3%</b>   | <b>40,533</b>  | <b>5.4%</b>   | <b>48,856</b>  | <b>120.5%</b> |
| X. Financial revenues   | 10,845         | 1.1%          | 26,971         | 3.6%          | -16,126        | -59.8%        |
| XI. Finance costs   | 43,159         | 4.5%          | 23,260         | 3.1%          | 19,899         | 85.6%         |
| <b>XII. Profit (loss) on business activities (IX+X-XI)</b>                  | <b>57,075</b>  | <b>5.9%</b>   | <b>44,244</b>  | <b>5.9%</b>   | <b>12,831</b>  | <b>29.0%</b>  |
| <b>XIII. Gross profit (loss) (XII)</b>                                      | <b>57,075</b>  | <b>5.9%</b>   | <b>44,244</b>  | <b>5.9%</b>   | <b>12,831</b>  | <b>29.0%</b>  |
| XIV. Income tax   | 7,426          | 0.8%          | 4,906          | 0.7%          | 2,520          | 51.4%         |
| <b>XV. Net profit (loss) (XIII-XIV)</b>                                     | <b>49,649</b>  | <b>5.1%</b>   | <b>39,338</b>  | <b>5.2%</b>   | <b>10,311</b>  | <b>26.2%</b>  |

In 2018, Comarch S.A. generated PLN 966,1 million of sales revenue, which is an increase of 27.9% compared to the same period of 2017. The Company's operating profit in 2018 amounted to 89.4 million PLN, and the net profit was 49.6 million PLN.

| Profitability Analysis | 2018  | 2017  | 2016  | 2015  | 2014  |
|------------------------|-------|-------|-------|-------|-------|
| Margin on sales        | 25.6% | 23.7% | 29.3% | 30.1% | 30.6% |
| EBIT margin            | 9.3%  | 5.4%  | 10.5% | 11.1% | 10.0% |
| Gross margin           | 5.9%  | 5.9%  | 7.5%  | 8.9%  | 7.4%  |
| Net margin             | 5.1%  | 5.2%  | 6.1%  | 7.7%  | 5.7%  |
| Return on assets       | 3.7%  | 3.2%  | 3.9%  | 5.2%  | 3.9%  |
| Return on equity       | 6.3%  | 5.2%  | 6.3%  | 8.6%  | 6.5%  |

The margin on sales increased from 23.7% to 25.6%. Other indicators have also increased. EBIT margin in 2018 increased from 5.4% to 9.3%, while net margin amounted to 5.1%.

| Liquidity analysis                | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------------------------|------|------|------|------|------|
| Current ratio                     | 2.9  | 2.8  | 3.2  | 3.0  | 3.1  |
| Quick ratio                       | 2.2  | 2.1  | 2.6  | 2.5  | 2.7  |
| Cash to current liabilities ratio | 0.3  | 0.3  | 0.4  | 0.5  | 0.7  |

As in previous years, also in 2018 the Company was characterized by very good financial liquidity. In 2018, the ratios increased slightly in relation to 2017. In the opinion of the Management Board, Comarch S.A. has no problems with meeting contracted financial liabilities on time. Temporarily free funds are invested by the Company in safe financial instruments such as bank deposits and shares in financial investment funds.

| Turnover analysis  | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------|------|------|------|------|
| Current asset turnover ratio   | 1.6  | 1.5  | 1.6  | 1.8  | 1.8  |
| Receivables turnover ratio (days)  | 140  | 149  | 156  | 140  | 131  |
| Inventories turnover ratio (days)  | 26   | 40   | 24   | 15   | 12   |
| Liabilities turnover ratio (days)  | 131  | 159  | 137  | 128  | 130  |
| Liabilities turnover excluding liabilities due to investment credit ratio (days) | 67   | 80   | 70   | 72   | 69   |

Turnover ratios confirm the effective use of the Company's funds. In 2018, all rotation rates decreased. Current asset turnover ratio has slightly increased.

| Debt analysis                         | 2018  | 2017  | 2016  | 2015  | 2014  |
|---------------------------------------|-------|-------|-------|-------|-------|
| Debt ratio                            | 37.5% | 36.1% | 33.6% | 34.5% | 35.0% |
| Debt ratio due to non-current credits | 11.4% | 12.4% | 10.4% | 9.1%  | 10.0% |
| Debt/equity ratio                     | 60.0% | 56.5% | 50.6% | 52.7% | 53.9% |

Due to the increase in value of liabilities, the debt ratio and debt/equity ratio in 2018 increased slightly compared to the previous year, but remain at safe levels. The debt ratio due to non-current credits dropped from 12.4% to 11.4%. 62.5% of the Company's funds come from internal financing and 37.5% come from outside financing.

### Methods of Calculation of Financial Ratios

#### Debt ratios

$$\text{debt ratio} = \frac{\text{liabilities and provisions for liabilities}}{\text{total equity and liabilities}}$$

$$\text{debt ratio due to non-current credits} = \frac{\text{non-current liabilities}}{\text{total equity and liabilities}}$$

$$\text{debt/equity ratio} = \frac{\text{liabilities and provisions for liabilities}}{\text{equity}}$$

#### Profitability Ratios

$$\text{margin on sales} = \frac{\text{gross profit from sales}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{EBIT margin} = \frac{\text{operating profit}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{gross margin} = \frac{\text{gross profit}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{net margin} = \frac{\text{net profit}}{\text{net revenues from sales of products, finished goods and materials}}$$

$$\text{return on assets} = \frac{\text{net profit}}{\text{total assets}}$$

$$\text{return on equity} = \frac{\text{net profit}}{\text{equity} - \text{net profit}}$$

#### Liquidity ratios

$$\text{current ratio} = \frac{\text{current assets}}{\text{current liabilities} + \text{accruals}}$$

$$\text{quick ratio} = \frac{\text{current investment} + \text{current receivables}}{\text{current liabilities} + \text{accruals}}$$

$$\text{cash to current liabilities ratio} = \frac{\text{current investment}}{\text{current liabilities} + \text{accruals}}$$

**Turnover ratios**

$$\text{current asset turnover ratio} = \frac{\text{Revenue}}{\text{current assets}}$$

$$\text{receivables turnover ratio} = \frac{(\text{Trade and Other Receivables}) * 360}{\text{Revenue}}$$

$$\text{inventories turnover ratio (days)} = - \frac{(\text{inventories} - \text{production in progress}) * 360}{\text{Costs of Sold Products, Goods and Materials}}$$

$$\text{liabilities turnover ratio (days)} = - \frac{(\text{current} + \text{non-current liabilities}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Costs of Sold Products, Goods and Materials}}$$

$$\text{liabilities turnover excl. liabilities due to invest. credit ratio (days)} = - \frac{\text{current liabilities} * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Goods and Materials}}$$

**10. Credits, Loans, Suretyships, Bank Guarantees****10.1. Non-Revolving Credits**

As at the 31<sup>st</sup> of December, 2018, Comarch S.A. had liabilities due to credits and loans in the amount of PLN 140,483 thousand.

In 2018, all covenants under the loan agreements concluded by Comarch S.A. were met. The Management Board of Comarch S.A. expects no problems in meeting them in the future.

| Company of Comarch Group / Subject of the funding                    | Financial Institution  | Total amount of credit/loan |          | Amount remained to payment                                    |          |   |     | Interest conditions  | Repayment date                      | Securities  |
|--|--|-----------------------------|----------|---|----------|---|-----|--|-------------------------------------|---|
|  |  | Value                       | Currency | Value   | Currency | Value   | PLN |  |                                     |   |
| <b>Comarch S.A.</b><br>office buildings SSE4 in Krakow               | BGŻ BNP Paribas Bank Polska S.A.                             | 44,000                      | PLN      | 3,563<br>(4,182 as at the 31 <sup>st</sup> of December, 2017) | EUR      | 15,320<br>(17,444 as at the 31 <sup>st</sup> of December, 2016) | PLN | EURIBOR1M + bank margin<br><br>IRS till the 29 <sup>th</sup> of July, 2024     | 29 <sup>th</sup> of July, 2024      | The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement |
| <b>Comarch S.A.</b><br>office buildings SSE5 in Krakow - refinancing | Powszechna Kasa Oszczędności Bank Polski S.A.                | 4,126                       | EUR      | 1,418<br>(1,997 as at the 31 <sup>st</sup> of December, 2017) | EUR      | 6,099<br>(8,246 as at the 31 <sup>st</sup> of December, 2016)   | PLN | EURIBOR1M + bank margin  | 29 <sup>th</sup> of September, 2021 | The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement                         |
| <b>Comarch S.A.</b><br>nonrevolving operating credit                 | Santander Bank Polska S.A. (formerly Bank Zachodni WBK S.A.) | 7,400                       | EUR      | 1,910<br>(2,944 as at the 31 <sup>st</sup> of December, 2017) | EUR      | 8,212<br>(12 280 as at the 31 <sup>st</sup> of December, 2017)  | PLN | EURIBOR1M + bank margin<br><br>IRS till the 28 <sup>th</sup> of June, 2019     | 31 <sup>st</sup> of December, 2020  | The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement                         |
| <b>Comarch S.A.</b><br>office buildings SSE6 in Krakow               | Bank Polska Kasa Opieki S.A.                                 | 13,323                      | EUR      | 8,188<br>(9 854 as at the 31 <sup>st</sup> of December, 2017) | EUR      | 35,209<br>(41 098 as at the 31 <sup>st</sup> of December, 2017) | PLN | EURIBOR1M + bank margin<br><br>IRS till the 30 <sup>th</sup> of November, 2023 | 30 <sup>th</sup> of November, 2023  | The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for             |



|  |                                 |        |     |   |     |   |     |   |                                     |  |
|--|---------------------------------|--------|-----|---|-----|---|-----|---|-------------------------------------|--|
|  |                                 |        |     |   |     | December, 2017)   |     |   |                                     | 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   |
| <b>Comarch S.A.</b><br>office buildings SSE7 in Krakow   | Bank Handlowy w Warszawie S.A.  | 13,333 | EUR | 13,333<br>(11,286 as at the 31 <sup>st</sup> of December, 2017) | EUR | 57,330<br>(47,075 as at the 31 <sup>st</sup> of December, 2017) | PLN | EURIBOR1M + bank margin<br><br>IRS till the 29 <sup>th</sup> of February, 2028  | 29 <sup>th</sup> 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                               |
| <b>Comarch S.A.</b><br>Nonrevolving, long-term credit  | Bank Handlowy w Warszawie S.A.  | 2,508  | EUR | 1,188<br>(2,508 as at the 31 <sup>st</sup> of December, 2017)   | EUR | 5,109<br>(10,461 as at the 31 <sup>st</sup> of December, 2017)  | PLN | EURIBOR1M + bank margin<br><br>IRS till the 30 <sup>th</sup> of September, 2019 | 30 <sup>th</sup> of September, 2019 | Declaration of submission to enforcement   |
| <b>Comarch S.A.</b><br>Non-current assets - equipment of Internet of Things laboratory in Krakow | DNB Bank Polska S.A.            | 2,531  | EUR | 1,751<br>(2,130 as at the 31 <sup>st</sup> of December, 2017)   | EUR | 7,529<br>(8,885 as at the 31 <sup>st</sup> of December, 2017)   | PLN | EURIBOR1M + bank margin   | 30 <sup>th</sup> 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 |
| <b>Comarch S.A.</b><br>Comarch infrastructure modernization programme                            | CaixaBank S.A. Oddział w Polsce | 3,500  | EUR | 1,399<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | EUR | 6,016<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | PLN | EURIBOR1M + bank margin   | 23 <sup>rd</sup> of August, 2023    | Declaration of submission to enforcement   |

## 10.2. Revolving Credits

As at the 31<sup>st</sup> of December, 2018, Comarch S.A. was granted limits on revolving overdraft facilities in the amount of PLN 60,000 thousand PLN, the limits were not used.

In 2018, all covenants under the loan agreements concluded by Comarch S.A. were met. The Management Board of Comarch S.A. expects no problems in meeting them in the future.

| Company of Comarch Group /<br>Subject of the funding                        | Financial Institution                         | Total amount of credit/loan |          | Amount remained to payment |          |       |     | Interest conditions   | Repayment date                     | Securities  |
|---|---|-----------------------------|----------|----------------------------|----------|-------|-----|-----------------------|------------------------------------|---|
|   |   | Value                       | Currency | Value                      | Currency | Value | PLN |                       |                                    |   |
| <b>Comarch S.A.</b><br>A working capital loan to finance current operations | Powszechna Kasa Oszczędności Bank Polski S.A. | 20,000                      | PLN      | 0                          | PLN      | 0     | PLN | WIBOR1M + bank margin | 20 <sup>th</sup> 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 |
| <b>Comarch S.A.</b><br>A working capital loan to finance                    | Bank Polska Kasa Opieki S.A.                  | 30,000                      | PLN      | 0                          | PLN      | 0     | PLN | WIBOR1M + bank margin | 30 <sup>th</sup> of June, 2019     | An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement                                    |

|   |            |        |     |   |     |   |     |                         |                                 |  |
|---|------------|--------|-----|---|-----|---|-----|-------------------------|---------------------------------|--|
| current operations  |            |        |     |   |     |   |     |                         |                                 |  |
| <b>Comarch S.A.</b><br>A working capital loan to finance current operations | mBank S.A. | 10,000 | PLN | 0 | PLN | 0 | PLN | WIBOR O/N + bank margin | 17 <sup>th</sup> 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 Received

#### a) Loans Received by Comarch S.A. from Unrelated Entities

As at 31<sup>st</sup> of December, 2018, Comarch S.A. held liabilities due to unpaid capital of loans from unrelated entities in the amount of PLN 12,709 thousand.

| Company of Comarch Group /<br>Subject of the funding  | Financial Institution                  | Total amount of credit/loan |          | Amount remained to payment                                    |          |   |     | Interest conditions | Repayment date                    | Securities |
|---|--|-----------------------------|----------|---|----------|---|-----|---------------------|-----------------------------------|------------|
|   |  | Value                       | Currency | Value   | Currency | Value   | PLN |                     |                                   |            |
| <b>Comarch S.A.</b><br>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<br>(9 983 as at the 31 <sup>st</sup> of December, 2017) | PLN      | 7,463<br>(9 983 as at the 31 <sup>st</sup> of December, 2017) | PLN | fixed               | 1 <sup>st</sup> of March, 2022    | None       |
| <b>Comarch S.A.</b><br>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<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | PLN      | 765<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | PLN | fixed               | 31 <sup>st</sup> of January, 2019 | None       |
| <b>Comarch S.A.</b><br>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<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | PLN      | 737<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | PLN | fixed               | 1 <sup>st</sup> of July, 2019     | None       |
| <b>Comarch S.A.</b><br>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<br>(0 as at the 31 <sup>st</sup> of December, 2017)     | PLN      | 2,745<br>(0 as at the 31 <sup>st</sup> of December, 2017)     | PLN | fixed               | 1 <sup>st</sup> of May, 2022      | None       |
| <b>Comarch S.A.</b><br>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<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | PLN      | 999<br>(0 as at the 31 <sup>st</sup> of December, 2017)       | PLN | fixed               | 1 <sup>st</sup> of December, 2019 | None       |

#### b) Loans Received by Comarch S.A. from Companies in the Comarch Group

As at 31<sup>st</sup> of December, 2018, the Comarch S.A. held liabilities due to unpaid capital of loans from related entities in the amount of PLN 37,700 thousand. PLN.

| Company          | Due date   | The loan amount remaining to be repaid | Currency | Interest conditions  | Value in PLN |
|------------------|------------|--|----------|----------------------|--------------|
| Comarch Sistemas | 2019-08-31 | 1,200                                  | EUR      | LIBOR1Y EUR + margin | 5,005        |
| MKS Cracovia     | 2022-12-22 | 1,750                                  | EUR      | EURIBOR1Y + margin   | 7,299        |

|                        |            |       |     |                    |               |
|------------------------|------------|-------|-----|--------------------|---------------|
| CA Consulting          | 2022-12-20 | 4,900 | PLN | WIBOR1Y +margin    | 4,900         |
| Comarch Infrastruktura | 2022-12-20 | 1,300 | PLN | WIBOR1Y +margin    | 1,300         |
| Comarch Pointshub      | 2022-12-20 | 1,000 | PLN | WIBOR1Y +margin    | 1,000         |
| Comarch Technologies   | 2022-12-20 | 2,200 | PLN | WIBOR1Y +margin    | 2,200         |
| Comarch SRO            | 2022-12-20 | 500   | PLN | WIBOR1Y +margin    | 500           |
| Comarch Technologies   | 2021-12-31 | 500   | EUR | EURIBOR1Y + margin | 2,150         |
| Comarch UK             | 2021-12-31 | 1,000 | EUR | EURIBOR1Y + margin | 4,300         |
| MKS Cracovia           | 2019-12-31 | 1,000 | EUR | EURIBOR1Y + margin | 4,300         |
| Comarch Luksemburg     | 2023-09-07 | 1,000 | EUR | EURIBOR1Y + margin | 4,300         |
| iComarch24             | 2023-07-18 | 1,500 | PLN | WIBOR1Y +margin    | 1,500         |
| Comarch Pointshub      | 2023-07-23 | 500   | PLN | WIBOR1Y +margin    | 500           |
| <b>Total</b>           |            |       |     |                    | <b>37,700</b> |

## 10.4. Loans Granted by Comarch S.A.

### a) Loans Granted to Companies in Comarch Group

As at 31<sup>st</sup> of December, 2017, the following companies of the Capital Group were indebted towards Comarch S.A. for loans granted:

| Company                      | Due date   | Value | Currency | Interest conditions | Value in PLN  |
|------------------------------|------------|-------|----------|---------------------|---------------|
| Bonus Development Sp zoo SKA | 31-01-2029 | 3,242 | PLN      | WIBOR3M + margin    | 3,242         |
| Comarch Yazilim              | 31-12-2023 | 264   | EUR      | EURIBOR1Y + margin  | 1,136         |
| Comarch Polska SA            | 25-06-2023 | 9,000 | PLN      | WIBOR1Y +margin     | 9,000         |
| Comarch SRL                  | 25-06-2023 | 150   | EUR      | EURIBOR1Y + margin  | 645           |
| Comarch SRL                  | 16-07-2023 | 100   | EUR      | EURIBOR1Y + margin  | 430           |
| Comarch Saudi Arabia Co      | 24-10-2023 | 150   | USD      | LIBORUSD1Y + margin | 564           |
| Comarch Healthcare           | 26-11-2023 | 5,000 | PLN      | WIBOR1Y +margin     | 5,000         |
| <b>Total</b>                 |            |       |          |                     | <b>20,017</b> |

The loan granted to Comarch Yazilim A.S. is covered by the revaluation write-off.

### b) Loans Granted to Employees of Comarch S.A.

None present.

### c) Loans Granted to Members of the Management Board and Members of the Supervisory Board

As at 31<sup>st</sup> of December, 2018, there are no unpaid loans as well as there are no guarantees nor suretyships granted by Comarch S.A. to members of the Management Board and members of the Supervisory Board and their relatives.

## 10.5. 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 28<sup>th</sup> 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 11<sup>th</sup> of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1<sup>st</sup> of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31<sup>st</sup> of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the 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 30<sup>th</sup> 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 15<sup>th</sup> of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15<sup>th</sup> of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.

- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31<sup>st</sup> of May, 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 31<sup>st</sup> 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 28<sup>th</sup> of June, 2030.
- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 31<sup>st</sup> of October, 2019.

- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14<sup>th</sup> of September, 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.

## 10.6. Bank Guarantees

On the 31<sup>st</sup> 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 31<sup>st</sup> of December, 2017.

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch Healthcare S.A. (valid till the 30<sup>th</sup> 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 30<sup>th</sup> 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 12<sup>th</sup> 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 14<sup>th</sup> 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 2<sup>nd</sup> 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 21<sup>st</sup> of May, 2018 that on 24<sup>th</sup> 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 19<sup>th</sup> 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 29<sup>th</sup> of April, 2013 ("OFSA Agreement") and current report no. [RB-4-2015](#) (ENG: [RB-4-2015](#)), dated 15<sup>th</sup> of January, 2015, informing about the delivery of a claim to Comarch S.A. on 14<sup>th</sup> 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, 3<sup>rd</sup> 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, IACSpus, 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 24<sup>th</sup> 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 5<sup>th</sup> 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 5<sup>th</sup> 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 21<sup>st</sup> 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.

## 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 2<sup>nd</sup> 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 20<sup>th</sup> 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 1<sup>st</sup> 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 30<sup>th</sup> 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 Company.

#### **11.2.5. Demand for Payment of the a Good Performance Guarantee regarding the ZUS KSI Contract**

On 11<sup>th</sup> 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 11<sup>th</sup> 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 2<sup>nd</sup> 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 11<sup>th</sup> 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 23<sup>rd</sup> 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 31<sup>st</sup> 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 25<sup>th</sup> 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 are described in point [17.2.](#)

### 12.2. Real Estates

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18<sup>th</sup> 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 m<sup>2</sup>. The contract value was PLN 69,643 thousand. The building was put into use in the first quarter of 2018.

In 2018, no land property purchases were made.

## 13. Resolutions of the AGM and the Board of Supervisors

### 13.1. 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 21<sup>st</sup> 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 27<sup>th</sup> of June, 2018.

### 13.2. Annual General Meeting – 27<sup>th</sup> of June 2018

#### a) Convention of the AGM, Agenda of the Meeting and Information on Participation in the Company's General Meeting

On the 21<sup>st</sup> 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 27<sup>th</sup> 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: 30<sup>th</sup> 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 21<sup>st</sup> 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 27<sup>th</sup> 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 10<sup>th</sup> 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 31<sup>st</sup> of August, 2018;
2. pozostała część zysku netto w kwocie 27 138 073,07 PLN zostaje przekazana na kapitał zapasowy.
3. 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 31<sup>st</sup> of August, 2018.

The company announced details in current report no. [RB-11-2018](#) (ENG: [RB-11-2018](#)), dated 27<sup>th</sup> 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 27<sup>th</sup> 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 27<sup>th</sup> 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 27<sup>th</sup> of June, 2018.

## 14. Operations on Comarch S.A. Shares

### 14.1. Purchase/Disposal Transactions on Comarch S.A. Shares

On the 12<sup>th</sup> of February, 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 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a disposal on the 8<sup>th</sup> 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 12<sup>th</sup> of March, 2018.

On the 27<sup>th</sup> 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 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a purchase on the 2<sup>nd</sup> 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 27<sup>th</sup> 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 27<sup>th</sup> of June, 2018.

On the 7<sup>th</sup> 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 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a disposal on the 6<sup>th</sup> 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 7<sup>th</sup> of September, 2018.

#### AFTER THE BALANCE SHEET DATE

On the 4<sup>th</sup> 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 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a disposal on the 4<sup>th</sup> 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 4<sup>th</sup> of March, 2018.

On the 4<sup>th</sup> 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 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a disposal on the 4<sup>th</sup> 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 4<sup>th</sup> of March, 2018.

## **14.2. Managerial Option Program for Members of the Management Board**

None present.

## **15. Other Events in 2018 and after the Balance Sheet Date**

### **15.1. Dates of Periodical Financial Reports in 2018**

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19<sup>th</sup> 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 2<sup>nd</sup> of January, 2018, Comarch S.A.'s Management Board presented terms of periodical financial reports in 2018.

### **15.2. 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 27<sup>th</sup> of April, 2018.

### **15.3. 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 24<sup>th</sup> of March, 2017, Comarch S.A.'s Management Board informed in the current report no. [RB-2-2018](#) (ENG: [RB-2-2018](#)), dated 5<sup>th</sup> 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 23<sup>rd</sup> 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](#)).

### **15.4. 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 18<sup>th</sup> 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 30<sup>th</sup> 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 31<sup>st</sup> of December, 2017, and on the 25<sup>th</sup> 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 30<sup>th</sup> of June, 2018.

#### **AFTER THE BALANCE SHEET DATE**

### **15.5. Dates of Periodical Financial Reports in 2019**

In the current report no. [RB-1-2019](#) (ENG: [RB-1-2018](#)) dated the 4<sup>th</sup> of January, 2018, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2019:

- Q4 2018 - on 1<sup>st</sup> of March, 2019
- Q1 2019 - on 17<sup>th</sup> of May, 2018
- Q3 2019 - on 15<sup>th</sup> of November, 2018
- Consolidated half-year report which include condensed consolidated financial statement and condensed financial statement for the first half of 2019 - on 30<sup>th</sup> of August, 2018
- Annual report for 2018 - on 29<sup>th</sup> of April, 2019
- Consolidated annual report for 2018 - on 29<sup>th</sup> of April, 2019

### **15.6. Forward Contracts Concluded after the Balance Sheet Date**

Between the 1<sup>st</sup> of January, 2019 and the 29<sup>th</sup> of April, 2019, Comarch S.A. concluded forward contracts for the sales of EUR 2,500 thousand. The total net value of open forward contracts as of the 29<sup>th</sup> 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.

## **16. 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 145.5 million, thus reached 15.1% of revenue in 2018. Comarch allocated their internal funds as well as acquired actively European funds.

### Comarch S.A.

In the first half of 2018, the implementation of the project "Developing " IoT Mesh " technology and supporting tools" was continued under the **Smart Growth Operational Programme 2014-2020** co-financed by the European Regional Development Fund. Measure 1.1.

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



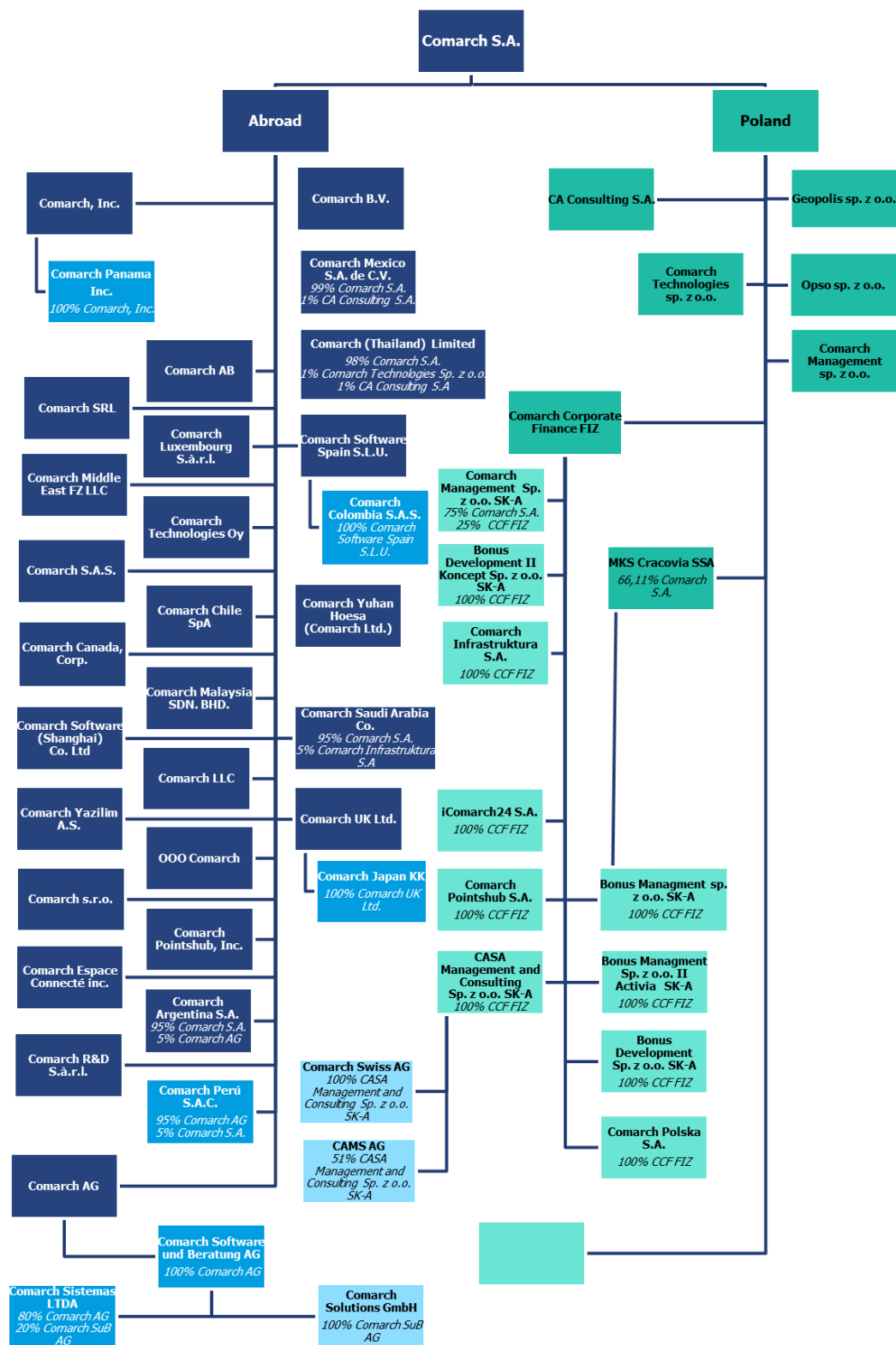
Under the **Horizon 2020** Program, a contract for financing the "LIVING INNOVATION - Implementing RRI through co-creation of smart futures with industry and citizens" - LIV.IN. project has been signed.



**Komisja Europejska**

## 17. Capital Affiliations of the Issuer

### 17.1. Capital Structure of the Comarch Group



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



## 17.2. Changes in Ownership and Organisational Structure in 2018

On the 22<sup>nd</sup> 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, i.e. the total issue price of PLN 20,000,000. The surplus of the issue price over the nominal price (agio) in the amount of PLN 18,000,000 has been transferred to the share capital of the Company. On 6<sup>th</sup> of July, 2018, the share capital increase was registered.

On the 11<sup>th</sup> of May, 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 13<sup>th</sup> 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 2<sup>nd</sup> 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 23<sup>rd</sup> 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 11<sup>th</sup> 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 14<sup>th</sup> 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 23<sup>rd</sup> 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.

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

None present.

## 18. Branches of Comarch S.A.

As at the 31<sup>st</sup> of December, 2018, Comarch S.A. had branches in the following cities: Tirana (branch in Albania), Białystok, Bielsko-Biała, Częstochowa, Gdańsk, Gliwice, Katowice, Kielce, Kraków, Lublin, Łódź, Poznań, Rzeszów, Tarnów, Toruń, Warszawa, Włocławek i Wrocław.

Activities conducted in branches are related to the basic activities of the Company.

## **19. Non-Financial Data Report**

On 29<sup>th</sup> 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.

## **20. Transactions Concluded by the Issuer or its Subsidiary with Related Parties on Terms Different from Market Conditions**

None present.

## **21. 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.

## **22. Factors and Events of Unusual Nature that Affect the Issuer Activities and the Achieved Results, as well as Their Appraisal**

### **22.1. Deferred Tax Assets and Deferred Tax Provisions**

In 2018, an asset was established due to temporary differences in income tax in the amount of PLN 389 thousand, a deferred tax provision was established for temporary differences in the amount of PLN 14 thousand PLN and the provision for deferred tax due to temporary differences in the amount of PLN 1,478 thousand was settled. The total impact of the above operations on the result of 2018 was plus PLN 1,854 thousand.

The provision for deferred tax related to the valuation of investment certificates in CCF FIZ in the amount of PLN 58 thousand was decreased. This provision, as well as the valuation of certificates, is accounted for with revaluation capital.

### **22.2. Valuation of Exchange Differences and Financial Instruments Based on Exchange Rates**

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 31<sup>st</sup> of December, 2018, increased revenue and operating profit of Comarch S.A. by PLN 6,044 thousand (while during the corresponding period in 2017 decreased by PLN 16,406 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 5,245 thousand (while during the corresponding period in 2017 increased by PLN 3,879 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 S.A.'s net result by PLN 1,067 thousand (while in the corresponding period of 2017 they increased it by PLN 24,457 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 268 thousand (plus PLN 11,930 thousand in 2017).

### **22.3. 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 14.1 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.

#### **22.4. Write-offs due to Losses in Value in Subsidiaries**

As at December 31, 2018, Comarch S.A. created write-offs for impairment of shares in subsidiaries in the total amount of PLN 30,826 thousand, of which PLN 27,341 thousand refers to shares in Comarch Pointshub, Inc. (due to the revaluation of shares in Thanks Again LLC held by Comarch Pointshub, Inc.), and the amount of PLN 2,294 thousand PLN of shares in Comarch Software Spain SLU.

### **23. Changes in Methods of Company Management and Its Capital Group Management**

None present.

### **24. Data Referring to the Agreement Signed with the Entity Entitled to Audit Financial Statements**

On the 29<sup>th</sup> 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 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 30<sup>th</sup> 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 31<sup>st</sup> of December, 2017,
- c) review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30<sup>th</sup> 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 31<sup>st</sup> of December, 2018.

The Company announced details in current report no. [RB-11-2017](#), ENG: [RB-11-2017](#), dated the 29<sup>th</sup> of May, 2017.

Details of the remuneration of entities authorized to audit financial statements have been included in note 46 of the financial statement in additional explanatory notes to the SA-R report 2018 of Comarch S.A.

### **25. Systems that Control Employees Shares Programmes**

None present.

### **26. 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**

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 St. Mary's Organ Festival. The Krakow company has been sponsoring this musical event from the very beginning of its existence.

### **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 leveling 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 16<sup>th</sup> 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 100<sup>th</sup> 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.

## **27. Significant Legal, Arbitration or Administrative Proceedings**

### **27.1. Proceedings Related to Liabilities or Receivables of the Issuer or a Subsidiary, which Value Constitutes at least 10% of Equities**

None present.

### **27.2. 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**

None present.

Krakow, 29<sup>th</sup> 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 |           |



## Comarch S.A.

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