

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

Report on the audit of the annual financial statements

Opinion

We have audited the attached annual financial statements of COMARCH S.A. ("Company"), which consists of: balance sheet prepared as at December 31st, 2018, profit and loss account, statement of changes in equity and cash flow statement for the financial year ending on December 31st, 2018 and introduction to the financial statements containing a description of adopted accounting principles and additional information and clarifications ("financial statements").

In our opinion, attached financial statements:

- presents a reliable and clear picture of the property and financial situation of the Company as at December 31st, 2018 and its financial result and cash flows for the financial year ending on that day, in accordance with the applicable provisions of the Accounting Act and adopted accounting principles (policy);
- agrees on the form and content of the applicable laws and the Company's statute,
- it has been prepared on the basis of correctly kept accounting books, in accordance with the provisions of Chapter 2 of the Act of September 29, 1994 on accounting ("Accounting Act" - Journal of Laws of 2019, item 351).

This opinion is consistent with the additional report for the Audit Committee, which we issued on the day of this report.

Basis of the opinion

We conducted our audit in accordance with the International Standards of Research in the version adopted as National Standards of Research by the National Council of Statutory Auditors ("KSB") and pursuant to the Act of May 11th, 2017 on statutory auditors, auditing companies and public supervision ("Act on auditors") - Journal of Laws of 2017, item 1089 with amendments) and EU Regulation No. 537/2014 of April 16th, 2014 on detailed requirements regarding statutory audits of financial statements of public-interest entities ("EU regulation" - Official Journal EU L158). Our liability in accordance with these standards is described further in the section "Auditor's Responsibility for Auditing Financial Statements."

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Federation of Accountants ("IFAC Code"), adopted by the resolutions of the National Council of Statutory Auditors and other ethical requirements that apply to the audit of financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IFAC Code. During the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Certified Auditors and the EU Regulation.

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

Key research matters

The key audit matters are matters that, according to our professional judgment, were the most significant when auditing the financial statements for the current reporting period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. We referred to these matters in the context of our audit of the financial statements as a whole and in the formulation of our opinion, and summarized our reaction to these

risks and in cases where we deemed it necessary we presented the most important observations related to these risks. We do not express a separate opinion on these matters.

1. The risk of loss of value of net investment in subsidiaries

Key research matter

The company holds shares or stocks in related entities. Their value disclosed in the financial statements is PLN 324,023 thousand (this value includes shares in subsidiaries: PLN 204,977 thousand and investment certificates in Comarch Corporate FIZ: PLN 119.046 thousand), which accounts for 24.3% of the balance sheet total.

The issue was identified as a risk of material misstatement due to the significant value of shares and the potential material impact on the Company's financial result in the event of impairment triggers referred to in Art. 28 para. 7 of the Accounting Act.

Disclosures in the financial statements

The accounting policy applied to the valuation of shares in subsidiaries was disclosed by the Company in the introduction to the financial statements.

Additional information is included in note 3b, 3c and further annual report of SA-R.

Auditor procedures in response to the identified risk

As part of the audit of the unit financial statements of the Company:

1. An analysis of the accounting policy applied by the Company in the scope regarding the valuation of shares was carried out,
2. The analysis of the reports of subsidiaries, including in particular their financial results, values and capital structure, indebtedness and liquidity in terms of the existence of indications of impairment, was performed,
3. The impact of events after the balance sheet date on possible impairment loss was assessed,
4. Management Board's explanations regarding factors triggering indications of impairment, including negative financial results, as well as plans and perspectives concerning the activities of individual companies were obtained,
5. Within the scope of impairment tests performed by the Company:
 - we have made a critical evaluation of the testing process,
 - we assessed the key assumptions of the test,
 - we have verified their mathematical correctness and methodological coherence
6. The correctness and completeness of required disclosures in the financial statements was assessed.

2. The risk of significant distortion

Key research matter

Work in progress are capitalized costs associated with creating new or upgrading existing software. The value of production in progress as at December 31, 2018 is PLN 56,925 thousand, which is 4.3% of the balance sheet total.

In accordance with the accounting policy, capitalized costs should be included in the financial result for a period not longer than 36 months from the date of their payment in the form of either the cost of sale or the write-down.

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

In this area, we identify the risk associated with not including capitalized costs in the required accounting policy during the period and capitalizing the costs associated with the software, which may not generate economic benefits.

Disclosures in the financial statements

The accounting policy applied to the valuation of shares in subsidiaries was disclosed by the Company in the introduction to the financial statements.

Additional information can be found in note 5a of the SA-R annual report.

Auditor procedures in response to the identified risk

As part of the audit of the unit financial statements of the Company:

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

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

Key research matter

Sales revenues for the year ended December 31, 2018 amounted to PLN 966,100 thousand.

An important part of the revenues generated by the Company were revenues from the implementation of IT implementation contracts, which are recognized by the Company in accordance with Article 34a paragraph. 1 and par. 2 point 2 of the Accounting Act. For settling implementation contracts, the Company adopts the method of percentage involvement of costs and revenues.

The issue was considered a key risk area due to the significance of revenues from the sale of implementation services and the complex nature of the balance sheet valuation process based on significant estimates of the Management Board regarding:

- the determination of the budgeted cost of implementation, and its updating during the performance of the service, and
- correct allocation of costs to the relevant project and the relevant period, which may have a significant impact on the value of recognized revenue in the period.

Disclosures in the financial statements

The details of the accounting policy applied by the Company in the scope of revenue recognition are disclosed in Note 7.1. introduction to the SA-R financial statements.

Additional information can be found in note 9a, 14b, 20 of the SA-R annual report.

Auditor procedures in response to the identified risk

As part of the audit of the separate financial statements of Comarch S.A. we reviewed the adopted accounting policy in the field of recognition and recognition of sales revenues in terms of compliance with the provisions of the Accounting Act.

In particular, we have carried out procedures aimed at understanding and evaluating internal controls that the Company has implemented in relation to the valuation of long-term contracts.

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

- we have assessed how the budgets used to calculate revenue are analyzed and updated, and finally accepted;
 - we have reconciled the actual data from the books up to the last day of the audited period with the updated figures in the budgets as at the valuation date;
 - we have analyzed the consistency of the structure of budgets through mutual comparisons and agreements to real subcontracts;
 - we performed an analysis of the mathematical correctness of the calculation of all long-term contracts in terms of their mutual coherence and the assessment of the occurrence of the risk of creating a provision for loss on the contract;
 - in the case of contracts executed over a period longer than one year, the budgets of revenues and costs in these periods were compared and the changes in the budget amount with the source documentation were evaluated for the selected sample and the changes in the value of the assumed margin on the contract were explained;
 - information on the progress of works was obtained for contracts with a high degree of cost involvement;
 - for a selected sample of contracts (including the largest contracts), detailed procedures have been carried out to compare data from the spreadsheet with data derived from contracts with the Customer;
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Responsibility of the Management Board and the Supervisory Board for the financial statements

The Management Board of the Company is responsible for preparing, on the basis of correctly kept accounting books, financial statements which presents a reliable and clear picture of the property and financial situation and financial result of the Company in accordance with the Accounting Act, adopted accounting principles (policy) and the applicable laws and statutes. as well as internal control, which the Management Board deems necessary to enable the preparation of financial statements without a significant distortion caused by fraud or error.

When preparing the financial statements, the Management Board of the Company is responsible for assessing the Company's ability to continue operations, disclosing, if applicable, matters related to going concern and adopting the principle of going concern as an accounting basis, except when the Management Board intends either to liquidate the Company or to discontinue conducting business or there is no real alternative to liquidation or discontinuation of activity.

The Management Board and members of the Company's Supervisory Board are obliged to ensure that the financial statements meet the requirements provided for in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibility for auditing the financial statements

Our goals are to obtain reasonable assurance that the financial statements as a whole do not contain any material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable assurance is a high level of certainty, but it does not guarantee that a test conducted in accordance with the KSB will always detect the existing significant distortion. Distortions may arise as a result of fraud or error and are considered material if it can reasonably be expected that, individually or in aggregate, they could influence users' business decisions made on the basis of these financial statements.

The concept of materiality is used by the auditor both in planning and conducting the audit as well as in assessing the impact of the distortions identified during the audit and the unadjusted distortions, if any, on the financial statements, as well as when formulating the auditor's opinion. In connection with the above, all opinions and statements included in the audit report are expressed with regard to the qualitative and valuable level of significance determined in accordance with the audit standards and professional judgment of the statutory auditor.

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

During a study in accordance with the KSB, we apply professional judgment and maintain professional skepticism, as well as:

- we identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and conduct audit procedures that address these risks, and obtain audit evidence that is adequate and adequate to provide a basis for our opinion. The risk of not recognizing a significant misstatement due to fraud is greater than that resulting from the error, as the fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- we gain an understanding of the internal control appropriate to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control;
- we assess the appropriateness of the accounting principles (policy) used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- we draw a conclusion on the appropriateness of the Company's Management's application of the going concern principle as an accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty related to events or conditions that may significantly doubt the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we require that we draw attention in our auditor's report to related disclosures in the financial statements or if such disclosures are inadequate, we modify our opinion. Our applications are based on audit evidence obtained up to the date of our audit report, however future events or conditions may cause the Company to cease its operations;
- we assess the overall presentation, structure and content of the financial statements, including disclosure, and whether the financial statements present the underlying transactions and events in a manner that ensures a fair presentation.

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

We submit to the Supervisory Board a statement that we have complied with the relevant ethical requirements regarding independence and that we will inform them of all connections and other matters that could reasonably be considered to jeopardize our independence and, where applicable, we inform about the safeguards applied.

From among the matters forwarded to the Supervisory Board, we determined those matters which were most significant during the audit of the financial statements for the current reporting period and that is why we considered them to be key issues of the audit. We describe these matters in our auditor's report, unless laws or regulations prohibit public disclosure or when, in exceptional circumstances, we determine that the issue should not be presented in our report because it would reasonably be expected

that the negative consequences would outweigh the benefits of such a report. information for the public interest.

Other information, including an activity report

Other information consists of a report on the Company's operations for the financial year ended December 31, 2018 ("Activity Report") together with a statement on the application of corporate governance and a statement on non-financial information referred to in Art. 49b section 1 of the Accounting Act, which are separate parts of this Report (together "Other information").

Responsibility of the Management Board and the Supervisory Board

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

The Management Board of the Company and members of the Supervisory Board are obliged to ensure that the Report on the Company's activities along with the separated parts meet the requirements provided for in the Accounting Act.

Responsibility of the auditor

Our opinion on the audit of the financial statements does not include Other information. In connection with the audit of our financial statements, it is our duty to read other information and, in doing so, consider whether other information is not materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appear significantly distorted. If, based on the work performed, we find significant distortions in other information, we are required to inform you in our audit report. Our duty in accordance with the requirements of the Act on chartered auditors is also to issue an opinion on whether the report on operations has been prepared in accordance with the regulations and whether it is consistent with the information contained in the financial statements. In addition, we are required to inform you whether the Company has made a statement about non-financial information and issuing an opinion on whether the Company has included the required information in the corporate governance statement.

We obtained the report on the Company's activity before the date of this audit report, and the Annual Report will be available after this date. In the event that we find a significant distortion in the Annual Report, we are obliged to inform the Supervisory Board of the Company about it.

Opinion on the Report on operations

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

- it has been drawn up in accordance with Article 49 of the Accounting Act and paragraph 70 of the Regulation of the Minister of Finance of March 29, 2018 regarding current and periodic information published by issuers of securities and conditions for recognizing information required by the law of a non-member state as equivalent ("Current Information Regulation"). U. of 2018, item 757);
- is consistent with the information contained in the financial statements.

In addition, in the light of knowledge about the Company and its environment obtained during our audit, we declare that we have not identified significant distortions in the Report on the Company's operations.

Opinion on the statement on the application of corporate governance

In our opinion, in the statement on the application of corporate governance, the Company has included the information specified in paragraph 70, para. 6 point 5 of the Regulation on current information. In addition, in our opinion, the information indicated in paragraph 70 para. 6 point 5 lit. c-f, h and lit. and the Regulations contained in the statement on the application of corporate governance are consistent with the applicable regulations and information contained in the financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Certified Auditors, we confirm that the Company has prepared a statement on non-financial information, referred to in art. 49b par. 1 of the Accounting Act as a separate part of the Report on operations.

We have not done any assurance work regarding a statement about non-financial information and we do not give any assurance about it.

Report on other legal and regulatory requirements

Declaration on services provided that are not audited of financial statements

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

Choosing an auditing company

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

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

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

on behalf of which the key certified auditor operates

*Signed by a qualified
electronic signature*

Marcin Krupa

Certified auditor

No. in the register 11142

Krakow, April 29th, 2019

INTRODUCTION TO THE COMARCH S.A.'S FINANCIAL STATEMENT SA-R 2018

I. General Information about Comarch S.A. (the "Company")

The basic activities of Comarch S.A. with its registered seat in Krakow at Al. Jana Pawła II 39 A include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, Eleventh Economic Division of the National Court Register. The company's KRS number is 0000057567. The duration of the Parent Company is not limited.

In the tables of this statement:

- the previous period means period 01.01.2017 - 31.12.2017 and refers to 12 months,
- the current period means period 01.01.2018 - 31.12.2018 and refers to 12 months.

As at 31st of December, 2018, and refers to 12 months:

- Elżbieta Filipiak - Chairman of the Board of Supervisors,
- Maciej Brzeziński - Vice-Chairman of the Board of Supervisors,
- Robert Bednarski - Member of the Board of Supervisors,
- Danuta Drobnia - Member of the Board of Supervisors,
- Wojciech Kucharzyk - Member of the Board of Supervisors,
- Anna Ławrynowicz - Member of the Board of Supervisors,
- Anna Pruska - Member of the Board of Supervisors.

As at 31st of December, 2018, Member of the Board of Supervisors:

- Janusz Filipiak - President of the Management Board,
- Marcin Dąbrowski - Vice-President of the Management Board,
- Paweł Prokop - Vice-President of the Management Board,
- Andrzej Przewięźlikowski - Vice-President of the Management Board,
- Zbigniew Rymarczyk - Vice-President of the Management Board,
- Konrad Tarański - Vice-President of the Management Board,
- Marcin Warwas - Vice-President of the Management Board.

The financial statement was prepared with the assumption of the continuation of commercial activities by Comarch S.A. in the foreseeable future. According to the company's management, there are no circumstances suggesting any threat to the continuation of activities. The financial statement includes financial data from Comarch S.A.'s branch in Albany.

Comarch S.A. is a parent company in the Capital Group. In addition to financial statement that is prepared pursuant to Act on Accounting, the company prepares also consolidated financial statement according to International Financial Reports Standards that are approved by the European Union.

II. There Were no Reservations in the Opinion of an Auditor Entitled to Audit Financial Statements of Comarch S.A. for 2017

III. Principles of Valuation of Assets and Equity and Liabilities and Measure of Financial Result

This financial statement was prepared according to the Act passed on 29th of September, 1994 on Accounting ("Act on Accounting") and the Regulation issued by the Minister of Finance on 18th of

October, 2005 concerning information presented in financial statements and consolidated financial statements, required in a prospectus for issuers with its registered seat in Poland, to whom Polish accounting principles are proper ones, and according to the Regulation issued by the Minister of Finance on 19th of February, 2009 concerning current and periodical information pertaining to companies traded on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state.

1. Non-Current Assets

1.1. Intangible Assets

Intangible assets are recorded at their acquisition prices with reference to the current redemption. The company carries out depreciation write-offs using the straight-line method. The following depreciation rates have been adopted:

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

Adopted depreciation rates are related to the estimated useful life of intangible assets. If the useful life of intangible assets resulting from the contract is shorter than it results from the periods determined above, depreciation write-offs are carried out in the period resulting from the contract. In the case of intangible assets that were acquired for a particular project, the depreciation period is established as the duration of the project.

1.2. Property, Plant and Equipment

a) Proprietary property, plant and equipment in use

Proprietary property, plant and equipment in use were valued according to acquisition prices or production costs less depreciation write-offs in proportion to their useful life and write-offs due to permanent losses in value.

The following detailed principles of depreciation of proprietary property, plant and equipment in use have been adopted by the company:

assets are depreciated with the straight-line method with application of depreciation rates corresponding with periods of their economic utility. In most cases, depreciation rates are: 2.5% (for group number I), 30% (for group number IV), 15% (for group number VII) and 20% (for group number VIII). In case of proprietary property, plant and equipment in use that were acquired in order to be used in a specific project, the depreciation period is set as equal to the project duration.

Lands and the right of perpetual usufruct of land are not depreciated.

b) Proprietary property, plant and equipment under construction are valued according to acquisition prices less write-offs due to permanent losses in value.

c) Improvements in third party's proprietary property, plant and equipment are valued according to the acquisition price less depreciation. They are related to buildings and structures and depreciated with the straight-line method corresponding with periods of their economic utility.

d) Proprietary property, plant and equipment, which are used according to the lease agreements concluded after 1st of January, 2002, are classified as company's non-current assets if conditions resulting from article 3, section 4 of Act on Accounting are met and they are valued at fair value established as at the date of the beginning of the agreement or as at reception of the lease object into use, or at the current value of minimum lease fees, if it is lower than the fair value.

1.3. Long-Term Investments

a) Real estates

Real estates are valued according to acquisition price or production costs less depreciation write-offs in proportion to their useful life and write-offs due to permanent losses in value and principles specified in art. 31, art. 32 section 1-5 and art. 33 section 1 of the Act.

Costs and revenues related to real estates maintenance costs, their updating or reclassification are recognised as other operating revenue/costs (pursuant to art. 3 section 1, point 32 of the Act).

b) Non-current financial assets

As at the balance sheet date, financial assets are classified as non-current in the financial statement if the estimated period of their further owning exceeds 12 months from the balance sheet date.

Shares are recognised at the acquisition or originate date according to acquisition price, and at the balance sheet date according to acquisition price less write-offs due to permanent loss in value. When permanent loss in value appears, the revaluation of write-offs is carried out no later than at the balance sheet date.

Participation units in Comarch Corporate Investment Closed Investment Fund ("CCF FIZ") are valued at fair value and effects of valuation are settled with revaluation reserve.

Loans are valued according to value of depreciated cost using effective interest rate. In case of lack of differences that are significant for valuation, loans are classified at nominal value plus accrued interest based on interest rate resulting from contracts.

2. Current Assets

2.1. Inventories (Products in Progress, Materials, Finished Goods and Goods)

Materials are valued according real purchase prices. When loss in value in use is observed, revaluing write-offs are carried not later than as at the balance sheet date.

Components and servicing equipment purchased as inventory, in order to fulfil warranty obligations related to the performed contracts, are recognised according to their acquisition prices and then settled by value in proportion to the guarantee period. Production in progress given in the statement refers to software produced by Comarch S.A. and allocated for multiple sales. Production in progress is valued according to direct technical production costs.

Application software produced by Comarch S.A. and allocated for multiple sales is valued in the period when it benefits, no longer than 36 months from an initial sale, in the amount of surplus of software production costs over net revenues obtained from sales of these products within the following 36 months.

Depending on the nature of the produced software and the assessment of its possible sales, expenditures incurred for software production, in the amount of 50% to 100% of the invoiced sale in the above time period of sales, are written off into its own costs. If the company is aware of limits to sales capacity at an earlier point, it immediately performs a write-off revaluing production in progress in the amount of expenses in reference to which there is a probability that they will not be recovered, or does a one-time write-off of the entirety of unsettled expenses (depending on the degree of risk valuation) into its own cost of sales.

Goods are appraised according to actual purchase prices, no higher than net selling prices.

Finished goods are appraised according to technical direct manufacturing costs, no higher than net selling prices.

2.2. Receivables

Receivables are recognised initially at nominal value and as at the balance sheet date in the amount of required payment. Receivables due to deliveries and services are classified as current receivables. Other receivables are recognised as current or non-current receivables depending on maturity (depending on whether this is less than or over 12 months from the balance sheet date).

In order to make their value real, receivables are decreased by write-offs revaluating bad debts.

Receivables in foreign currencies were valued as at the balance sheet date at NBP average exchange rates. The realised and resulting from balance valuation exchange differences are classified as financial revenues and financial costs respectively, after they were compensated.

2.3. Current Financial Assets

Assets recognised in the financial statement consist mostly of monetary assets and loans to other entities. Monetary assets consist of cash in hand, cash at banks and accrued interest on financial assets. Cash in domestic currency was valued at nominal value, while cash in foreign currencies was valued at NBP average exchange rates.

Loans are valued according to value of depreciated cost using effective interest rate. In case of lack of differences that are significant for valuation, loans are classified at nominal value plus accrued interest based on interest rate resulting from contracts.

Securities are valued according to acquisition cost or market value, depending on which of the values is lower.

2.4. Current and Non-current Prepayments of Costs

Expenses incurred in advance, but related to future reporting periods are settled by prepayments of costs. Prepayments of costs that last longer than 12 months starting with the balance sheet date are regarded as a non-current item.

Prepayments include also surplus of sales in long-term contracts made according to article 34a, section 1 and section 2, point 2 of Act on Accounting over value of sales invoiced to contractors.

3. Equity

Equity includes, among others:

- share capital of the company presented at nominal value,
- supplementary capital from profit-sharing in compliance with principles and limitations specified in the Commercial Companies Code and from surpluses of shares sold above their nominal value,
- other reserve capitals from profit-sharing intended for investment targets and other specified in statute - valued at nominal value,
- retained profit from adjustments due to changes in accounting principles in 2002 resulting from amendments to Act on Accounting and adjustments due to changes to the rules of recognising of built-in derivatives,
- revaluation reserve due to valuation of investment certificates in CCF FIZ and settlement of deferred tax on valuation.

4. Liabilities and Provisions for Liabilities

4.1. Provisions for Liabilities

They are created for reliable and possible losses due to business activities. In particular, they are related to:

- expected expenses that will incur during the next reporting period due to costs that are related to the current period,
- provisions for additional costs of contracts completion that are expected to incur and that exceed the amount of possible to achieve revenues; and provisions for guarantees,
- provisions due to rewards (premium) expected to be paid in the next reporting period, but related to the previous period,
- provisions for leaves.

They include also provisions due to deferred income tax

4.2. Liabilities

At the time of initial recognition, financial liabilities are valued at nominal value and as at the balance sheet date, in the amount of required payment. Liabilities due to deliveries and services are classified as current liabilities. Other liabilities are recognised as current or non-current receivables depending on maturity (depending on whether this is less than or over 12 months from the balance sheet date). Liabilities in foreign currencies were valued as at the balance sheet date at NBP average exchange rates.

4.3. Special Funds

Special Funds consist of Social Services and Residential Fund that was created from profit-sharing for 1998 and 1999.

4.4. Accruals

Accruals of revenues include subsidies for financing of research and development works that are received from union funds and domestic funds for science.

Accruals of revenues include also surplus of sales invoiced to contractors over the value of proceeds from sales in long-term contracts determined according to article 34a, section 1 and section 2, point 2 of Act on Accounting.

5. Valuation of Assets and Equity and Liabilities Presented in Foreign Currencies and Principles of Determining Exchange Differences

5.1. Within Reporting Year

Economic operations which are expressed in foreign currencies are presented in accounting books as of the date of their conducting with the exchange rate respectively:

- Operations related to sale and purchase of goods and services at the average NBP exchange rate as of the date preceding conducting the operation; however, import purchases that require customs clearance and export sales of goods are valued according to exchange rates set within evidence for customs clearance,
- Operations regarding an influx of foreign currency to a bank account, resulting from payment of receivables for goods and services, securities and additional interest by the bank - at the average NBP exchange rate as of the date preceding conducting the operation.

- Incurring credit or loans in foreign currencies at the moment of their inflow to a bank account in addition to inflow of added interest on these credits - at the average NBP exchange rate as of the date preceding conducting the operation.
- Purchase and sale of interest, shares and securities stated in foreign currency - at the average NBP exchange rate as of the date preceding conducting the operation.
- Operations related to sales or purchases of currencies – at the exchange rate actually applied by the bank on a given day (purchase or sales exchange rate, respectively, applied by the bank).
- Payment of receivables in foreign currency (including loans), if the currency does not directly influence the currency account – at the purchase exchange rate, with the bank that converted (acquired) these currencies.
- Payment of liabilities, credit and loans with the foreign currency purchased at the bank (i.e. not directly from a currency banking account) – at the sales exchange rate applied by the bank.
- Other operations at the average NBP exchange rate – as of the date preceding conducting the operation or exchange rate actually applied (depending on the type of operation).

5.2. As at Balance Sheet Date

Items of assets and equity and liabilities are valued at binding NBP average exchange rates.

5.3. Principles of Determining Exchange Differences

- Exchange differences related to non-current investment are accounted for adequately with revaluation reserve or revenues and financial costs (according to article 35, section 2 and 4 of Act on Accounting).
- Exchange differences related to the other assets and equity and liabilities and those arising on payment of receivables and liabilities are classified to revenues and financial costs, respectively.
- Realised exchange differences, related to receivables and liabilities, are determined up to date, while unrealised exchange differences, related to receivables and liabilities and cash at banks are valued at the end of the quarter (in compliance with materiality principle).

6. Financial Instruments

Derivative financial instruments designated as 'hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12th of December, 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, qualified as fair value hedging, are valued at fair value and change in their valuation refers to the result from financial operations.

Derivative financial instruments designated as 'hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12th of December, 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, qualified as cash flow hedging, are valued at fair value change in their valuation refers to:

- the revaluation reserve (in the part that constitutes the effective hedging),
- the result from financial operations (in part that doesn't constitute the effective hedging).

Derivative financial instruments designated as 'non-hedging instruments' according to §27-30 of the Regulation issued by Ministry of Finance on 12th of December, 2001 concerning detailed classification rules, valuation methods, scope of disclosure and presentation method of financial instruments, are valued at fair value and change in their valuation refers to the result from financial operations.

7. Financial Result

Comarch S.A. prepares its income statement in calculation version in compliance with matching principle revenues and costs.

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

- implementation services,
- installation services,
- guarantee and post-guarantee services,
- technical assistance services,
- software customisation services,
- other IT and non-IT services necessary for system implementation.

Integration contracts realised by Comarch S.A. are classified according to article 34 a-d of Act on Accounting, whereas degree of progress for contract is determined by share of incurred costs compared to total costs of service execution.

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

- revenues from proprietary software (irrespective of form, i.e. licences, property rights, etc.),
- revenues from services.

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

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

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

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

7.1. Revenues are Classified according to Accrual Basis

Revenues from uncompleted non-current services (contracts) are classified in proportion to the level of service according to article 34 a, section 2, point 1 of Act on Accounting.

Revenues from sales of other services, products, finished goods and other item of assets are recognised at the moment of delivery of products, finished goods and other items of assets, if the entity transferred significant risk and benefits resulting from their ownership or at the moment of executing the service. Sales are presented in net value, i.e. without commodity and services taxes and taking into account all discounts.

7.2. Costs Consist of:

- In relation to long-term contracts, total expenditures incurred in the period, on execution of contracts that were valued at production costs.
- In relation to other services, finished goods and other assets – value of sold (invoiced) products, finished goods and other items valued at production cost or acquisition price.
- Total administrative costs and cost of sales incurred in the period.

In the item "Costs of sold products, finished goods and materials from related parties" in the income statement the company presents the value of products, finished goods and materials purchased from related parties excluding these included in administrative costs, cost of sales and other operating costs.

Costs of sales consist of marketing costs and the costs of order acquisition by sales centres (departments) in the Comarch S.A.

General costs consist of the costs of the Comarch S.A. functioning as a whole and include administrative expenses and the costs of departments that operate for the general needs of the company.

7.3. Other Revenues and Operating Costs

These consist of revenues and costs not related directly to the ordinary activities of entities and comprise mostly: result from sale of property, plant and equipment and intangible assets, subsidies, provisions created, effects of revaluation of assets and result from research and development financed by union.

According to the materiality principle, content-related items are compensated and they are presented resultantly, respectively in operating revenues or costs. In particular, it refers to:

- result on sales and decommissioning of property, plant and equipment; recovered communication damages and costs of repairs after damage,
- received and paid penalties,
- recognised and dissolved write-offs that revalue receivables,
- subsidies, costs of realisation of research and development works financed by them.

7.4. Revenues and Financial Costs

Revenues and financial costs consist of revenues and costs due to interest, result from exchange differences, from disposal of financial assets and effects of investment revaluation.

7.5. Deferred Income Tax

Due to temporary differences between the presented value of assets and liabilities as well as their tax value and tax loss it will possible to deduct in the future, a provision is established and deferred income tax assets are defined.

Deferred income tax assets are defined in the amount that it is anticipated will have to be deducted from income tax in the future in reference to negative temporary differences which shall result in the future in reducing the amount of the basis of taxation and the deductible tax loss defined using the precautionary principle.

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

Provisions and assets due to deferred income tax are established fiscal rates which are legally binding in the tax point year.

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

Due to the fact that the company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised on the basis of the annual settlement of income tax, after the end of the fiscal year. Therefore as at the balance sheet date, the company determines only an asset and provision for deferred income tax only in relation to the types of activities, which are always taxable according to principles that are applied by the company, i.e. financial activities and other operating activities.

On the 22nd of March, 1999, Comarch S.A. obtained a permit for conducting activity in the Special Economic Zone in Krakow ("SEZ"). According to the regulation of the Council of Ministers of the 14th of October, 1997 on establishment of a Special Economic Zone in Krakow (Journal of Laws No. 135, item 912 and changes to this act), the entities, which invested in the Krakow special economic zone at least EUR 2 million, were granted the tax allowances applicable for the income tax from legal entities from the income obtained from the activity specified in the permit. As a result of Poland joining the European Union, an Act was passed on the 2nd of October, 2003, that changed the act on special economic zones and certain other acts (Journal of Laws No. 188 Item 1840) that changed the conditions for tax exemptions for entities operating in special economic zones. This means a change in the current method of granting tax relief (public aid) from unlimited relief to relief that is limited in value and depends on the value of investments made. In the case of Comarch S.A., the maximum value of public aid cannot exceed 75% of the value of investment expenditures, which the company has incurred since obtaining the permit, i.e. from the 22nd of March, 1999, to the 31st of December, 2006. Comarch S.A. approached the Minister of the Economy in order to change the terms and conditions of its permit. On the 1st of July, 2004, it received a decision from the Minister of the Economy dated the 24th of June, 2004, on the topic of changes to the terms and conditions of the permit (those mentioned above and those compliant with the act). At the same time, the period of time for which the permit for Comarch S.A. was issued was extended to the 31st of December, 2017, in the changed permit.

In total Comarch S.A. holds four permits to operate in the Special Economic Zone in Krakow:

- obtained in 2007, originally with the validity period until 31st of December, 2017, currently its validity term has not been specified in accordance with the decision of the Ministry of Development and Finance of 18th of October, 2017;
- obtained in 2013, validity of this permit has not been specified;
- obtained in February, 2016, validity of this permit has not been specified;
- obtained in March, 2016, validity of this permit has not been specified.

At the same time, the company notes that on the 23rd of July, 2013, Council of Ministers adopted a regulation extending to 2026 the term of functioning of special economic zones on Polish territory.

The investment relief in respect of the permit obtained in 1999 was fully used. Limit of the unused investment relief in respect of the authorization obtained in 2007 as at the 31st of December, 2018, (discounted as at the permit date), is PLN 7,873 thousand. Limit of the unused investment relief in respect of the authorization obtained in 2013 as at the 31st of December, 2018, (discounted as at the permit date), is about PLN 28,929 thousand. Limit of the unused investment relief in respect of the authorization obtained in March, 2016, related to investment in office building SSE7 in Krakow, as at the 31st of December, 2018, (discounted as at the permit date), is about PLN 22,759 thousand.

Additional information on methods of recognition of a deferred income asset and tax exempt due to operations in Special Economic Zone are included in Note 4a of additional information and commentary to this financial statement.

Financial result is determined according to article 42 of Act on Accounting dated 29th of September, 1994 r. Cash flow statement is prepared using the indirect method.

IV. Principles of Conversion PLN to EURO

EUR rates used when calculating financial data

NBP average exchange rates

As at 31.12.2018	4.3000
As at 31.12.2017	4.1709

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

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

NBP minimum rate

For the period 1.01 - 31.12.2018	4.1423
For the period 1.01 - 31.12.2017	4.1709

NBP maximum rate

In the period 1.01 - 31.12.2018	4.3978
In the period 1.01 - 31.12.2017	4.1709

In the table "Selected financial data" points I-VIII and XVI-XVII are valued at NBP arithmetic average exchange rates as at the end of every months in the period, while points IX-XIV and XVIII-XIX at NBP rate binding at the end of the period.

Selected exchange rates used when calculating financial data

NBP average exchange rates for USD

As at 31.12.2018	3.7597
As at 31.12.2017	3.4813

NBP average exchange rates for CHF

As at 31.12.2018	3.8166
As at 31.12.2017	3.5672

NBP average exchange rates for GBP

As at 31.12.2018	4.7895
As at 31.12.2017	4.7001

NBP average exchange rates for DKK

As at 31.12.2018	0.5759
As at 31.12.2017	0.5602

NBP average exchange rates for CAD

As at 31.12.2018	2.7620
As at 31.12.2017	2.7765

V. Differences between Polish Accounting Principles and International Financial Reporting Standards

Differences:

1. The Right of Perpetual Usufruct of Land

In IFRS, the method of presentation of the right of perpetual usufruct of land is not defined explicitly. There are different opinions in that case. Comarch S.A. as the Parent Company prepares consolidated financial statement according to IFRS and presents the right of perpetual usufruct of land as non-current prepayments settled in time. According to Act on Accounting the law of perpetual usufruct of land is presented as "lands" in property, plant and equipment and is not depreciated.

2. Operating in the Special Economic Zone ("SEZ")

As a result of Poland joining the European Union, there was a change within terms of income tax from legal persons from unlimited relief to relief that is limited in value and depends on the value of investments made.

Unused tax relief as at the balance sheet date constitutes a deferred income tax asset.

As at 31st of December, 2017, the company determined the asset that is worth PLN 8,863 million and presented it in the consolidated financial statement according to IFRS. Within 2018 the assets were dissolved, however as at 31st of December, 2018, an asset worth PLN 11,162 million was created.

Total effect on result would amount to minus PLN 2,299 thousand.

3. Managerial Option Programme

Not concern.

4. Adjustment of Revenues from the Application of IFRS 15

In 2018, the revenues were adjusted for the first time in accordance with IFRS 15. After applying the principles resulting from IFRS 15, the result would decrease by PLN 30,573 thousand. PLN.

5. Differences compared to IFRS (000'PLN)

Item	Equity as at 31 December 2018	Net result for 2018
Corrections according to the Polish accounting principles:	834,190	49,649
■ presentation of managerial option (point V 3)	0	0
■ an asset due to tax exemption in the SEZ (point V 2)	11,162	2,299
■ depreciation due to the right of perpetual usufruct of lands (point V 1)	-1,366	-93
■ adjustment due to IFRS 15	-30,573	-30,573
Equity and net result after adjusting above-mentioned differences:	813,413	21,282

FINANCIAL SUPERVISION AUTHORITY

ANNUAL REPORT SA-R 2018

(pursuant to §2 sec.1, pt.3 of the Regulation regarding current and periodical information)
(for issuers of securities managing production, construction, trade and services activities)

For financial year 2018 from 2018-01-01 to 2018-12-31
And for the previous year 2017 from 2017-01-01 to 2017-12-31

Date of publication: 2019-04-29

COMARCH SA	
(full name of an issuer)	
COMARCH	INFORMATION TECHNOLOGY
(abbreviated name of issuer)	(sector according to WSE classification)
31-864	Krakow
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BDO Sp. o.o.

(An auditor entitled to audit financial statements)

Annual report includes:

- ☒ Opinion and Report of an Auditor regarding the Annual Financial Statement
- ☐ The position of the management body with the opinion of the supervisory authority, referring to reservations opinion, negative opinion and refusal to express an opinion on the financial statements
- ☒ The Management Board's statement regarding the Reliability of Financial Statement
- ☒ The Management Board's information regarding the Auditor Independence
- ☒ The Supervisory Board's statement regarding the Audit Committee
- ☒ Letter of the President of the Management Board
- ☒ Annual Financial Statement
 - ☒ Introduction
 - ☒ Balance Sheet
 - ☒ Income Statement
 - ☒ Changes in Equity
 - ☒ Cash Flow Statement
 - ☒ Additional Information and

Commentaries

- ☒ Report of the Management Board (Report regarding the Activities of Issuer)
 - ☒ Report regarding the Corporate Governance
 - ☐ Declaration regarding non-financial information
- ☒ Report regarding non-financial data
- ☒ The Supervisory Board's assessment regarding report on activities and financial statement
- ☐ Other information by ASI (alternative investment company)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	2018	2017	2018	2017
I. Net revenues from sales of products, goods and materials	966,100	755,517	226,416	177,992
II. Profit (loss) on operating activities	89,389	40,533	20,949	9,549
III. Gross profit (loss)	57,075	44,244	13,376	10,423
IV. Net profit (loss)	49,649	39,338	11,636	9,268
V. Cash flows from operating activities	82,817	46,990	19,409	11,070
VI. Cash flows from investing activities	-57,442	-87,423	-13,462	-20,596
VII. Cash flows from financing activities	-7,205	35,473	-1,689	8,357
VIII. Total net cash flows	18,170	-4,960	4,258	-1,169

IX. Total assets	1,334,900	1,247,206	310,442	299,026
X. Liabilities and provisions for liabilities	500,711	450,222	116,444	107,944
XI. Non-current liabilities	152,343	154,762	35,429	37,105
XII. Current liabilities	157,089	155,174	36,532	37,204
XIII. Equity	834,190	796,984	193,998	191,082
XIV. Share capital	8,133	8,133	1,891	1,950
XV. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XVI. Earnings (losses) per single share (PLN/EUR)	6.10	4.84	1.43	1.14
XVII. Diluted earnings (losses) per single share (PLN/EUR)	6.10	4.84	1.43	1.14
XVIII. Book value per single share (PLN/EUR)	102.56	97.99	23.85	23.49
XIX. Diluted book value per single share (PLN/EUR)	102.56	97.99	23.85	23.49
XX. Dividend per one share (paid or declared)	1.50	1.50	0.40	0.40

REPORT OF AN AUDITOR ENTITLED TO AUDIT FINANCIAL STATEMENTS ON ANNUAL FINANCIAL STATEMENT

File	Description
	Report of an Auditor

THE MANAGEMENT BOARD'S STATEMENT REGARDING THE RELIABILITY OF FINANCIAL STATEMENT

File	Description
SAR 2018 The Management Board's Statement regarding the Reliability of Financial Statement	The Management Board's Statement regarding the Reliability of Financial Statement

THE MANAGEMENT BOARD'S INFORMATION REGARDING SELECTION OF THE AUDITOR

File	Description
SAR 2018 The Management Board's Information regarding Selection of the Auditor	The Management Board's Information regarding Selection of the Auditor

THE SUPERVISORY BORAD'S STATEMENT REGARDING THE AUDIT COMMITTEE

File	Description
SAR 2018 The Supervisory Borad's statement regarding the Audit Committee	The Supervisory Borad's statement regarding the Audit Committee

LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD

File	Description
SAR 2018 Letter of the President of the Management Board.pdf	Letter of the President of the Management Board

ANNUAL FINANCIAL STATEMENT

INTRODUCTION TO THE FINANCIAL STATEMENT

File	Description
SAR 2018 Introduction to the Financial Statement.pdf	Introduction to the Financial Statement

BALANCE SHEET

		thousands of PLN	
		2018	2017
Notes			
ASSETS			
I. Non-current assets		736,083	756,155
1. Intangible assets		11,048	14,628
1. Property, plant and equipment	2	332,185	346,398
2. Non-current investment	3	383,826	386,122
2.1 Non-current financial assets		343,518	359,299
a) in related parties		342,583	356,182
b) in other entities where the issuer holds interest in capital		0	280
c) in other entities		935	2,837
2.2 Real estates		40,265	26,780
2.3 Other non-current investment		43	43
3. Non-current prepayments	4	9,024	9,007
3.1 Deferred income tax assets		6,205	5,816
3.2 Other prepayments		2,819	3,191
II. Current assets		598,817	491,051
1. Inventories	5	61,435	78,120
2. Current receivables	6 7	376,939	312,373
2.1 from related parties		227,173	184,106
2.2 from other entities where the issuer holds interest in capital		151	560
2.3 from other entities		149,615	127,707
3. Current investment		70,762	57,670
3.1 Current financial assets	8	70,762	57,670
a) in related parties		508	322
b) in other entities where the issuer holds interest in capital		0	303
c) in other entities		3,264	8,516
- granted loans		0	0
- interest and shares		0	0
- other current financial assets		3,264	8,516
d) cash and cash equivalents		66,990	48,529
4. Current prepayments	9	89,681	42,888
Total assets		1,334,900	1,247,206
EQUITY AND LIABILITIES			
I. Equity		834,190	796,984
1. Share capital		8,133	8,133
2. Capital from merger settlement		0	0
3. Supplementary capital	11	680,501	653,363
4. Revaluation reserve	12	95,162	95,405
5. Other reserve capitals	13	745	745
6. Previous years' profit (loss)		0	0
7. Net profit (loss)		49,649	39,338
II. Liabilities and provisions for liabilities		500,711	450,222
1. Provisions for liabilities	14	144,309	122,701
1.1 Provisions due to deferred income tax		23,732	25,255
1.2 Other provisions		120,577	97,446
a) current		120,577	97,446

2. Non-current liabilities	15	152,343	154,762
2.1 to related parties		28,240	22,472
2.2 to other entities where the issuer holds interest in capital		0	0
2.3 to other entities		124,103	132,290
3. Current liabilities	16	157,089	155,174
3.1 to related parties		28,541	26,901
3.2 to other entities where the issuer holds interest in capital		0	894
3.3 to other entities		127,135	125,780
3.4 special funds		1,413	1,599
4. Accruals	17	46,970	17,585
4.1 Other accruals		46,970	17,585
a) current		46,970	17,585
Total equity and liabilities		1,334,901	1,247,206

Book value		834,190	796,984
Number of shares		8,133,349	8,133,349
Book value per single share (PLN)	18	102.56	97.99
Diluted number of shares		8,133,349	8,133,349
Diluted book value per single share (PLN)	18	102.56	97.99

OFF-BALANCE SHEET ITEMS

	Notes	thousands of PLN	
		2018	2017
1. Contingent liabilities to related parties (due to)	19	55,390	113,854
-granted bank guarantees and suretyships		55,390	113,854
2. Contingent liabilities to other entities (due to)	33	81,163	65,876
-received bank guarantees and suretyships		81,163	65,876
Total off-balance sheet items		136,553	179,730

INCOME STATEMENT

	Notes	thousands of PLN	
		2018	2017
I. Net revenues from sales of products, goods and materials, including:		966,100	755,517
-revenues from related parties		419,431	248,831
1. Net revenues from sales of products	20	874,509	713,775
2. Net revenues from sales of goods and materials	21	91,591	41,742
II. Costs of products, goods and materials sold, including:		719,140	576,096
-to related parties		36,130	32,887
1. Manufacturing cost of products sold	22	633,882	538,736
2. Value of products, goods and materials sold		85,258	37,360
III. Gross profit (loss) on sales		246,960	179,421
IV. Costs of sales	22	73,067	72,449
V. Administrative costs	22	55,517	53,971
VI. Profit (loss) on sales		118,376	53,001
VII. Other operating revenues		1,972	1,280
1. Profit on disposal of non-financial non-current assets		687	444
2. Other operating revenues	23	1,285	836
VIII. Other operating costs		30,959	13,748
1. Other operating costs	24	30,959	13,748
IX. Profit (loss) on operating activities		89,389	40,533
X. Financial revenues	25	10,845	26,971
1. Dividends and share in profits		3,070	107

-from related parties		3,070	107
2. Profit on disposal of investment		6,485	13,081
3. Revaluation of financial assets		0	-57
4. Interest, including:		491	451
-from related parties		334	176
5. Other		799	13,389
XI. Finance costs	26	43,159	23,260
1. Interest, including:		3,631	2,796
-to related parties		675	736
2. Loss on disposal of financial assets		0	0
3. Revaluation of financial assets		30,826	7,564
4. Other		8,702	12,900
XII. Gross profit (loss)		57,075	44,244
XIII. Income tax	27	7,426	4,906
a) current		9,280	2,342
b) deferred		-1,854	2,564
XIV. Net profit (loss)		49,649	39,338

Net profit (loss) (annualised)		49,649	39,338
Weighted average number of shares		8,133,349	8,133,349
Earnings (losses) per single share (PLN)	29	6.10	4.84
Diluted weighted average number of shares		8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	29	6.10	4.84

CHANGES IN EQUITY

	thousands of PLN	
	2018	2017
I. Opening balance of equity (BO)	796,984	771,742
I. a. Opening balance of equity after adjustments	796,984	771,742
1. Opening balance of share capital	8,133	8,133
1.1. Changes in share capital	0	0
a) increases (due to)	0	0
- shares issue	0	0
1.2. Closing balance of share capital	8,133	8,133
2. Opening balance of supplementary capital	653,363	619,975
2.1. Changes in supplementary capital	27,138	33,388
a) increases (due to)	27,138	33,388
-profit-sharing for the previous years	27,138	33,388
2.2. Closing balance of supplementary capital	680,501	653,363
3. Opening balance of revaluation reserve	95,405	97,301
-changes in applied accounting principles	0	0
3.1. Changes in revaluation reserve	-243	-1,896
a) increases (due to)	58	445
-provision for deferred income tax due to certificates valuation	0	445
a) decreases (due to)	301	2,341
-balance sheet valuation of investment certificates		2,341
3.2 Closing balance of revaluation reserve	95,162	95,405
4. Opening balance of capital from merger	0	0
4.1 Closing balance of capital from merger	0	0
5. Opening balance of other reserve capitals	745	745
5.1 Closing balance of other reserve capitals	745	745
6. Opening balance of the previous years' profit (loss)	39,338	45,588

6.1. Opening balance of the previous years' profit	39,338	45,588
a) changes in applied accounting principles	39,338	45,588
b) decreases (due to)	27,138	33,388
-transferring the result for the previous years to supplementary capital	12,200	12,200
- payment of dividends	0	0
6.2. Closing balance of the previous years' profit	49,649	39,338
7. Net result	49,649	39,338
a) net profit	834,190	796,984
II. Closing balance of equity	834,190	796,984
III. Equity including proposed profit-sharing (loss coverage)	796,984	771,742

CASH FLOW STATEMENT

	thousands of PLN	
	2018	2017
A. Cash flows from operating activities		
I. Net profit (loss)	49,649	39,338
II. Total adjustments	33,168	7,652
1. Depreciation	43,436	38,052
2. Exchange gains (losses)	-227	243
3. Interest and shares in profits (dividends)	205	2,917
4. Profit (loss) on investing activities	31,582	7,152
5. Change in provisions	20,110	55
6. Change in inventories	16,937	-34,848
7. Change in receivables	-63,367	-9,528
8. Change in current liabilities, excluding credits and loans	363	17,775
9. Change in prepayments and accruals	-15,871	-14,166
10. Other adjustments	0	0
III. Net cash used in operating activities (I+/-II)-indirect method	82,817	46,990
B. Cash flows from investing activities		
I. Inflows	14,765	22,006
1. Disposal of property, plant and equipment and intangible assets	4,777	2,759
2. From financial assets, including:	9,988	19,247
a) in related parties	3,504	6,165
-received loans	0	0
-dividends and share in profits	3,070	107
-repaid loans	112	5,886
-repaid interest	322	172
b) in other entities	6,484	13,082
-other inflows from financial assets	6,484	13,082
II. Outflows	-72,207	-109,429
1. Purchase of property, plant and equipment and intangible assets	-54,780	-96,533
2. Expenses for investment in real estates	-2	0
3. For financial assets, including:	-17,425	-12,896
a) in related parties	-17,425	-12,896
-purchase of financial assets	-1,783	-12,129
-granted non-current loans	-15,642	-767
-payment of loans	0	0
-payment of interest	0	0
b) in other entities	0	0
-purchase of financial assets	0	0
-loss on forward contract	0	0
4. Other investment expenditures	0	0

III. Net cash flow investing activities (I-II)	-57,442	-87 423
C. Cash flow from financing activities		
I. Inflows	55,730	98,874
1. Inflows from share issue and other capital instruments as well as surcharges to capital	0	0
2. Loans and credits	54,928	96,244
3. Repaid loans	774	0
4. Interest received on paid loans	28	0
5. Other financial inflows	0	2,630
II. Outflows	-62,935	-63,401
1. Expenses due to distribution of profit (other than payments to owners)	-12,200	-12,200
2. Repayment of loans and credits	-46,288	-48,005
3. Interest	-3,414	-3,196
4. Granted loans	-353	0
5. Acquisition of own shares (equity), capital surcharge	-680	0
III. Net cash (used in)/generated from financing activities (I-II)	-7,205	35,473
D. Total net cash flows (A.III+/-B.III+/-C.III)	18,170	-4,960
E. Balance sheet change in cash and cash equivalents, including:	18,469	-5,261
-change in cash and cash equivalents due to exchange differences	299	-301
F. Cash and cash equivalents opening balance	48,520	53,781
G. Closing balance of cash and equivalents (F+/-E), including:	66,989	48,520
-limited disposal	1,341	1,686

ADDITIONAL INFORMATION AND COMMENTARY**A. COMMENTARY NOTES****BALANCE SHEET COMMENTARY NOTES****Note 1 a**

INTANGIBLE ASSETS	thousands of PLN	
	2018	2017
a) costs of finished development works	0	0
b) goodwill	0	0
c) licences, patents and similar items, including:	11,048	14,174
-computer software	0	0
d) other intangible assets	454	454
e) advance payments for intangible assets	0	0
Total intangible assets	11,048	14,628

Should be indicated and explained the period of write-offs from completed development works and depreciation write-offs from goodwill.

Note 1 b

CHANGES IN INTANGIBLE ASSETS (BY TYPES)							
thousands of PLN							
	a	b	c		d	e	Total intangible assets
	costs of completed development work	goodwill	licences, patents and similar items, including	-computer software	other intangible assets	advances for intangible assets	
a) opening balance of gross value of intangible assets	0	0	43,079	1,275	6,551	0	49,630
b) increases (due to)	0	0	2,356	0	0	0	2,356
-purchase	0	0	2,356	0	0	0	2,356
c) decreases (due to)	0	0	18	0	0	0	18
-decommissioning	0	0	15	0	0	0	15
-sales	0	0	3	0	0	0	3
d) closing balance of gross value of intangible assets	0	0	45,417	1,275	6,551	0	51,968
e) opening balance of accumulated depreciation (amortisation)	0	0	28,905	1,275	6,097	0	35,002
f) depreciation for the period (due to)	0	0	5,918	0	0	0	5,918
-increases (costs depreciation)	0	0	5,935	0	0	0	5,935
-decreases	0	0	17	0	0	0	17
g) closing balance of accumulated depreciation (amortisation)	0	0	34,823	1,275	6,097	0	40,920
h) closing balance of net value of intangible assets	0	0	10,594	0	454	0	11,048

Note 1 c

INTANGIBLE ASSETS (PROPRIETARY STRUCTURE)	thousands of PLN	
	2018	2017
a) proprietary	11,048	14,628
Total intangible assets	11,048	14,628

Note 2 a

PROPERTY, PLANT AND EQUIPMENT	thousands of PLN	
	2018	2017
a) property, plant and equipment in use, including:	330,851	276,507
-lands (including right of perpetual usufruct of land)	32,003	32,003
-buildings, premises and water and civil engineering structures	195,052	159,228
-technical equipment and machines	81,138	66,312
-means of transport	16,652	13,934
-other property, plant and equipment	6,006	5,030
b) property, plant and equipment under construction	1,313	69,711
c) advances for property, plant and equipment under construction	21	180
Total property, plant and equipment	332,185	346,398

Note 2 b

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN USE (BY TYPES)						
thousands of PLN						
	- lands (including right of perpetual usufruct of land)	- buildings, premises and water and civil engineering structures	- technical equipment and machines	- means of transport	- other non-current assets	Total non-current assets in use
a) opening balance of gross value of property, plant and equipment in use	32,135	208,042	211,138	23,129	18,710	493,154
b) increases (due to)	0	56,837	40,403	10,691	2,480	110,411
-purchase	0	56,837	40,403	10,691	2,480	110,411
c) decreases (due to)	0	27,683	6,232	6,706	78	40,699
-decommissioning	0	0	5,666	385	54	6,105
-sales	0	0	566	6,321	24	6,911
-transferring the building for rent to investment real estates	0	27,683	0	0	0	27,683
d) closing balance of gross value of property, plant and equipment in use	32,135	237,196	245,309	27,114	21,112	562,866
e) opening balance of accumulated depreciation (amortisation)	132	48,814	144,826	9,195	13,680	216,647
f) decrease (transferring the building for rent to investment real estates)	0	12,401	0	0	0	12,401
g) depreciation for the period (due to)	0	5,731	19,345	1,267	1,426	27,769
-increases (costs depreciation for the period)	0	5,731	25,467	3,106	1,503	35,807
-decreases (decommissioning)	0	0	5,629	289	54	5,972
-decreases (sales)	0	0	493	1,550	23	2,066
g) closing balance of accumulated depreciation (amortisation)	132	42,144	164,171	10,462	15,106	232,015
h) closing balance of net value of property, plant and equipment in use	32,003	195,052	81,138	16,652	6,006	330,851

Note 2 c

BALANCE SHEET PROPERTY, PLANT AND EQUIPMENT IN USE (PROPRIETARY STRUCTURE)	thousands of PLN	
	2018	2017
a) proprietary	330,838	276,301
-used on the basis of an agreement of rental, lease or others, including lease agreements	13	206
Total balance sheet property, plant and equipment in use	330,851	276,507

Note 3 a

CHANGES IN REAL ESTATES (BY TYPES)	thousands of PLN	
	2018	2017
a) opening balance	26,780	28,172
b) increases (due to)	15,179	0
-fittings of a building dedicated for rent	0	0
-transferring the building and land dedicated for rent	15,179	0
c) decreases (due to)	1,694	1,392
-depreciation for the period	1,694	1,392
d) closing balance	40,265	26,780

Note 3b

NON-CURRENT FINANCIAL ASSETS	thousands of PLN	
	2018	2017
a) in related parties	342,583	356,182
-interest or shares	204,977	233,622
-granted loans	18,560	3,242
-other securities	119,046	119,347
-interest due to granted loans	0	-29
b) in other entities where the issuer holds interest in capital	0	280
-interest or shares	0	150
-granted loans	0	130
c) in other entities	935	2,837
- other non-current financial assets (by types)	935	2,837
-forward contracts	935	2,837
Total non-current financial assets	343,518	359,299

Note 3 c

CHANGES IN NON-CURRENT FINANCIAL ASSETS (BY TYPES)	thousands of PLN	
	2018	2017
a) opening balance	359,299	360,783
Interest and shares		
b) opening balance	233,772	229,861
c) increases (due to)	2,031	12,129
-purchase of shares in subsidiaries	1,783	12,129
- balance sheet valuation of shares	248	0
d) decreases (due to)	30,826	8,218
- revaluation of shares	30,826	7,597
- balance sheet valuation of shares	0	621
e) closing balance	204,977	233,772
Other securities		
f) opening balance	119,347	121,688
g) increases (due to)	0	0

-purchase of investment certificates of FIZ	0	0
h) decreases (due to)	301	2,341
-valuation of shares in CCF Closed Investment Fund	301	2,341
i) closing balance	119,046	119,347
Non-current loans and other non-current assets in subsidiaries		
j) opening balance	3,343	8,742
k) increases (due to)	15,707	131
-loans granted to subsidiaries	15,642	0
-loans granted to other entities	0	0
-interest due to non-current loans	0	131
-balance sheet valuation of loans in subsidiaries	65	0
-dissolving write-offs revaluating loans in subsidiaries	0	0
-dissolving write-offs revaluating interests	0	0
-balance sheet and adjusted valuation of interest on loans	0	0
l) decreases (due to)	490	5,530
-repayment of subsidiaries' loans	321	5,120
-repayment of loans to entities where the issuer holds interest in capital	0	80
-repayment of interests on subsidiaries' loans	0	109
- repayment of loans to other entities	130	0
-creating write-offs revaluating interests	0	-34
-balance sheet valuation	0	191
-transferring non-current loans from related parties to current loans	0	0
-transferring non-current loans from entities where the issuer holds interest in capital to current loans	0	0
-cancelling the loans in subsidiaries	0	0
-cancelling the interest on loans in subsidiaries	0	0
-creating write-offs revaluating loans in subsidiaries	39	0
- capitalization of interest	0	54
- balance sheet valuation and adjusted interest on loans	0	10
m) closing balance	18,560	3,343
Other non-current assets		
n) opening balance	2,837	492
o) increases (due to)	0	2,345
- valuation of forward contracts	0	2,345
p) closing balance	1,902	0
- valuation of forward contracts	1,902	0
q) Closing balance	935	2,837
r) Closing balance	343,518	359,299

Note 3 d

Note 3d INTEREST OR SHARES IN RELATED UNITS												
No	thousands of PLN											
	a	b	c	d	e	f	g	h	i	j	k	l
	name of entity (company) including legal form	seat	activities	nature of relationship (subsidiary, correlate or associate, including direct and indirect relationship)	the applied method of consolidation / equity method valuation or indication that an entity is not subject to consolidation / valued by equity method	date of control / co-control accession / obtaining major share	value of interest / shares by acquisition price	revaluation g correction s (total)	balance sheet value of interest / shares	% of share capital held	share in total number of votes at AGM	indication of basis for control / co control / major share different than the one specified under clauses j) or k)
1	Comarch AG	Dresden	sales of software and services in European and South American market	subsidiary	consolidated	13.09.1999	154,456	-1,320	153,136	100	100	
2	Comarch Software und Beratung AG	Munich	provider of IT solutions (especially ERP) and integrator of IT solutions	second degree subsidiary (subsidiary of Comarch AG)	consolidated	18.11.2008	109,382	-38,485	70,897	100	100	subsidiary of Comarch AG (100%)*
3	Comarch Solutions GmbH	Innsbruck	producer of software (especially ERP) and integrator of IT systems	third degree subsidiary (subsidiary of Comarch Software und	consolidated	18.11.2008	6,286	-4,960	1,326	100	100	subsidiary of Comarch Software und Beratung AG (100%)

				Beratung AG)								
4	Comarch Sistemas LTDA	Sao Paulo	sales of software and services in Central and South American markets and support of delivered IT systems	second degree subsidiary (subsidiary of Comarch AG)	consolidated	02.09.2014	1,208	0	1,208	100	100	subsidiary of Comarch AG (80%) and Comarch SuB AG (20%)
5	Comarch Peru S.A.C.	Lima	sales of software and services in Central and South American markets and support of delivered IT systems	second degree subsidiary (subsidiary of Comarch AG)	consolidated	14.12.2016	196	0	196	100	100	subsidiary of Comarch AG (95%) and Comarch SA (5%)
6	Comarch S.A.S.	Lezennes	sales of software and services in European and North American market	subsidiary	consolidated	14.09.2007	37,114	114	0	100	100	
7	Comarch R&D S.a r.l.	Montbonnot-Saint-Martin	sales of software and services in European and North American market	subsidiary	consolidated	16.09.2008	714	-714	0	100	100	
8	Comarch Luxembourg S.a r.l.	Luxemburg	sales of software and services in European market	subsidiary	consolidated	21.04.2011	1,981	-991	1,981	100	100	
9	Comarch, Inc.	Rosemont	sales and production of IT systems in American Markets	subsidiary	consolidated	24.06.1999	991	0	0	100	100	
10	Comarch Panama, Inc.	Panama	sales of software and services in European, Central and South American	second degree subsidiary (subsidiary of Comarch, Inc.)	consolidated	22.11.2004	914	0	914	100	100	subsidiary of Comarch Inc. (100%)

			market									
11	Comarch Canada Corp.	New Brunswick	sales of IT systems in the Canadian and South American Market	subsidiary	consolidated	01.06.2011	162	-21	141	100	100	
12	Comarch Espace Connecte Inc.	Montreal	sales of IT systems in Canadian Market	subsidiary	consolidated	16.04.2015	1,164	-54	1,110	100	100	
13	Comarch Middle East FZ-LLC	Dubai	sales of IT systems in Middle East and support of delivered IT systems	subsidiary	consolidated	08.04.2004	203	-203	0	100	100	
14	Comarch LLC	Kiev	sales of IT systems in Ukraine and support of delivered IT systems	subsidiary	consolidated	01.06.2004	34	-34	0	100	100	
15	ООО Comarch	Moscow	sales of IT systems in Russia and support of delivered IT systems	subsidiary	consolidated	26.01.2005	147	-147	0	100	100	
16	Comarch Software (Shanghai) Co. Ltd.	Shanghai	sales of IT systems in China and support of delivered IT systems	subsidiary	consolidated	q3 2009	597	-597	0	100	100	
17	Comarch Technologies Oy	Espoo	sales of IT systems in Scandinavian markets and support of delivered IT systems	subsidiary	consolidated	16.12.2010	198	-198	0	100	100	
18	Comarch UK Ltd.	London	sales of IT systems in GB, Ireland and Poland and support of delivered IT systems	subsidiary	consolidated	20.03.2012	271	-36	235	100	100	

19	Comarch Japan KK	Tokyo	sales of IT systems in Japan and support of delivered IT systems	subsidiary	consolidated	2017-07-07	490	0	490	100	100	subsidiary of Comarch UK (100%)
20	Comarch Chile SpA	Santiago	sales of IT systems in Chile and support of delivered IT systems	subsidiary	consolidated	23.05.2013	920	-920	0	100	100	
21	Comarch Software Spain S.L.U.	Madrid	sales of IT systems in European markets and South American markets and support of delivered IT systems	subsidiary	consolidated	11.11.2014	4,641	-4,641	0	100	100	
22	Comarch Colombia S.A.S.	Bogota	sales of IT systems in and South American markets and support of delivered IT systems	second degree subsidiary (subsidiary of Comarch Software Spain S.L.U.)	consolidated	04.05.2016	3,860	0	3,860	100	100	subsidiary of Comarch Software Spain S.L.U. (100%)
23	Comarch Yazilim A.S.	Istanbul	sales of IT systems in Turkey and support of delivered IT systems	subsidiary	consolidated	18.12.2014	825,	-825	0	100	100	
24	Comarch SRL	Milano	sales of IT systems and services in Europe	subsidiary	consolidated	05.02.2015	7,441	-5,206	2,235	100	100	
25	Comarch Malaysia SDN. BHD.	Kuala Lumpur	sales of IT systems and services in Asia	subsidiary	consolidated	02.04.2015	517	-517	0	100	100	
26	Comarch s.r.o.	Bratislava	limited operations	subsidiary	consolidated	31.08.2004	494	-494	0	100	100	
27	Comarch Pointshub	Rosemont	sales of IT systems and services in	subsidiary	consolidated	24.08.2015	32,876	-32,876	0	100	100	

	Inc.		America									
28	Comarch AB	Stockholm	sales of IT systems and services in Europe	subsidiary	consolidated	18.08.2015	22	0	22	100	100	
29	Comarch Argentina S.A.	Buenos Aires	sales of IT systems in Central and South American markets	subsidiary	consolidated	11.11.2015	929	-882	47	100	100	subsidiary of Comarch S.A. (95%) and Comarch AG (5%)
30	Comarch Saudi Arabia Co.	Riyadh	sales of IT systems in Saudi Arabia	subsidiary	consolidated	19.03.2017	1,016	-9	1,007	100	100	subsidiary of Comarch S.A. (95%) and Comarch Infrastruktura S.A. (5%)
31	Comarch Mexico S.A. de C.V.	Mexico City	sales of IT systems in Mexico	subsidiary	consolidated	13.04.2018	102	0	102	100	100	subsidiary of Comarch S.A. (99%)
32	Comarch Yuhan Hoesa (Comarch Ltd.)	Seul	sales of IT systems in South Korea	subsidiary	consolidated	11.09.2018	340	0	340	100	100	
33	Comarch (Thailand) Limited	Bangkok	sales of IT systems in Thailand	subsidiary	consolidated	01.10.2018	927	0	927	100	100	subsidiary of Comarch S.A. (98%), CA Consulting S.A. (1%) and Comarch Technologies Sp. z o.o. (1%)
34	Comarch BV	Rotterdam	sales of IT systems in Saudi Netherlands	subsidiary	consolidated	23.11.2018	433	0	433	100	100	
35	Comarch Technologies	Kraków	responsible for the development of	subsidiary	consolidated	18.11.2008	298	0	298	100	100	

	sp. z o.o.		technologies related to the design and production of electronic devices and software									
36	CA Consulting SA	Warsaw	delivery of network connections and outsourcing services	subsidiary	consolidated	18.06.2004	1,053	0	1,053	100	100	
37	Comarch Management Sp. z o.o.	Kraków	activities related to IT	subsidiary	consolidated	19.10.2007	400	-300	100	100	100	
38	Comarch Corporate Finance FIZ	Kraków	investment activity on capital market and activities related to IT	subsidiary	consolidated	24.10.2007	1,060	117,986	119,046	100	100	100% certificates held by Comarch S.A.
39	Comarch Management Sp. z o.o. SK-A	Kraków	activities related to IT	second degree subsidiary	consolidated	21.11.2007	11,275	-11,223	52	100	100	25% votes held by CCF FIZ; 75% votes held by Comarch S.A shares purchased by Comarch Management Sp. o.o. SK-A to be redeemed, the Company does not exercise the voting rights
40	Bonus Management Sp. z o.o. SK-A	Kraków	activities related to real estates in Comarch	second degree subsidiary	consolidated	24.02.2011	28,344	-451	27,893	100	100	subsidiary through CCF FIZ
41	Bonus	Kraków	investment activities	second degree	consolidated	25.03.2014	2,400	0	2,400	100	100	33.33% votes

	MANAGEMENT spółka z ograniczoną odpowiedzialnością Inoścą Cracovia Park SK-A		in sport	subsidiary								held by MKS Cracovia S.A., 66.67% held by Bonus Management Sp. Z o.o.SK-A
42	Bonus Development Sp. z o.o. SK-A	Kraków	activities related to real estates in Comarch	second degree subsidiary	consolidated	24.02.2011	55,950	-25,334	30,616	100	100	subsidiary through CCF FIZ
43	Bonus Management Sp. z o.o. II Activia SK-A	Kraków	investment activity on capital and IT market	second degree subsidiary	consolidated	07.10.2010	15,552	-2,521	13,031	100	100	subsidiary through CCF FIZ
44	Bonus Development Sp. z o.o. II Koncept SK-A	Kraków	investment in real estates and activities related to real estates	second degree subsidiary	consolidated	25.10.2010	8,933	622	9,555	100	100	subsidiary through CCF FIZ
45	Comarch Healthcare S.A.	Kraków	production and supply of comprehensive solutions for the health sector and medical diagnostic centre in Krakow iMed24	second degree subsidiary	consolidated	08.04.2008	120	-74	46	100	100	38.27% votes held by CCF FIZ, 17.33% held by Comarch S.A., 33.02% held by Comarch Software und Beratung AG, 11.38% held by CASA Management and Consulting Sp. z o.o. SK-A
46	Comarch Polska S.A.	Kraków	acquires IT contracts in	second degree subsidiary	consolidated	09.06.2008	10,000	-8,411	1,589	100	100	subsidiary through CCF FIZ

			the domestic market and implements them in whole or in part									
47	Comarch Pointshub S.A.	Kraków	activities involving the manufacture and implementation of a new generation of loyalty software	second degree subsidiary	consolidated	21.10.2008	3,000	-447	2,553	100	100	subsidiary through CCF FIZ
48	Comarch Infrastruktura S.A.	Kraków	data centre services and IT outsourcing	second degree subsidiary	consolidated	09.12.2008	1,150	5,723	6,873	100	100	subsidiary through CCF FIZ
49	iComarch24 S.A.	Kraków	provides accounting services for domestic subsidiaries of Comarch S.A. and leads projects related to e-accounting and ecommerce	second degree subsidiary	consolidated	04.05.2009	2,500	434	2,934	100	100	subsidiary through CCF FIZ
50	Geopolis sp. z o.o.	Toruń	Geopolis sp. z o.o. supports informatization in public administration units by creating and implementing integrated registers and records of a spatial nature, systems for managing of state surveying and cartographic resource database as well as geoportals.	subsidiary	consolidated	2017-04-03	4,050	-2,105	1,945	100	100	

51	CASA Management and Consulting Sp. z o.o. SK-A	Kraków	investment activity on capital market	second degree subsidiary	consolidated	12.10.2009	31,140	-11,024	20,116	100	100	subsidiary through CCF FIZ
52	Comarch Swiss AG	Luzern	sales and implementation of software (especially ERP) and systems integrator	third degree subsidiary	consolidated	18.11.2008	12,198	0	12,198	100	100	subsidiary through CASA Management and Consulting Sp. o.o. SK-A
53	CAMS AG	Luzern	investment activity in the capital and IT market	third degree subsidiary	consolidated	21.01.2013	175	0	175	51	51	51% votes held by CASA Management and Consulting Sp. o.o. SK-A
54	Opso Sp. z o.o.	Kraków	catering services	subsidiary	consolidated	20.12.2011	205	0	205	100	100	
55	MKS Cracovia SSA	Kraków	activities in the field of physical culture and sports	subsidiary	consolidated	29.09.2003	37,209	-3,341	33,868	66.11	66.11	
56	SoInteractive S.A.**	Kraków	activities in the field of interactive web technologies	associated	equity method valuation	29.09.2008	5,400	-5,400	0,	42.98	27.37	16.10% of the votes held by CCF FIZ, 11.27% of the votes held by Bonus Management Sp. o.o. II Activia SK-A
57	Metrum Capital S.A.*	Kraków	implementation of investment software	associated	equity method valuation	06.02.2014	450	-450	0	64.29	47.37	15.79% of the votes held by Comarch SA, 31.58% held by

												CAMS AG
58	Thanks Again LLC*	Tyrone	operator of loyalty programs for airports in North America	associated	equity method valuation	24.08.2015	30,884	-30,884	0	42.5	42.5	42.5% of the votes held by Comarch Pointshub Inc.

The note presents interests and shares held by Comarch S.A. as well as by other entities in the Comarch Group.

The balance sheet valuation of interests and shares held by Comarch S.A. amounts to PLN 204,977 thousand, value of securities amounts to PLN 119,046 thousand and the balance sheet valuation of shares in subsidiaries amounts to PLN 281,206 thousand.

The balance sheet value of shares in associates is presented at the value corresponding to the the valuation according to the equity method (analogically to the consolidated financial statements of Comarch S.A.)

(*) the balance sheet value of shares in associates is presented in the value corresponding to valuation by the equity method (as described in the consolidated financial statement of Comarch S.A.)

Note 3 e

Note 3e INTEREST OR SHARES IN RELATED PARTIES																	
N o	thousands of PLN																
	a	m						n			o			p	r	s	t
	Name of entity	Equity, including:						liabilities and provisions for liabilities:			receivables of entity, including:			Total assets	Revenu e from sales	Value of inter est / share s in entity unpai d by issuer	Interest / shares in entity unpaid by issuer dividends from entity received or due for the financial year
		Share capita l	Supplement ary capital) supplement ary capital	Other equity, including:		Noncurr ent liabilities	Current liabiliti es	Non-curren t receiv ables	Curren t receiv ables								
				Profit (loss) from previou s years	Net profit (loss)												
1	Comarch AG	132 623	61 888	90 973	-20 238	-31 858	8 475	91 961	18 481	73 480	74 358	0	74 358	224 584	145 933	0	0
2	Comarch Software und Beratung AG Group	111 936	24 590	62 947	24 399	17 633	15 099	41 160	10 771	30 389	45 765	0	45 765	153 096	152 420	0	0
3	Comarch Sistemas LTDA	-651	1 208	0	-1 859	-5 121	687	28 299	5 497	22 802	24 138	47	24 091	27 645	12 189	0	0
4	Comarch Peru S.A.C.	-316	196	0	-512	-259	-239	1 512	0	1 512	868	0	868	1 195	2 282	0	0
5	Comarch S.A.S.	2 469	34 752	0	-32 283	-32 143	-2 198	77 753	22 645	55 108	14 868	0	14 868	80 222	39 535	0	0
6	Comarch R&D	1 094	26	0	1 068	-1 588	2 419	6 399	4 268	2 131	5 091	60	5 031	7 493	13 334	0	0

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SA-R 2018

	S.a.r.l																
7	Comarch Luxembourg S.a.r.l.	4 107	1 981	0	2 126	1 227	751	5 726	906	4 820	3 684	0	3 684	9 833	13 671	0	0
8	Comarch, Inc.	17 185	154	853	16 178	19 534	-3 512	11 579	0	11 579	17 452	3 286	14 166	28 764	53 338	0	0
9	Comarch Panama, Inc.	10 021	914	0	9 107	7 431	961	1 797	0	1 797	7 472	0	7 472	11 817	4 884	0	0
10	Comarch Canada Corp.	10 000	162	0	9 838	10 660	303	5 313	167	5 146	7 822	56	7 766	15 313	11 700	0	0
11	Comarch Espace Connecte Inc.	1 135	1 164	0	-29	-67	94	2	0	2	2	0	2	1 137	0	0	0
12	Comarch Middle East FZ- LLC	-20 450	200	0	-20 650	-5 283	-16 788	28 165	860	27 305	5 825	0	5 825	7 714	22 847	0	0
13	Comarch LLC	-4 731	15	0	-4 746	-4 766	-2 080	10 639	0	10 639	5 381	0	5 381	5 908	4 597	0	0
14	OOO Comarch	7 213	140	585	6 488	4 455	4 503	2 348	109	2 239	5 618	0	5 618	9 560	19 067	0	0
15	Comarch Software (Shanghai) Co. Ltd.	-241	597	0	-838	-635	27	422	0	422	86	0	86	182	578	0	0
16	Comarch Technologies Oy	343	198	0	145	-7	128	1 249	0	1 249	918	0	918	1 592	4 885	0	0
17	Comarch UK LTD	17 573	271	0	17 302	12 603	5 226	36 388	94	36 294	22 057	0	22 057	53 961	39 471	0	0
18	Comarch Japan KK	-380	490	0	-870	-289	-919	3 959	1 075	2 884	2 748	0	2 748	3 579	1 802	0	0
19	Comarch Chile SpA	-9 258	920	0	-10 178	-7 223	-2 777	15 692	2 533	13 159	4 556	0	4 556	6 434	10 335	0	0
20	Comarch Software Spain	-2 246	4 641	0	-6 887	-6 391	-250	24 900	42	24 858	15 588	4 202	11 386	22 654	17 669	0	0

COMARCH

SA-R 2018

	S.L.U.																
21	Comarch Colombia S.A.S.	2 928	3 857	3	-932	-398	-460	2 009	98	1 911	3 638	0	3 638	4 937	6 361	0	0
22	Comarch Yazilim A.S.	-477	825	0	-1 302	-588	-719	1 782	1 136	646	10	0	10	1 306	729	0	0
23	Comarch SRL	-1 444	3 820	0	-5 264	-1 532	-3 874	9 682	1 075	8 607	5 343	0	5 343	8 238	6 052	0	0
24	Comarch Malaysia SDN. BHD.	-3 735	517	0	-4 252	-3 039	-1 169	6 098	4 515	1 583	1 234	0	1 234	2 362	1 178	0	0
25	Comarch s.r.o.	531	487	0	44	-84	-7	5	0	5	0	0	0	536	0	0	0
26	Comarch Pointshub Inc.	22 498	32 876	0	-10 378	-6 317	-665	5 454	0	5 454	0	0	0	27 952	0	0	0
27	Comarch AB	1 415	22	0	1 393	1 362	172	1 979	109	1 870	2 098	0	2 098	3 394	4 795	0	0
28	Comarch Argentina S.A.	-3 879	929	0	-4 808	-748	-6 195	10 926	765	10 161	4 175	0	4 175	7 047	1 397	0	0
29	Comarch Saudi Arabia Co.	-830	1 016	0	-1 846	-253	-1 500	1 290	564	726	270	0	270	460	183	0	0
30	Comarch Technologies sp. z o.o.	56	102	0	-46	0	-39	42	0	42	0	0	0	98	0	0	0
31	CA Consulting S.A.	867	340	0	527	0	2 050	22 786	13	22 773	5 951	0	5 951	23 653	62 872	0	0
32	Comarch Management Sp. z o.o.	452	927	0	-475	0	-470	196	0	196	148	0	148	648	114	0	0
33	Comarch Corporate Finance FIZ	279	433	0	-154	0	-151	180	0	180	459	23	436	459	0	0	0

34	Comarch Management Sp. z o.o. SK-A	12 057	50	1 646	10 361	9 267	857	1 757	31	1 726	2 471	0	2 471	13 814	7 336	0	0
35	Bonus Management Sp. z o.o. SK-A	14 212	1 050	14 025	-863	-3 639	2 779	7 479	471	7 008	8 359	0	8 359	21 692	28 081	0	0
36	Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością Cracovia Park SK-A	74	400	0	-326	-294	-32	7	0	7	6	0	6	81	17	0	0
37	Bonus Development Sp. z o.o. SK-A	119 046	1 503	0	117 543	117 843	-300	116	0	116	0	0	0	119 162	0	0	0
38	Bonus Management Sp. z o.o. II Activia SK-A	201	170	6 634	-6 603	2 591	-37	12	0	12	8	0	8	213	8	0	0
39	Bonus Development Sp. z o.o. II Koncept SK-A	29 017	2 879	22 498	3 640	1 740	563	168	53	115	14 240	10 582	3 658	29 187	4 808	0	0
40	Comarch Healthcare S.A.	1 511	800	1 601	-890	-731	-159	34	9	25	1 468	1 240	228	1 546	25	0	0
41	Comarch Polska S.A.	39 003	5 640	42 401	-9 038	-8 610	-438	38 295	34 415	3 880	464	0	464	77 298	7 003	0	0
42	Comarch Pointshub S.A.	13 908	1 555	13 998	-1 645	-345	-1 299	483	16	467	4 347	2 828	1 519	14 391	273	0	0
43	Comarch Infrastruktura S.A.	9 689	101	8 832	756	517	238	91	2	89	2 507	1 013	1 494	9 780	951	0	0
44	iComarch24	-1 278	12 115	109 124	-122	-108	-21	43 869	22 779	21 090	8 918	9	8 909	42 592	34 812	0	0

	S.A.				517	775	642										
45	Geopolis Sp. z o.o.	-11 652	500	9 500	-21 652	-9 042	-12 610	62 102	11 360	50 742	17 064	0	17 064	50 450	144 543	0	
46	CASA Management and Consulting Sp. z o.o. SK-A	2 546	750	2 250	-454	-165	-289	21	2	19	220	0	220	2 567	35	0	0
47	Comarch Swiss AG	7 024	575	575	5 874	5 474	400	994	11	983	3 474	0	3 474	8 018	4 281	0	0
48	CAMS AG	3 091	500	2 000	591	-335	926	554	0	554	953	0	953	3 645	2 842	0	0
49	Opso Sp. z o.o.	858	450	5 108	-4 700	-3 980	-719	498	0	498	650	61	589	1 357	335	0	0
50	MKS Cracovia S.A.	18 659	3 114	28 027	-12 482	-12 468	-14	15	1	14	185	0	185	18 674	0	0	0
51	SoInteractive S.A.	16 129	1 016	508	14 605	5 462	3 655	4 382	521	3 861	4 143	0	4 143	20 511	25 398	0	0
52	Metrum Capital S.A.	258	343	0	-85	-102	-15	61	0	61	0	0	0	318	0	0	0
53	Thanks Again LLC	499	205	0	294	37	257	160	0	160	50	0	50	659	2 896	0	0

Transactions with associates and personally related entities:

- purchases from personally related entities: PLN 4,414 thousand,
- sales to personally related entities: PLN 4,998 thousand,
- purchases from associates: PLN 2,814 thousand,
- sales to associates: PLN 1,326 thousand.

The note presents selected financial data from the reports of subsidiaries prepared for the purpose of the consolidated financial statement (according to the principles of IFRS).

Note 3 f

SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			145,051	163,176
b) in foreign currencies (by currencies and after conversion to PLN)			179,907	192,751
b1. in currency	in thou.	USD	4,697	7,081
after conversion to thousands of PLN			18,080	27,093
b2. in currency	in thou.	EUR	38,849	41,164
after conversion to thousands of PLN			160,685	164,339
other currencies in thousands of PLN			1,142	1,319
Total securities, shares and other non-current financial assets			324,958	355,927

Note 3 g

SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY DISPOSAL)	thousands of PLN	
	2018	2017
A. Total securities, shares and other non-current financial assets	324,958	355,927
a. shares (balance sheet value) – admitted do public trading	0	0
-opening balance value	0	0
-value according to the acquisition price	0	0
b. shares (balance sheet value)-other	194,982	194,258
-opening balance value	194,258	194,258
-revaluating corrections (for the period)	-150	0
-increase - purchase of shares	874	0
-value according to the acquisition price	263,289	262,415
c. participation units	119,046	119,347
-opening balance value	-301	-2,341
-value according to the acquisition price	119,347	121,688
-revaluating corrections (for the period)	1,563	1,563
d. shares in limited companies	9,995	39,514
-opening balance value	39,514	35,603
-revaluating corrections (for the period)	-30,428	-7,596
-increase in value – purchase of shares	909	11,507
-value according to the acquisition price	61,957	61,048
e. others-interest on non-current loans and valuation of futures contracts (balance sheet value)	935	2,808
-opening balance value	2,808	471
-revaluating corrections (for the period)	1,873	2,337
Total value according to the acquisition price	326,809	325,026
Total opening balance value	355,927	352,020
Total revaluating corrections (for the period)	261,179	232,173
Total balance sheet value	324,958	355,927

Note 3 h

GRANTED NON-CURRENT LOANS (BY CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			16,921	3,372
b) in foreign currencies (by currencies and after conversion to PLN)			1,639	0
b1. in currency	in thou.	EUR	250	0

after conversion to thousands of PLN			1,075	0
b2. in currency	in thou.	USD	150	0
after conversion to thousands of PLN			564	0
Total non-current loans			18,560	3,372

Note 3 i

OTHER NON-CURRENT INVESTMENTS (BY TYPES)	thousands of PLN	
	2018	2017
-works of art	43	43
Total other non-current investments	43	43

Note 3 j

CHANGES IN OTHER NON-CURRENT INVESTMENTS (BY TYPES)	thousands of PLN	
	2018	2017
a) opening balance	43	43
b) closing balance	43	43

Note 3 k

OTHER NON-CURRENT INVESTMENT (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			43	43
Total other non-current investment			43	43

Note 4 a

CHANGE IN DEFERRED INCOME TAX ASSETS	thousands of PLN	
	2018	2017
1. Opening balance of deferred income tax assets	5,816	6,510
2. Increases	388	744
a) referred into the financial result of the period	388	744
3. Decreases	0	1,438
a) referred into the financial result of the period	0	1,438
4. Closing balance of deferred income tax assets, including:	6,204	5,816
a) referred into the financial result	6,204	5,816

Note 4 b

OTHER PREPAYMENTS	thousands of PLN	
	2018	2017
a) prepayments of costs, including:	2,820	3,191
-non-current prepayments due to costs	2,820	3,191
Total other prepayments	2,820	3,191

Note 5 a

INVENTORIES	thousands of PLN	
	2018	2017
a) materials	1,861	1,192
b) rough products and products in progress	56,925	58,138
c) finished goods	95	79

d) goods	2,302	18,545
e) advances for deliveries	252	166
Total inventories	61,435	78,120

Note 6 a

CURRENT RECEIVABLES	thousands of PLN	
	2018	2017
a) from related parties	227,173	184,106
-due to deliveries and services with payment period of:	226,713	183,025
-up to 12 months	226,713	183,025
-other	460	1,080
b) from other entities where the issuer holds interest in capital	151	560
-due to deliveries and services with payment period of:	151	560
c) from other entities	149,615	127,707
-due to deliveries and services with payment period of:	146,458	125,716
-up to 12 months	146,459	125,716
-over 12 months	0	0
-other, including:	3,157	1,991
-settlements with employees due to advances and loans	541	310
-deposits, securities, overpayments	335	241
-due subsidies	1,135	686
-other	1,146	754
Total net current receivables	376,939	312,373
d) write-offs revaluating receivables	25,341	18,611
Total gross current receivables	402,280	330,984

Note 6 b

CURRENT RECEIVABLES FROM RELATED PARTIES	thousands of PLN	
	2018	2017
a) due to deliveries and services, including:	226,713	183,026
-from subsidiaries	226,713	183,026
b) others, including:	460	1,080
-from subsidiaries	460	1,080
Total net current receivables from related parties	227,173	184,106
c) write-offs revaluating receivables from related parties	13,551	12,251
Total gross current receivables from related parties	240,724	196,357

Note 6 c

CURRENT RECEIVABLES FROM OTHER ENTITIES WHERE THE ISSUER HOLDS INTEREST IN CAPITAL	thousands of PLN	
	2018	2017
a) due to deliveries and services, including:	151	560
-from associated companies	151	560
Total net current receivables from other entities where the issuer holds interest in capital	151	560
b) write-offs revaluating receivables from other entities where the issuer holds interest in capital	1 024	229
Total gross current receivables from other entities where the issuer holds interest in capital	1 175	789

Note 6 d

CHANGE IN WRITE-OFFS THAT REVALUATE CURRENT RECEIVABLES	thousands of PLN	
	2018	2017
Opening balance	18,611	17,294
a) increases (due to)	15,043	6,327
-establishing write-offs for bad debts	15,043	6,327
b) decreases (due to)	8,313	5,010
-dissolution of write-offs for receivables	4,045	3,442
-using of write-offs for receivables - listing of outdated receivables	4,268	1,568
Closing balance of write-offs that revalue current receivables	25,341	18,611

Note 6 e

GROSS CURRENT RECEIVABLES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			149,020	112,793
b) in foreign currencies (by currencies and after conversion to PLN)			253,260	218,191
b1. in currency	in thou.	EUR	39,824	32,662
after conversion to thousands of PLN			171,237	136,342
b2. in currency	in thou.	USD	17,006	20,796
after conversion to thousands of PLN			63,915	72,590
b3. in currency	in thou.	CHF	1	1
after conversion to thousands of PLN			4	4
b4. in currency	in thou.	GBP	2,927	637
after conversion to thousands of PLN			14,021	2,995
other currencies in thousands of PLN			4,083	6,260
Total current receivables			402,280	330,984

Note 6 f

GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, WITH PAYMENT PERIOD OF THE BALANCE SHEET DATE:	thousands of PLN	
	2018	2017
a) less than 1 month	125,937	117,658
b) over 1 month and less than 3 months	48,666	39,907
c) over 3 month and less than 6 months	1,483	1,241
d) over 6 months and less than 1 year	95	740
e) over 1 year	0	0
f) outdated receivables	222,482	168,366
Total gross receivables due to deliveries and services	398,663	327,912
g) write-offs that revalue receivables due to deliveries and services	25,341	18,611
Total net receivables due to deliveries and services	373,322	309,301

Note 6 g

GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, OUTDATED, BY RECEIVABLES OUTSTANDING IN THE PERIOD:	thousands of PLN	
	2018	2017
a) less than 1 month	44,896	36,782
b) over 1 month and less than 3 months	46,344	33,506
c) over 3 month and less than 6 months	18,059	14,748

d) over 6 months and less than 1 year	44,986	29,886
e) over 1 year	68,197	53,444
Total gross receivables due to deliveries and services, outdated	222,482	168,366
f) write-offs that revalue receivables due to deliveries and services, outdated	25,341	18,611
Total net receivables due to deliveries and services, outdated	197,141	149,755

Note 7 a

Contested debts and outdated receivables (by titles) as at	31 st of December, 2018	31 st of December, 2017
a) contested receivables – comprised by revaluating write-offs:	1,388	1,128
b) gross outdated receivables:	222,482	168,366
- due to deliveries of finished goods and services:	222,482	168,366
Outdated receivables on which revaluating write-offs were not made:	197,141	149,755
Outdated receivables comprised by revaluating write-offs:	25,341	18,611
Including receivables that are prosecuted – comprised by revaluating write-offs:	1,491	1,496

File	Description

Note 8 a

CURRENT FINANCIAL ASSETS	thousands of PLN	
	2018	2017
a) in related parties	508	322
-granted loans	322	322
-other current financial assets	186	0
b) in other entities where the issuer holds interest in capital	0	303
-granted loans	0	280
-other current financial assets	0	23
c) in other entities	3,264	8,516
-interest and shares	0	0
-other current financial assets	3,264	8,516
-forward contracts	3,264	8,516
d) cash and cash equivalents	66,990	48,529
-cash in hand and at banks	66,989	48,520
-other monetary assets	1	9
Total current financial assets	70,762	57,670

Note 8 b

SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			3,264	8,539
Total securities, shares and other current financial assets			3,264	8,539

Note 8 c

SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (BY DISPOSAL)	thousands of PLN	
	2018	2017
A. Shares registered in regulated market (balance sheet value)	0	0
-market value	0	0
-value by acquisition price	0	0
B. Derivatives (balance sheet value)	3,264	8,539
-market value	3,264	8,539
Total balance sheet value	3,264	8,539

Note 8 d

GRANTED CURRENT LOANS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			322	602
b) in foreign currencies (by currencies and after conversion to PLN)			0	0
Other currencies in thousands of PLN			0	0
Total granted current loans			322	602

Note 8 e

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			59,117	36,448
b) in foreign currencies (by currencies and after conversion to PLN)			7,873	12,081
b1. in currency	in thou.	EUR	1,222	958
after conversion to thousands of PLN			5,256	3,993
b2. in currency	in thou.	USD	117	991
after conversion to thousands of PLN			441	3,448
b3. in currency	in thou.	GBP	423	249
after conversion to thousands of PLN			2,025	1,173
b4. in currency	in thou.	DKK	12	9
after conversion to thousands of PLN			7	5
b5. in currency	in thou.	CHF	13	14
after conversion to thousands of PLN			51	49
b6. in currency	in thou.	CAD	0	2
after conversion to thousands of PLN			0	9
other currencies in thousands of PLN			93	3,404
Total cash and cash equivalents			66,990	48,529

Note 9 a

CURRENT PREPAYMENTS	thousands of PLN	
	2018	2017
a) current prepayments of costs, including:	7,555	9,564
-costs related to the future sales	6,612	8,482

-property and motor insurance	943	1,082
-other	0	0
b) other prepayments, including:	82,126	33,324
-prepayments due to revenues from non-current contracts	82,126	33,324
Total current prepayments	89,681	42,888

Note 10 a

SHARE CAPITAL (STRUCTURE)								
in thousands of PLN								
Series/ issue	Type of shares	Type of shares preferenc e	Type of limitation of rights to shares	Number of shares	Value of series/ issue by nominal value	Capital covering	Registration date	Right to dividend (from)
A	Registered preference	vote 5:1	not limited	864,800	865	transformation of limited company	1994-12-20	1994-12-20
A	ordinary bearer shares		not limited	75,200	75	transformation of limited company	1994-12-20	1994-12-20
B	Registered preference	vote 5:1	not limited	883,600	884	cash	1995-03-24	1994-12-20
B	ordinary bearer shares		not limited	56,400	56	cash	1995-03-24	1994-12-20
C	ordinary bearer shares		not limited	3,008,000	3,008	cash	1997-06-20	1996-11-01
D	ordinary bearer shares		not limited	1,200,000	1,200	cash	1999-03-01	1997-11-01
E	ordinary bearer shares		not limited	638,600	638	cash	2000-03-08	1999-01-01
G	ordinary bearer shares		not limited	125,787	126	cash	2004-06-29	2004-01-01
G3	ordinary bearer shares		not limited	102,708	103	cash	2005-06-23	2005-01-01
H	ordinary bearer shares		not limited	543,025	543	conversion of convertible bonds into shares	2006-03-20	2006-01-01
H	ordinary bearer shares		not limited	20,650	21	conversion of convertible bonds into shares	2006-03-31	2006-01-01
I2	ordinary bearer shares		not limited	441,826	442	execution of managerial option	2007-04-20	2007-01-01

						programme		
J2	ordinary bearer shares		not limited	91,041	91	execution of managerial option programme	2010-03-31	2010-01-01
K3	ordinary bearer shares		not limited	73,953	74	execution of managerial option programme	2014-03-31	2013-01-01
L1	ordinary bearer shares		not limited	7,759	8	execution of managerial option programme	2015-05-14	2014-01-01
Total number of shares				8,133,349				
Total share capital					8,133			
Nominal value of one share (PLN)		1.00						

I. Shareholders holding directly or indirectly by subsidiary entities at least 5% of the total number of votes in the general meeting of Comarch S.A.

As at 31st of December, 2018, shareholders holding directly or indirectly by subsidiary entities at least 5% of the total number of votes in the general meeting of Comarch S.A. were:

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

AFTER THE BALANCE SHEET DATE:

None present. As a consequence, as at the date of publication of this report, shareholders holding directly or indirectly by subsidiary entities at least 5% of the total number of votes in the general meeting of Comarch S.A. were:

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

Note 11 a

SUPPLEMENTARY CAPITAL	thousands of PLN	
	2018	2017
a) from sales of shares above par	84,448	84,448
b) created according to the law	2,711	2,711
c) created according to the statute/agreement, above the (minimal) value that is required by law	566,204	532,816
Total supplementary capital	563,363	619,975

Note 12 a

REVALUATION RESERVE	thousands of PLN	
	2018	2017
Opening balance of revaluation of reserve	95,405	97,301
a) increases	57	445
-provision for deferred tax due to certificates valuation	57	445
b) decreases	300	2,341
-balance-sheet valuation of investment certificates	300	2,341
Total revaluation reserve	95,162	95,405

Note 13 a

OTHER RESERVE CAPITALS (BY PURPOSES)	thousands of PLN	
	2018	2017
-investment capital	79	79
-supplementary capital for covering the tax liabilities	666	666
Total reserve capitals	745	745

Note 14 a

CHANGES IN PROVISION DUE TO DEFERRED INCOME TAX	thousands of PLN	
	2018	2017
1. Opening balance of provision due to deferred income tax	25,255	23,830
2. Increases	14	1,921
-referred into the financial result of the period due to positive temporary differences	14	1,921
3. Decreases	1,537	496
-referred into revaluation reserve due to CCF FIZ investment certificates valuation	57	445
-referred into the financial result	1,480	51
4. Closing balance of provision due to deferred income tax	23,732	25,255
-referred into the financial result	1,493	2,858
-referred into the equity	22,239	22,397

Note 14 b

CHANGES IN OTHER CURRENT PROVISIONS (BY TITLES)	thousands of PLN	
	2018	2017
a) opening balance	97,446	100,816
b) increases (due to)	115,908	93,001
-creating provisions due to contractual penalties and recoveries related to delays in contract execution and withdrawal from the contracts	15,503	1,148
-provisions for leaves	12,772	11,892
-provisions for contracts costs	10,947	10,410
-provisions for rewards	76,686	69,551
c) decreases	92,777	96,371
-dissolving provisions for leaves	12,944	10,973
-dissolving provisions for contractual penalties due to no reasons for	3,473	696

creating them		
-provisions for contracts costs	8,773	11,509
-provisions for rewards	67,587	73,193
-other provisions	0	0
c) closing balance	120,577	97,446

Note 15 a

NON-CURRENT LIABILITIES	thousands of PLN	
	2018	2017
a) to related parties, including:	28,240	22,473
aa) to subsidiaries	28,240	22,473
-other (by types)	28,240	22,473
-liabilities due to lease	0	72
-received loans	28,240	22,401
b) to other entities where the issuer holds interest in capital	0	0
c) to other entities	124,103	132,289
-credits and loans	122,939	131,553
-other	1,164	736
Total non-current liabilities	152,343	154,762

Note 15 b

NON-CURRENT LIABILITIES WITH PAYMENT PERIOD (FROM THE BALANCE SHEET DATE)	thousands of PLN	
	2018	2017
a) over 1 year up to 3 years	61,517	57,764
b) over 3 years up to 5 years	54,146	54,352
c) over 5 years	36,680	42,646
Total non-current liabilities	152,343	154,762

Note 15 c

NON-CURRENT LIABILITIES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			20,147	18,508
b) in in foreign currencies (by currencies and after conversion to PLN)			132,196	136,254
b1. in currency	in thou.	EUR	30,743	32,667
after conversion to thousands of PLN			132,196	136,254
Total non-current liabilities			152,343	154,762

Note 15 d

Note 15d NON-CURRENT LIABILITIES DUE TO CREDITS AND LOANS													
thousands of PLN													
Name of entity (company) including legal form	office in	Value of credit / loan according to a contract				Value of credit / loans to be paid				Interest Rate	Maturity date	Hedges	Other
		in thousands of PLN	in currency	unit	currency	in thousands of PLN	in currency	unit	currency				
BGŻ BNP Paribas Bank Polska S.A.	Warsaw	44,000		thou	PLN	12,656	2,943	thou	EUR	EURIBOR1M+0,95% ; IRS a the level of 0.77% till 29.07.2024	29.07.2024	A promissory note, the mortgage on land in the amount of PLN 53,815 thousand, assignment of the insurance policy and declaration of submission to enforcement	related to SEZ4 building; in October, 2011 there was a currency change in this credit
PKO Bank Polski SA	Warsaw	17,396	4,126	thou	EUR	3,881	903	thou	EUR	EURIBOR1M+1.2%	29.09.2021	the mortgage on land in the amount of EUR 6,189 thousand, assignment of the insurance policy and declaration of submission to enforcement	related to SEZ5 building
Santander Bank Polska S.A (formerly Bank Zachodni WBK S.A.)	Warsaw	30,925	7,400	thou	EUR	4,106	955	thou	EUR	EURIBOR1M+1.3%; IRS at the level of 0.354% till 28.06.2019	31.12.2020	The mortgage in the amount of EUR 11,100 thousand, assignment of policy insurance, declaration of submission to enforcement	related to SEZ3 building

PEKAO SA	Warsaw	56,000	13,323	thou	EUR	28,048	6,523	thou	EUR	EURIBOR1M+1.4%; IRS at the level of 0.2% till 30.11.2023	30.11.2023	contractual mortgage up to PLN 84,000, assignment of rights under the property insurance contract, assignment of rights under the guarantee proper performance and warranty guarantee, statement about submission to execution	related to SEZ6 building
Bank Handlowy w Warszawie SA	Warsaw	58,144	13,333	thou	EUR	55,627	12,937	thou	EUR	EURIBOR1M+1.32% ; IRS at the level of 0.385% till 29.02.2028	29.02.2028	contractual mortgage in the amount of EUR 16 666 thousand, assignment of rights under the property insurance contract, declaration on submission to enforcement	related to SEZ7 building
Bank Handlowy w Warszawie SA	Warsaw	10,938	2,508	thou	EUR			thou	EUR	EURIBOR1M+1.32% ; IRS at the level of -0.265% till 30.09.2019.	30.09.2019	declaration of submission to enforcement	long-term non- renewable loan for financing business operations

DNB Bank Polska SA	Warsaw	10,854	2,531	thou	EUR	6,023	1,401	thou	EUR	EURIBOR1M+1.25%	30.12.2023	registered pledge on devices subject to financing, assignment of rights under the equipment insurance contract, declaration on submission to enforcement	relates to fixed assets - equipment of the Internet of Things Laboratory in Krakow
CaixaBank S.A. Oddział w Polsce	Warsaw	14,980	3,500	thou	EUR	5,515	1,282	thou	EUR	EURIBOR1M+0.70%	23.08.2023	declaration of submission to enforcement	relates to the Comarch infrastructure modernization program
IBM Global Financing Polska Sp. z o.o.	Warsaw	12,980	12,980	thou	PLN	5,072	5,072	thou	PLN	Fixed interest	01.03.2022	none	relates to purchase of IT products in relation to IT project realised by the Comarch Group
IBM Global Financing Polska Sp. z o.o.	Warsaw	17,691	17,691	thou	PLN			thou	PLN	Fixed interest	31.01.2019		

IBM Global Financing Polska Sp. z o o.	Warsaw	1,474	1,474	thou	PLN			thou	PLN	Fixed interest	01.07.2019	
IBM Global Financing Polska Sp. z o o.	Warsaw	3,139	3,139	thou	PLN	2,011	2,011	thou	PLN	Fixed interest	01.05.2022	
IBM Global Financing Polska Sp. z o o.	Warsaw	999	999	thou	PLN			thou	PLN	Fixed interest	01.12.2019	

At the balance sheet date, long-term part of credit to be paid is worth PLN 122,939 thousand.
The above long-term liabilities due to loans include only liabilities from other entities.

Note 16 a

CURRENT LIABILITIES	thousands of PLN	
	2018	2017
a) to related parties, including:	28,541	26,901
aa) to subsidiaries	28,541	26,901
-due to deliveries and services with payment period of:	15,048	21,152
-up to 12 months	15,048	21,152
-other (by types)	13,493	5,749
-loans received	9,460	0
-liabilities due to lease	16	224
-investment liabilities	56	1,376
-liabilities due to payments for capital	3,346	3,098
-other	615	1,051
b) to other entities where the issuer holds interest in capital	0	894
c) to other entities	127,135	125,781
-credits and loans	30,254	23,557
-other financial liabilities	479	509
-due to deliveries and services with payment period of:	35,600	46,274
-up to 12 months	35,600	46,274
-over 12 months	0	0
-advances for received deliveries	160	55
-due to taxes, customs, insurance and other benefits	32,459	21,682
-due to remuneration	24,687	21,826
-other (by titles)	3,496	11,878
-investment liabilities	2,459	11,401
-liabilities to employees	586	470
-other	451	7
d) special funds (by types)	1,413	1,598
-Social Services Fund and Residential Fund	1,413	1,598
Total current liabilities	157,089	155,174

Note 16 b

CURRENT LIABILITIES (CURRENCY STRUCTURE)	unit	currency	thousands of PLN	
			2018	2017
a) in polish currency			111,319	115,269
b) in foreign currencies (by currencies and after conversion to PLN)			45,770	39,905
b1. in currency	in thou.	EUR	10,130	8,982
after conversion to thousands of PLN			43,547	37,461
b2. in currency	in thou.	USD	550	299
after conversion to thousands of PLN			2,067	1,043
b3. in currency	in thou.	GBP	13	20
after conversion to thousands of PLN			64	93
b4. in currency	in thou.	CHF	2	1
after conversion to thousands of PLN			8	5
Other currencies in thousands of PLN			84	1,303
Total current liabilities			157,089	155,174

Note 16 c

Note 16c CURRENT LIABILITIES DUE TO CREDITS AND LOANS													
thousands of PLN													
Name of entity (company) including legal form	Seat	Value of credit / loan according to a contract				Value of credit / loans to be paid				Interest rate	Maturity date	Hedges	Other
		in thousands of PLN	in currency	unit	currency	in thousands of PLN	in currency	unit	currency				
BGŻ BNP Paribas Bank Polska S.A.	Warsaw	44,000		thou	PLN	2,664	620	thou	EUR	EURIBOR1M+0.95%; IRS at 0.77% till 29-07-2024	29-07-2024	promissory note, the mortgage on land in the amount of EUR 53,815 thousand, assignment of the insurance policy and declaration of submission to enforcement	related to SEZ4 building, in October, 2011 there was a currency change in this credit
PKO Bank Polski S.A.	Warsaw	17,396	4,126	thou	EUR	2,218	516	thou	EUR	EURIBOR1M+1.2%	29-09-2021	the mortgage on land in the amount of EUR 6,189 thousand, the building insurance policy and declaration of submission to enforcement	related to SEZ5 building
Santander Bank Polska S.A. (formerly BZ WBK)	Warsaw	30,925	7,400	thou	EUR	4,106	955	thou	EUR	EURIBOR1M+1.3% IRS at 0.354% till 28-06-2019	31-12-2020	the mortgage on land in the amount of EUR 11,100 thousand and assignment of the insurance policy	related to SEZ3 building

PEKAO SA	Warsaw	56,000	13,323	thou	EUR	7,161	1,665	thou	EUR	EURIBOR1M+1.4%; IRS at 0.2% till 30-11-2023	04-12-2023	Contractual mortgage to the amount of PLN 84,000 thousand PLN, assignment of rights from property insurance agreement, assignment of performance bonds and warranties and declaration of submission to enforcement	related to SEZ6 building
Bank Handlowy w Warszawie SA	Warsaw	58,144	13,333	thou	EUR	1,703	396	thou	EUR	EURIBOR1M+1.32%; IRS at 0.385% till 29-02-2028	29-02-2028	Contractual mortgage to the amount of EUR 16,666 thousand, Comarch's declaration of submission to enforcement assignment of rights from property insurance agreement.	related to SEZ7 building
Bank Handlowy w Warszawie SA	Warsaw	10,938	2,508	thou	EUR	5,109	1,188	thou	EUR	EURIBOR1M+1.32%; IRS at minus 0.265% till 30-09-2019.	30-09-2019	Comarch's declaration of submission to enforcement	financing of the current business activities

DNB Bank Polska SA	Warsaw	10,854	2,531	thou	EUR	1,506	350	thou	EUR	EURIBOR1M+1.25%	30-12-2023	Registered pledge on equipment being the subject of financing, assignment of rights from equipment insurance agreement and declaration of submission to enforcement	related to IoT Lab's equipment
CaixaBank S.A. Oddział w Polsce	Warsaw	14,980	3,500	thou	EUR	501	117	thou	EUR	EURIBOR1M+0.70%	2023-08-23	Comarch's declaration of submission to enforcement	relates to the Comarch infrastructure modernization program
IBM Global Financing Polska sp. z o.o.	Warsaw	12,980	12,980	thou	PLN	2,391	2,391	thou	PLN	fixed interest rate	01-03-2022	-	related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group
IBM Global Financing Polska sp. z o.o.	Warsaw	17,691	17,691	thou		765	765	thou	PLN	fixed interest rate	31-01-2019		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group

IBM Global Financing Polska sp. z o.o.	Warsaw	1,474	1,474	thou		737	737	thou	PLN	fixed interest rate	01-07-2019		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group
IBM Global Financing Polska sp. z o.o.	Warsaw	3,139	3,139	thou		734	734	thou	PLN	fixed interest rate	01-05-2022		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group
IBM Global Financing Polska sp. z o.o.	Warsaw	999	999	thou		999	999	thou	PLN	fixed interest rate	01-12-2019		related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group

At the balance sheet date short-term part of credit to be paid is worth PLN 30,594 thousand (balance sheet valuation of interests is not included).
The above short-term liabilities due to loans include only liabilities from other entities.

Note 17 a

OTHER ACCRUALS	thousands of PLN	
	2018	2017
a) costs related to the current period that will be incurred in future	1,018	1,776
b) accruals of revenues	45,952	15,809
-current (by titles)	45,952	15,809
-subsidies received	2,573	2,592
-accruals due to long-term contracts	43,379	13,217
Total other accruals	46,970	17,585

Note 18 a

Book value per single share in column "2018" is equal to book value (equity) divided by number of shares as at 31st of December, 2018.

Book value per single share in column "2017" is equal to book value (equity) divided by number of shares as at 31st of December, 2017.

Diluted book value per single share in column "2018" is equal to book value (equity) divided by number of shares as at 31st of December, 2018, pursuant to IAS 33.

Diluted book value per single share in column "2017" is equal to book value (equity) divided by diluted number of shares as at 31st of December, 2017, pursuant to IAS 33.

Pursuant to IAS 33 in calculation of diluted profit per single share (diluted book value per single share) ordinary shares should be regarded as diluting if and only if their conversion to ordinary shares would reduce net profit (book value).

File	Description

OFF-BALANCE ITEMS COMMENTARY NOTES**Note 19 a**

CONTINGENT LIABILITIES (DUE TO)	thousands of PLN	
	2018	2017
a) granted bank guarantees and suretyships	55,390	113,854
-to related parties, including:	55,390	113,854
-to subsidiaries	55,390	113,854
Total contingent liabilities to related parties	55,390	113,854

Should be indicated contingent liabilities secured on the assets of the issuer / related parties / other entities where the issuer holds interest in capital / partner of a co-related party / significant investor (indicating the type of collateral).

INCOME STATEMENT COMMENTARY NOTES**Note 20 a**

NET REVENUES FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousands of PLN	
	2018	2017
-sales of IT services	632,049	576,731
-from related parties, including:	242,167	213,006
-from subsidiaries	242,167	213,006
-from other entities where the issuer holds interest in capital	1	17
-from associated companies	1	17
-sales of proprietary software and licences	203,323	130,237

-including: from related parties	86,770	25,247
-sales of finished goods	33,337	1,165
-including: from related parties	32,423	625
-including: from other entities where the issuer holds interest in capital	0	0
-other sales	5,800	5,642
-including: from related parties	3,443	2,729
-including: from other entities where the issuer holds interest in capital	225	744
Total net revenues from sales of products	874,509	713,775
-from related parties, including:	364,803	241,607
-from subsidiaries	364,803	241,607
-from other entities where the issuer holds interest in capital	226	761
-from associated companies	226	761

Note 20 b

NET REVENUES FROM SALES OF PRODUCTS (GEOGRAPHICAL STRUCTURE)	thousands of PLN	
	2018	2017
a) domestic	452,528	365,244
-from related parties, including:	79,195	19,035
-from subsidiaries	79,195	19,035
-from other entities where the issuer holds interest in capital	218	751
-from associated companies	218	751
b) export	421,981	348,531
-from related parties, including:	285,608	222,572
-from subsidiaries	285,608	222,572
-from other entities where the issuer holds interest in capital	8	10
-from associated companies	8	10
Total net revenues from sales of products	874,509	713,775
-from related parties, including:	364,803	241,607
-from subsidiaries	364,803	241,607
-from other entities where the issuer holds interest in capital	226	761
-from associated companies	226	761

Note 21 a

NET REVENUES FROM SALES OF GOODS AND MATERIALS (MATERIAL STRUCTURE- TYPES OF ACTIVITIES)	thousands of PLN	
	2018	2017
-computer hardware	44,189	6,808
-from related parties, including:	38,353	858
-from subsidiaries	38,353	858
-from other entities where the issuer holds interest in capital	0	0
-proprietary software and licences	14,850	11,311
-including: from related parties	5,294	2,073
-including: from other entities where the issuer holds interest in capital	0	0
-other	32,552	23,623
-including: from related parties	10,755	3,532
-including: from other entities where the issuer holds interest in capital	0	0
Total net revenues from sales of goods and materials	91,591	41,742

-from related parties, including:	54,402	6,463
-from subsidiaries	54,402	6,463
-from other entities where the issuer holds interest in capital	0	0

Note 21 b

NET REVENUES FROM SALES OF GOODS AND MATERIALS (GEOGRAPHIC STRUCTURE)	thousands of PLN	
	2018	2017
a) domestic	84,738	39,681
-from related parties, including:	47,834	4,750
-from subsidiaries	47,834	4,750
-from other entities where the issuer holds interest in capital	0	0
b) export	6,853	2,061
-from related parties, including:	6,568	1,713
-from subsidiaries	6,568	1,713
-from other entities where the issuer holds interest in capital	0	0
Total net revenues from sales of goods and materials	91,591	41,742
-from related parties, including:	54,402	6,463
-from subsidiaries	54,402	6,463
-from other entities where the issuer holds interest in capital	0	0

Note 22 a

COSTS BY TYPES	thousands of PLN	
	2018	2017
a) depreciation	43,436	38,052
b) consumption of materials and energy	23,936	14,077
c) third party services	156,545	158,862
d) taxes and charges	7,132	6,085
e) remuneration	421,606	384,720
f) social insurance and other benefits	75,811	70,599
g) other (by types)	28,651	27,360
Total costs by types	757,117	699,755
Change in inventories, products and prepayments	5,349	-34,600
Costs of sales (negative value)	-73,067	-72,448
Administrative costs (negative value)	-55,517	-53,971
Manufacturing costs of products sold	633,882	538,736

Note 23 a

OTHER OPERATING REVENUES	thousands of PLN	
	2018	2017
a) provision dissolution (due to)	108	0
-write-offs that revalue materials and finished goods	108	0
b) other, including:	1,177	836
-recovered communication damages	156	37
-expired liabilities	151	57
-refund of VAT which paid abroad	134	333
-received contractual penalties, compensation	138	0
-remuneration of taxpayer, refunds from Social Securities Institution	114	106
-cancelled training contracts	57	58

-money bonus	96	8
-other	331	237
Total operating revenues	1,285	836

Note 24 a

OTHER OPERATING COSTS	thousands of PLN	
	2018	2017
a) other, including:	30,959	13,748
-membership fees	953	732
-donations	97	1,722
-paid penalties and damages, provisions for penalties, damages and claims	15,179	2,052
-dissolving the receivables	0	0
-costs of projects that are in part financed with subsidies	2,257	5,285
-social costs	94	39
-creating-dissolving the write-offs revaluating receivables	11,037	2,840
-real estate maintenance costs	1,303	1,049
-other	39	29
Total operating costs	30,959	13,748

Note 25 a

FINANCIAL REVENUES DUE TO DIVIDENDS AND SHARES IN PROFITS	thousands of PLN	
	2018	2017
a) dividends from related parties, including	3,070	107
-dividends from subsidiaries:	3,070	107
Total financial revenues due to dividends and shares in profits	3,070	107

Note 25 b

FINANCIAL REVENUES DUE TO INTEREST	thousands of PLN	
	2018	2017
a) due to granted loans	334	176
-from related parties, including:	333	157
-from subsidiaries	333	157
-from other entities where the issuer holds interest in capital	1	19
-from associated companies	1	19
b) other interest	157	275
-from other parties, including:	157	275
-from other parties	157	275
Total financing revenues due to interest	491	451

Note 25 c

OTHER FINANCING REVENUES	thousands of PLN	
	2018	2017
a) other, including:	799	13,389
-exchange differences	799	0
-forward valuation	0	13,328
-other	0	61
Total financing revenues	799	13,389

Note 26 a

FINANCING COSTS DUE TO INTEREST	thousands of PLN	
	2018	2017
a) other interest	3,631	2,796
-from related parties, including:	675	736
-from subsidiaries	675	736
-from other parties, including:	2,956	2,060
-from other parties	2,956	2,060
Total financing costs due to interest	3,631	2,796

Note 26 b

OTHER FINANCING COSTS	thousands of PLN	
	2018	2017
a) other, including:	8,702	12,900
-commissions on guarantees	367	225
-valuation of financial instruments	7,572	0
- exchange differences	0	12,526
-other	763	149
Total other financing costs	8,702	12,900

Note 27 a

CURRENT INCOME TAX	thousands of PLN	
	2018	2017
1. Gross profit (loss)	57,075	44,244
2. Permanent differences between gross profit (loss) and basis of taxation for income tax	78,024	8,000
3. Temporary differences between gross profit (loss) and basis of taxation for income tax	-5,921	-24,751
4. Other differences between gross profit (loss) and basis of taxation for income tax, including:	-80,336	-15,057
-income exempt due to activities in Special Economic Zone	-78,710	-15,057
5. Basis of taxation for income tax	48,842	12,436
6. Income tax at the rate of 19% in Poland and 10% in Albany	9,280	2,342
7. Income tax recognised in income statement	7,426	4,906
-presented in tax declaration (current tax to be paid)	9,280	2,342
-deferred tax	-1,854	2,564

Note 27 b

DEFERRED INCOME TAX RECOGNISED IN INCOME STATEMENT:	thousands of PLN	
	2018	2017
-deferred income tax due to temporary differences	-1,854	2,564
Total deferred income tax	-1,854	2,564

Note 28 a

On the 27th of June, 2018, General Meeting approved the resolution no. 9 regarding the distribution of net profit for the fiscal year 1.01.2017 - 31.12.2017. The net profit in the amount of PLN

39,338,096.57 (in writing: thirty-nine million three hundred thirty-eight thousand ninety-six zlotys and 57/100) will be divided as follows:

1. PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders at the 10th of August, 2018, will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. According to the Resolution dividend will be paid on the 31st of August, 2018.

2. The remaining part of the net profit in the amount of PLN 27,138,073.07 (twenty-seven million one hundred thirty-eight thousand seventy-three zlotys and 07/100) is passed to supplementary capital. Comarch S.A.'s Management Board has not made a decision until publication date of this report concerning a proposed profit-sharing for 2018.

File	Description

Note 29 a

Net profit per single share in column "2018" is equal to net profit for the period from 1st of January, 2018 to 31st of December, 2018, divided by weighted average number of shares between 1st of January, 2018 and 31st of December, 2018, where number of days is the weight.

Net profit per single share in column "2017" is equal to net profit for the period from 1st of January, 2017 to 31st of December, 2017, divided by weighted average number of shares between 1st of January, 2017 and 31st of December, 2017, where number of days is the weight.

Diluted net profit per single share in column "2018" is equal to net profit for the period from 1st of January, 2018 to 31st of December, 2018 divided by weighted average number of shares between 1st of January, 2018 and 31st of December, 2018 that was calculated according to IAS 33.

Diluted net profit per single share in column "2017" is equal to net profit for the period from 1st of January, 2017 to 31st of December, 2017 divided by weighted average number of shares between 1st of January, 2017 and 31st of December, 2017 that was calculated according to IAS 33. Pursuant to IAS 33, in calculation of diluted profit per single share (diluted book value per single share) ordinary shares should be regarded as diluting if and only if their conversion to ordinary shares would reduce net profit (book value).

File	Description

CASH FLOW COMMENTARY NOTES

File	Description
SAR 2018 Cash flow commentary notes	Cash flow commentary notes

CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)	in thousands of PLN	
	2018	2017
I. Net profit (loss)	49,649	39,338
II. Total adjustments	33,168	7,652
1. Depreciation	43,436	38,052
2. Exchange gains (losses)	-227	243
3. Interest and shares in profits (dividends)	205	2,917
4. Profit (loss) on investing activities	31,582	7,152

5. Change in provisions	20,110	55
6. Change in inventories	16,937	-34,848
7. Change in receivables	-63,367	-9,528
8. Change in current liabilities, excluding credits and loans	363	17,775
9. Change in prepayments and accruals	-15,871	-14,166
III. Net cash used in operating activities (I+/-II)	82,817	46,990

B. ADDITIONAL COMMENTARY NOTES

File	Description
SAR 2018 Additional commentary notes	Additional commentary notes

SIGNATURES

SIGNATURES OF ALL MEMBERS OF THE BOARD			
Date	Name and surname	Position	Signature
2019-04-29	Janusz Filipiak	President of the Management Board	
2019-04-29	Marcin Dąbrowski	Vice-president of the Management Board	
2019-04-29	Paweł Prokop	Vice-president of the Management Board	
2019-04-29	Andrzej Przewięźlikowski	Vice-president of the Management Board	
2019-04-29	Zbigniew Rymarczyk	Vice-president of the Management Board	
2019-04-29	Konrad Tarański	Vice-president of the Management Board	
2019-04-29	Marcin Warwas	Vice-president of the Management Board	
SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS			
Date	Name and surname	Position	Signature
2019-04-29	Maria Smolińska	Head Accountant	

REPORT OF THE MANAGEMENT BOARD (REPORT REGARDING THE ACTIVITIES OF ISSUER)

File	Description
SAR 2018 Report of the Management Board.pdf	Report of the Management Board

REPORT REGARDING THE CORPORATE GOVERNANCE

File	Description
SAR 2018 Report regarding the Corporate Governance.pdf	Report regarding the Corporate Governance

REPORT REGARDING THE NON-FINANCIAL INFORMATION

File	Description
SAR 2018 Report regarding the Non-financial information.pdf	Report regarding the Non-financial information

THE SUPERVISORY BOARD'S ASSESSMENT REGARDING REPORT ON ACTIVITIES AND FINANCIAL STATEMENT

File	Description
SAR 2018 The Supervisory Board's assessment regarding report on activities and financial statement.pdf	The Supervisory Board's assessment regarding report on activities and financial statement

In this report, the following notes have not been filed in:

Property, plant and equipment in use recognised off-balance sheet

Non-current receivables, Change in non-current receivables (by titles), Change in write-offs revaluating non-current receivables

Non-current receivables (currency structure)

Change in intangibles (by types), Interest or shares in related units that are valued by equity method, including:

Change in goodwill-subsiidiaries, Change in goodwill-co subsidiaries, Change in goodwill-associates, Change in negative goodwill-subsiidiaries, Change in negative goodwill- co subsidiaries, Change in negative goodwill-associates, Interest or shares in other entities

Current receivables from other entities

Other current investment (by types), Other current investment (currency structure)

Proprietary shares (interest), Shares (interest) of issuer that are propriety of related parties

Revaluating write-offs

Write-offs from net profit during financial year (due to)

Change in non-current provision for retirement pension and similar (due to), Change in current provision for retirement pension and similar (due to), Change in other non-current provisions (due to)

Non-current liabilities due to issued debts

Current liabilities due to issued debts

Change in negative goodwill

Contingent receivables (due to)

Share in net profits (losses) of related parties that are valued by equity method

Profit (loss) on sales of entirety or part of shares of related parties

Total amount of deferred tax, Income tax recognised in income statement related

Other obligatory decreases in profit (increases in losses), due to:

ADDITIONAL COMMENTARY NOTES SA-R 2018 COMARCH S.A. ANNUAL REPORT

Note 32

FINANCIAL INSTRUMENTS

a) Changes in Financial Instruments (by categories)

Changes in particular categories of financial assets (excluding cash and cash equivalents) from 1st of January, 2017 to 31st of December, 2017, were as follows:

Change in financial instruments by categories	Financial assets held for trading	Held to maturity financial assets	Granted loans	Financial liabilities
1 January 2017	1,641	-	9,284	146,304
+ increases	11,353	-	830,	41,140
- decreases	1,641	-	6,140	5,281
31 December 2017	11,353	-	3,974	182,163

Balance sheet approach

Non-current financial assets	2,837	-	3,372	-
in related parties	-	-	3,242	-
in other entities	2,837	-	130	-
Current financial assets	8,516	-	602	-
in related parties	-	-	322	-
in other entities	8,516	-	280	-
Current financial liabilities	-	-	-	27,401
in related parties	-	-	-	3,335
in other entities	-	-	-	24,066
Non-current financial liabilities	-	-	-	154,762
in related parties	-	-	-	22,472
in other entities	-	-	-	132,290

Changes in particular categories of financial assets (excluding cash and cash equivalents) from 1st of January, 2018 to 31st of December, 2018, were as follows:

Change in financial instruments by categories	Financial assets held for trading	Held to maturity financial assets	Granted loans	Financial liabilities
1 January 2018	11,353	-	3,974	182,163
+ increases	4,199	-	16,042	61,703
- decreases	11,353	-	1135	47,512
31 December 2018	4,199	-	18,881	196,354

Balance sheet approach

Non-current financial assets	935	-	18,560	-
in related parties	-	-	18,560	-
in other entities	935	-	-	-
Current financial assets	3,264	-	321	-
in related parties	-	-	321	-
in other entities	3,264	-	-	-
Current financial liabilities	-	-	-	44,011
in related parties	-	-	-	13,278
in other entities	-	-	-	30,733
Non-current financial liabilities	-	-	-	152,343
in related parties	-	-	-	28,240
in other entities	-	-	-	124,103

Financial assets held for trading

This refers to forward contracts held to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk.

Granted loans and proprietary receivables

Granted loans are appraised to according to depreciated costs using the effective interest method. When there are no differences significant for valuation, they are recognised according to nominal value accrued interest using interest rate resultant from contracts.

Financial liabilities

Liabilities are related to investment credit and liabilities due to lease, received loans and forward contracts held to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk.

b) Interest on Financial Liabilities for 2018

	Executed	Not executed with maturity			Total	Interest
		up to 3 months	3-12 months	over 12 months		
Interest on financial liabilities held for trading (loans)	901	-	455	-	455	1,356
Interest on other current financial liabilities (leasing)	5	4	13	-	17	22
Interest on non-current financial liabilities (credit)	2,514	-	-	-	-	2,514
Total	3,420	4	468	-	472	3,892

c) Interest on Granted Loans and Debt Financial Instruments for 2018

	Executed	Not executed with maturity			Total	Interest
		up to 3 months	3-12 months	up to 3 months		
Interest on granted loans	141		186		186	327
Interest on debts	-		-		-	-
Total	141		186		186	327

**Note 33
CONTINGENT LIABILITIES**

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

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

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 40,468 thousand. Provisions for part of these claims were presented in the balance sheet as of 31st of December, 2018, and are worth PLN 5,893 thousand (this includes provisions for claims in legal proceedings recognised in 2018 and worth PLN 96 thousand).

Comarch S.A. is the party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 24,203 thousand. Provisions for part of these claims were presented in the balance sheet as of 31st of December, 2018, and are worth PLN 16,097 thousand (this includes provisions for claims in legal proceedings recognised in 2018 and worth PLN 15,408 thousand).

Due to legal proceedings conducted in 2018, Comarch S.A. didn't create write-offs that revalue receivables. Due to matters in disputes but not legal proceedings conducted in 2018, Comarch S.A. created write-offs that revalue receivables in the amount of PLN 698 thousand.

Information on Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,823 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsischse AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30th of August, 2018.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a

subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.

- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2018.
- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2018.
- Due to conclusion of a framework agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG. The surety was granted up to the amount of the agreement, i.e. EUR 3,241 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management For Airlines, Comarch Smart Analytics and Comarch Customer Engagement Platform-Gamification, as well as the maintenance and management of the system by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The surety was granted up to the amount of the signed agreement, i.e. USD 5,000 thousand and for a period of 5 years.
- Due to conclusion of a contract for implementation of Comarch Customer Engagement Platform by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The contract was concluded for five years. The surety is valid until fulfilment by Comarch Middle East FZ-LLC of all obligations under the contract and has been granted up to a maximum liability of the contract, i.e. USD 10,000 thousand.
- Due to conclusion of a contract for investment credit by Bonus Development Sp. z o.o. SK-A, a subsidiary of Comarch S.A., with Bank Pekao S.A. under which the bank grants Bonus Development Sp. o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.

- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 31st of October, 2019.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch SAS was granted to the amount of EUR 2,414 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Colombia S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch Colombia S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Luxembourg S.a.R.L., a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of the necessary licenses for the implementation of the Billing System project, a surety for liabilities of Comarch

Luxembourg S.a.R.L. was granted to the amount of EUR 7,240 thousand and is valid for the duration of the contract.

- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., the contract for the purchase of IT equipment in order to perform a contract with one of the clients, a surety for liabilities of Comarch Polska S.A. was granted to the amount of PLN 3,660 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 2,095 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the Comarch NRM service, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 9,966 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Yuhan Hoesa, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the NW Next Generation service, a surety for liabilities of Comarch Yuhan Hoesa was granted to the amount of EUR 18,467 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for ERP, POS and MoS services, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,254 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the e-Care service, a surety for liabilities of Comarch AB was granted to the amount of EUR 1,151 thousand and is valid for the duration of the contract.

The above list of suretyships includes items that the Company does not treat as contingent liabilities.

Note 34

REVENUES AND COSTS FROM DISCARDED ACTIVITIES – NOT CONCERN

Note 35

PLANNED INVESTMENT EXPENDITURES

As at the publication date, Comarch S.A. does not plan new investment.

Note 36

COMARCH S.A.'s REVENUES FROM SALES OF FINISHED GOODS AND SERVICES TO OTHER ENTITIES OF THE GROUP AND ASSOCIATES (thousands of PLN)

	2018	2017
Comarch AG	74,006	56,287
Grupa Comarch SuB	23,483	40,104
Comarch SAS	16,214	11,529
Comarch R&D S.à r.l.	72	58
Comarch, Inc.	29,804	32,996
Comarch Panama, Inc.	2,246	1,578
Comarch Canada, Corp.	2,393	3,298
Comarch Espace Connecté Inc. (Comarch Smart City) Kanada	-	-

Comarch LLC	2,838	2,797
Comarch Middle East FZ-LLC	9,558	21,694
OOO Comarch	11,778	14,039
Comarch Software (Shanghai) Co. Ltd.	191	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	4,441	2,662
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	4,443	1,657
Comarch UK Ltd.	24,847	12,158
Comarch Swiss AG	1,037	2,127
Comarch Chile SpA	2,897	2,708
Comarch Sistemas LTDA Brazilia	1,845	1,567
Comarch Software Spain S.L.U.	9,256	9,502
Comarch Yazilim A.S.	4	8
Comarch SRL Włochy	3,968	801
Comarch Malaysia SDN. BHD.	186	113
Comarch AB Szwecja	4,119	6,533
Comarch Argentina S.A.	14	52
Comarch Saudi Arabia Co.	-	-
Comarch Japan KK	1,477	-
CAMS AG	-	-
Comarch Colombia S.A.S	20	1
Comarch Peru S.A.C	2	1
Comarch Mexico S.A. de C.V.	-	-
Comarch Yuhan Hoesa (Comarch Ltd.)	61,036	-
Comarch (Thailand) Limited	-	-
Comarch BV	-	-
CA Consulting S.A.	10,053	2,693
Comarch Technologies sp. z o.o.	2,680	3,144
MKS Cracovia SSA	30	74
Comarch Management sp. z o.o.	1	11
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	1	11
Comarch Healthcare S.A.	9,894	2,767
Comarch Polska S.A.	103,434	13,295
Comarch Pointshub S.A.	23	798
Comarch Infrastruktura S.A.	30	85

iComarch24 S.A.	275	217
Opso sp. z o.o.	248	247
Geopolis Sp. z o.o.	171	249
Bonus Development sp. z o.o. SK-A	185	195
Bonus Management sp. z o.o. SK-A	-	-
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-
SoInteractive S.A.	223	752
Metrum Capital S.A.	-	-
Thanks Again LLC	8	10
Oddział Comarch S.A. w Albanii	-	13
Total	419,431	248,831

Comarch S.A.'s trade receivables from subsidiaries and associates are:

	31 December 2018	31 December 2018
Comarch AG	35,474	43,177
Grupa Comarch SuB	4,058	12,793
Comarch SAS	32,867	18,383
Comarch R&D S.à r.l.	87	15
Comarch, Inc.	4,437	7,930
Comarch Panama, Inc.	621	1869
Comarch Canada, Corp.	1,119	3,000
Comarch Espace Connecté Inc. (Comarch Smart City)	-	1
Comarch LLC	4,514	3,666
Comarch Middle East FZ-LLC	23,204	23,678
OOO Comarch	1,498	4,517
Comarch Software (Shanghai) Co. Ltd.	235	34
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	986	317
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	119	644
Comarch UK Ltd.	14,494	3,046
Comarch Swiss AG	198	713
Comarch Chile SpA	4,963	7,140

Comarch Sistemas LTDA	21,419	18,897
Comarch Software Spain S.L.U.	18,843	16,755
Comarch Yazilim A.S.	-	-
Comarch SRL	4,108	131
Comarch Malaysia SDN. BHD.	410	202
Comarch AB	1,438	1,604
Comarch Argentina S.A.	90	53
Comarch Saudi Arabia Co.	-	-
Comarch Japan KK	1,479	-
CAMS AG	-	-
Comarch Colombia S.A.S	22	1
Comarch Peru S.A.C	3	1
Comarch Mexico S.A. de C.V.	-	-
Comarch Yuhan Hoesa (Comarch Ltd.)	15,318	-
Comarch (Thailand) Limited	-	-
Comarch BV	-	-
CA Consulting S.A.	552	415
Comarch Technologies sp. z o.o.	1,341	411
MKS Cracovia SSA	3	184
Comarch Management sp. z o.o.	-	1
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	1
Comarch Healthcare S.A.	9,180	3,089
Comarch Polska S.A.	23,470	9,149
Comarch Pointshub S.A.	2	913
Comarch Infrastruktura S.A.	3	71
iComarch24 S.A.	67	63
Opso sp. z o.o.	37	29
Geopolis sp. z o.o.	9	73
Bonus Development sp. z o.o. SK-A	45	47
Bonus Management sp. z o.o. SK-A	-	-
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-
SoInteractive S.A.	149	529
Metrum Capital S.A.	-	-
Thanks Again LLC	2	31
Oddział Comarch S.A. w Albanii	-	12

Total	226,864	183,585
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Note 37**COMARCH S.A.'s PURCHASES FROM OTHER ENTITIES OF THE GROUP AND ASSOCIATES
(finished goods and services)**

	2018	2017
Comarch AG	3,249	2,394
Grupa Comarch SuB	29	2
Comarch SAS	7,918	6,410
Comarch R&D S.à r.l.	4,347	48
Comarch, Inc.	2	1
Comarch Panama, Inc.	-	-
Comarch Canada, Corp.	-	-
Comarch Espace Connecté Inc. (Comarch Smart City)	-	-
Comarch LLC	858	957
Comarch Middle East FZ-LLC	445	-
OOO Comarch	-	-
Comarch Software (Shanghai) Co. Ltd.	-	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	273	-
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	149	149
Comarch UK Ltd.	-	14
Comarch Swiss AG	-	-
Comarch Chile SpA	-	-
Comarch Sistemas LTDA	-	-
Comarch Software Spain S.L.U.	232	171
Comarch Yazilim A.S.	-	-
Comarch SRL	72	1
Comarch Malaysia SDN. BHD.	-	-
Comarch AB	-	-
Comarch Argentina S.A.	-	-
Comarch Saudi Arabia Co.	46	-
Comarch Japan KK	-	-
CAMS AG	-	-

Comarch Colombia S.A.S	-	-
Comarch Peru S.A.C	-	-
Comarch Mexico S.A. de C.V.	-	-
Comarch Yuhan Hoesa (Comarch Ltd.)	-	-
Comarch (Thailand) Limited	122	-
Comarch BV	-	-
CA Consulting S.A.	4,844	3,023
Comarch Technologies sp. z o.o.	47	3,305
MKS Cracovia SSA	155	425
Comarch Management sp. z o.o.	17	-
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	8
Comarch Healthcare S.A.	851	968
Comarch Polska S.A.	110	259
Comarch Pointshub S.A.	18	215
Comarch Infrastruktura S.A.	3,844	3,276
iComarch24 S.A.	880	679
Opso sp. z o.o.	151	130
Geopolis sp. z o.o.	-	208
Bonus Development sp. z o.o. SK-A	6,604	6,082
Bonus Management sp. z o.o. SK-A	8	-
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-
SoInteractive S.A.	860	4,149
Metrum Capital S.A.	-	-
Thanks Again LLC	-	-
Oddział Comarch S.A. w Albanii	-	-
Total	36,131	32,874

Comarch S.A.'s trade liabilities to subsidiaries and associates are:

	31 December 2018	31 December 2017
Comarch AG	2,693	4,747
Grupa Comarch SuB	300	111
Comarch SAS	609	7,238
Comarch R&D S.à r.l.	773	170
Comarch, Inc.	140	130
Comarch Panama, Inc.	-	-
Comarch Canada, Corp.	1	1
Comarch Espace Connecté Inc. (Comarch Smart City)	-	-
Comarch LLC	944	617
Comarch Middle East FZ-LLC	389	-
OOO Comarch	-	-
Comarch Software (Shanghai) Co. Ltd.	-	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	273	-
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	113	48
Comarch UK Ltd.	20	19
Comarch Swiss AG	-	-
Comarch Chile SpA	-	-
Comarch Sistemas LTDA	-	-
Comarch Software Spain S.L.U.	160	162
Comarch Yazilim A.S.	-	-
Comarch SRL	72	1
Comarch Malaysia SDN. BHD.	3	4
Comarch AB	-	-
Comarch Argentina S.A.	-	-
Comarch Saudi Arabia Co.	46	-
Comarch Japan KK	5	-
CAMS AG	-	-
Comarch Colombia S.A.S	-	-
Comarch Peru S.A.C	-	-
Comarch Mexico S.A. de C.V.	-	-
Comarch Yuhan Hoesa (Comarch Ltd.)	-	-

Comarch (Thailand) Limited	123	-
Comarch BV	-	-
CA Consulting S.A.	3,021	2,453
Comarch Technologies sp. z o.o.	-	1,730
MKS Cracovia SSA	805	17
Comarch Management sp. z o.o.	-	-
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	-
Comarch Healthcare S.A.	619	492
Comarch Polska S.A.	292	88
Comarch Pointshub S.A.	-	265
Comarch Infrastruktura S.A.	3,136	2,397
iComarch24 S.A.	483	414
Opso sp. z o.o.	13	14
Geopolis sp. z o.o.	-	22
Bonus Development sp. z o.o. SK-A	-	-
Bonus Management sp. z o.o. SK-A	-	-
Bonus Development sp. z o.o. II Koncept SK-A	-	-
Bonus Management sp. z o.o. II Activia SK-A	-	-
Bonus MANAGEMENT Sp. z o.o. Cracovia Park SK-A	-	-
CASA Management and Consulting sp. z o.o. SK-A	-	-
SoInteractive S.A.	-	894
Metrum Capital S.A.	-	-
Thanks Again LLC	-	-
Oddział Comarch S.A. w Albanii	-	-
Razem	15,033	22,034

Note 38

INFORMATION ON TRANSACTIONS WITH RELATED UNITS AND OTHER RELATED PERSONS ON TERMS DIFFERENT FROM MARKET CONDITIONS – NONE PRESENT

Note 39

AN AVERAGE EMPLOYMENT IN COMARCH S.A.

An average number of employees	2018	2017
full-time	3,753	3,492
co-workers	934	844
Total	4,687	4,336

An average number of employees	2018	2017
directly production and technical consultants	4,052	3,733
marketing and sales	168	161
management and administrative employees	407	372
others	60	70
Total	4,687	4,336

Note 40**REMUNERATION FOR MANAGING AND SUPERVISING PERSONS (CURRENT PERIOD) IN PLN****a) Comarch S.A.'s Management Board**

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

b) Comarch S.A.'s Supervisory Board

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

Salaries presented in this note include salaries actually paid in 2018 (including remuneration bonus for the previous periods covered by provisions as of 31.12.2017.). Salaries do not include unpaid bonuses for the year 2018 (covered by reserves as of 31.12.2018).

As at 31st of December, 2018, there are no unpaid loans nor guarantees nor suretyships to members of the Management or Supervisors Board or their relatives.

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

Not concern.

Note 41**Long-term Bank Credits**

Company of Comarch Group	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch SA, office building SEZ4 in Krakow	BGŻ BNP Paribas Bank Polska S.A	44,000	PLN	3,563 (4,182 as at the 31 st of December, 2017)	EUR	15,320 (17,444 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement
Comarch SA, office building SEZ5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	1,418 (1,977 as at the 31 st of December, 2017)	EUR	6,099 (8,246 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA, nonrevolving bank credit	Santander Bank Polska S.A. (formerly Bank Zachodni WBK S.A.)	7,400	EUR	1,910 (2,944 as at the 31 st of December, 2017)	EUR	8,212 (12,280 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 28 th of June, 2019	31 st of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement

Comarch SA, office building SEZ6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	8,188 (9,854 as at the 31 st of December, 2017)	EUR	35,209 (41,098 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for contract good performance and for warranty obligations, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Polska Kasa Opieki S.A., declaration of submission to enforcement
Comarch SA, office building SEZ7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	13,333 (11,286 as at the 31 st of December, 2017)	EUR	57,330 (47,075 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch SA, long-term non-revolving bank credit	Bank Handlowy w Warszawie S.A.	2,508	EUR	1,188 (2,508 as at the 31 st of December, 2017)	EUR	5,109 (10,465 as at the 31 st of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 2019	declaration of submission to enforcement
Comarch SA, property, plant and equipment in use – equipment of Internet of Things Laboratory in Krakow	DNB Bank Polska S.A.	2,531	EUR	1,751 (2,130 as at the 31 st of December, 2017)	EUR	7,529 (8,885 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, declaration of submission to enforcement
Comarch S.A., delivery of IT hardware due to IT project realised by the Comarch Group	CaixaBank S.A. Branch in Poland	3,500	EUR	1,399 (0 as at the 31 st of December, 2017)	EUR	6,016 (0 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	none
Comarch S.A., delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	12,980	PLN	7,643 (9,983 as at the 31 st of December, 2017)	PLN	7,643 (9,983 as at the 31 st of December, 2017)	PLN	Fixed interest rate		none
Comarch S.A., delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	17,691	PLN	765 (0 as at the 31 st of December, 2017)	PLN	765 (0 as at the 31 st of December, 2017)	PLN	Fixed interest rate	31 st of January, 2019	none

Comarch S.A., delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,474	PLN	737 (0 as at the 31 st of December, 2017)	PLN	737 (0 as at the 31 st of December, 2017)	PLN	Fixed interest rate	1 st of July, 2019	none
Comarch S.A., delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN	2,745 (0 as at the 31 st of December, 2017)	PLN	2,745 (0 as at the 31 st of December, 2017)	PLN	Fixed interest rate	1 st of May, 2022	none
Comarch S.A., delivery of IT hardware due to IT project realised by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	999	PLN	999 (0 as at the 31 st of December, 2017)	PLN	999 (0 as at the 31 st of December, 2017)	PLN	Fixed interest rate	1 st of December, 2019	none
Comarch SA, credit in current account for financing the current activities	Powszechna Kasa Oszczędności Bank Polski S.A.	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2019	An authorization to manage Comarch S.A.'s accounts in bank Powszechna Kasa Oszczędności Bank Polski S.A. and a declaration of submission to enforcement
Comarch SA, credit in current account for financing the current activities	Bank Polska Kasa Opieki S.A.	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2019	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement
Comarch SA, credit in current account for financing the current activities	mBank S.A.	10,000	PLN	0	PLN	0	PLN	WIBOR O/N + bank margin	14 th of March, 2019	An authorization to manage Comarch S.A.'s accounts mBank S.A. and a declaration of submission to enforcement

Note 42

SIGNIFICANT EVENTS RELATED TO THE PREVIOUS YEARS - NOT CONCERN

Note 43

EVENTS AFTER BALANCE SHEET DATE

a) Dates of Periodical Financial Reports in 2019

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

Consolidated quarterly reports including short consolidated financial statements and standalone financial statements:

- 1) Q4 2018 - on 1st of March, 2019;
- 2) Q1 2019 - on 17th of May, 2019;

3) Q2 2018 - Pursuant to §101 sec. 2 of the Regulation issued by the Minister of Finance on the 19th of February, 2009 concerning current and periodical information pertaining to companies traded on the stock exchange and on the conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, Comarch S.A. will not publish quarterly report for the second quarter of 2019;

4) Q3 2019 - on 15th of November, 2019;

ANNUAL AND HALF-YEAR REPORTS:

1) Annual report for 2018 - on 29th of April, 2019;

2) Consolidated annual report for 2018 - on 29th of April, 2019;

3) Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2019 - on 30th of August, 2019.

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

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

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

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

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

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

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

c) Demand for payment of the a good performance guarantee regarding the ZUS KSI contract

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

With reference to current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)), dated 11th of April, 2019 regarding receiving from CaixaBank S.A. branch in Poland, an information on the submission by the Social Insurance Institution (ZUS) of a request for payment in the amount of PLN 24,203,300.40 a bank guarantee of due performance of the contract for the provision of maintenance services of the Comprehensive IT System for the Social Insurance Institution ("KSI ZUS Agreement") established on behalf of a consortium of Comarch S.A. and Comarch Polska S.A. companies, the Management Board of Comarch S.A. hereby informed in the current report no. [RB-6-2019](#), (ENG: [RB-6-2019](#)), dated 23rd of April, 2019 on receiving from CaixaBank S.A., a branch in Poland an information about the receipt of a statement from ZUS on postponement of the above-mentioned request by 31st of May, 2019, for the duration of settlement talks. The original deadline for payment from the guarantee was 14 days from the date of receipt by the bank of the demand for payment, i.e. on 25th of April, 2019.

a) Information on Transactions on Comarch S.A. Shares

On the 4th of March, 2019, the Management Board of Comarch S.A. received from persons acting as managing persons, notifications of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse.

Paweł Prokop, Vice-president of Comarch S.A. informed that purchased on the 4th of March, 2019, 70 ordinary bearer shares on the WSE in Warsaw at the weighted average price of PLN 157.00 per 1 share. Zbigniew Rymarczyk, Vice-president of Comarch S.A. informed that purchased on the 4th of March, 2019, 308 ordinary bearer shares on the WSE in Warsaw at the weighted average price of PLN 156.00 per 1 share. The Company announced details in current report no. [RB-4-2019](#), ENG: [RB-4-2019](#), and [RB-3-2019](#), ENG: [RB-3-2019](#), dated the 4th of March, 2019.

b) Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2019 and the 29th 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 29th of April, 2019 amounted to EUR 29,200 thousand and USD 3,300 thousand. The contracts will be settled within 24 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency.

c) Transaction on change of IRS

None present.

Note 44**CHANGES IN APPLIED ACCOUNTING PRINCIPLES**

In 2018, the Company did not make any significant changes in accounting principles in comparison to the previous year. The details of the applied accounting principles were presented in the introduction to the financial statement.

Note 45**DESCRIPTION AND ECONOMIC GOAL OF CONTRACTS NOT PRESENTED IN THE BALANCE SHEET WHISIN THE SCOPE OF THEIR INFLUENCE ON THE EQUITY AND FINANCIAL SITUATION AS WELL AS THE FINANCIAL RESULT OF THE COMPANY – NOT CONCERN****Note 46****INFORMATION ON PAID OR DUE REMUNERATION OF AN EXPERT AUDITOR OR AN ENTITY ENTITLED TO AUDIT FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR**

No	Types of services	Remuneration (net value)- paid	Remuneration (net value)- due
2018			
BDO Sp. z o.o.			
1.	Obligatory audit of annual financial statements for 2018	PLN 40,000.00	PLN 60,000.00
2.	Review of half-year financial statement for H1 2018 and agreed additional costs related to consolidation process	PLN 50,000.00	-
3.	Other services	-	-
2017			
BDO Sp. o.o.			
1.	Obligatory audit of annual financial statements for 2017	PLN 100,000.00	-
2.	Review of half-year financial statement for H1 2017 and agreed additional costs related to consolidation process	PLN 50,000.00	-
3.	Other services for Comarch S.A.	-	-

Note 47

CONNECTION BETWEEN BALANCE SHEET POSITIONS, IN CASE THE ELEMENT OF ASSETS OR EQUITY IS PRESENTED IN MORE THAN ONE POSITION OF THE BALANCE SHEET, ITS RELATION BETWEEN THOSE POSITIONS. IT IS RELATED TO DIVISION OF RECEIVABLES AND LIABILITIES TO THE LONG-TERM AND SHORT-TERM PARTIES

2018	Short-term	Long-term	Total
Assets			
Loans	322	18,560	18,882
Other accruals	89,681	2,820	92,501
Other financial assets	3,264	935	4,199
Equity	,	,	,
Loans	5,626	7,083	12,709
Credits	24,628	115,856	140,484
Financial liabilities	479	1,164	1,643

2017	Short-term	Long-term	Total
Assets	,	,	,
Loans	602	3,372	3,974
Other accruals	42,888	3,191	46,079
Other financial assets	8,539	2,837	11,376
equity	,	,	,
Loans	2,307	30,077	32,384
Credits	21,250	101,476	122,726
Financial liabilities	509	736	1,245

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



Krakow, 29th of April, 2019

Dear Shareholders,

On behalf of the Management Board of Comarch S.A. I am pleased to present the report on the activities of the Company. In 2018, the Company significantly increased the scale of its operations and improved its profitability. Revenue from sales increased by 27.9%, i.e. PLN 210.6 million compared to 2017, and reached PLN 966.1 million. Operating profit amounted to PLN 89.4 million, while net profit PLN 49.6 million. Operating profitability in 2018 amounted to 9.3%, while net profitability was 5.1%.

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

In 2018, the Company made significant investments in new and existing IT products. Expenditure on research works exceeded 15.1% of revenues from sales, they were financed mainly from own funds. The company was intensively developing a new generation of loyalty, telecommunications and ERP systems, as well as, in the field of IT solutions for medicine and the Internet of Things (Internet of Things). The Company also continued to improve the other products offered. In the past year, the Company put special emphasis on the development of sales of IT solutions in the service model - Comarch is one of the market leaders in this field. Comarch S.A. intensely develops a private cloud computing Comarch Enterprise Cloud Platform (IaaS and PaaS) with the highest security standards, based on the infrastructure of Comarch Data Centre. Thanks to this solution, Comarch products can be offered in an optimal way for customers, providing benefits from sharing IT infrastructure costs, increased efficiency, reliability and maximum flexibility.

In the past year, the Company strengthened its position as one of the largest employers in the IT sector in Poland. At the end of 2018, the Company employed 4,679 people in Krakow and other national branches. As every year, the student internship program has brought positive results, thanks to which Comarch S.A. is perceived as one of the first choice employers in the domestic labour market in the IT industry.

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

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

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

Comarch SA

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



**REPORT OF
COMARCH S.A.'s MANAGEMENT BOARD
REGARDING THE ACTIVITIES 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 31st of December, 2018, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak and MetLife OFE.

AT THE 31ST OF DECEMBER, 2018

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
Total	8,133,349	100.00	15,126,949	100.00

AT THE 29TH OF APRIL, 2019

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

*) On the 4th of March, 2019, the Management Board of Comarch S.A. received persons acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. These transactions concerned: a purchase on the 4th of March, 2019, of 308 ordinary bearer shares on regulated market at the weighted average price of PLN 156.00 per 1 share (the value of the transaction amounted to PLN 48,048), and a purchase on the 4th

of March, 2018, of 70 ordinary bearer shares on regulated market at the weighted average price of PLN 157.00 per 1 share (the value of the transaction amounted to PLN 10,990). The Company announced details in current reports no. [RB-3-2019](#) and [RB-4-2019](#), ENG: [RB-3-2019](#) and [RB-4-2019](#), dated the 4th of March, 2019.

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

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

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

AT THE 29TH OF APRIL, 2019

Without changes.

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

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

AT THE 29TH OF APRIL, 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 4th of March, 2019, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a purchase on the 4th of March, 2018, 70 ordinary bearer shares on regulated market at the weighted average price of PLN 157.00 per 1 share. The value of the transaction amounted to PLN 10,990. The Company announced details in current report no. [RB-4-2019](#), ENG: [RB-4-2019](#), dated the 4th of March, 2019.

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

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

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

None present.

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

None present.

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

Information is included in [note 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.

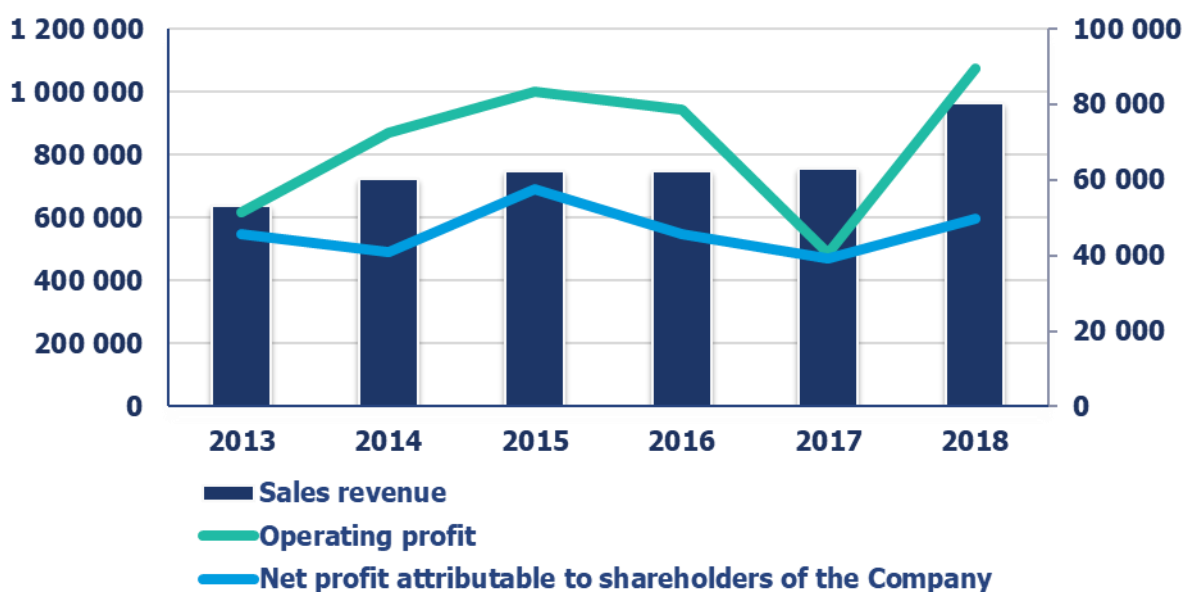
2. Basic Economics and Financial Values

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

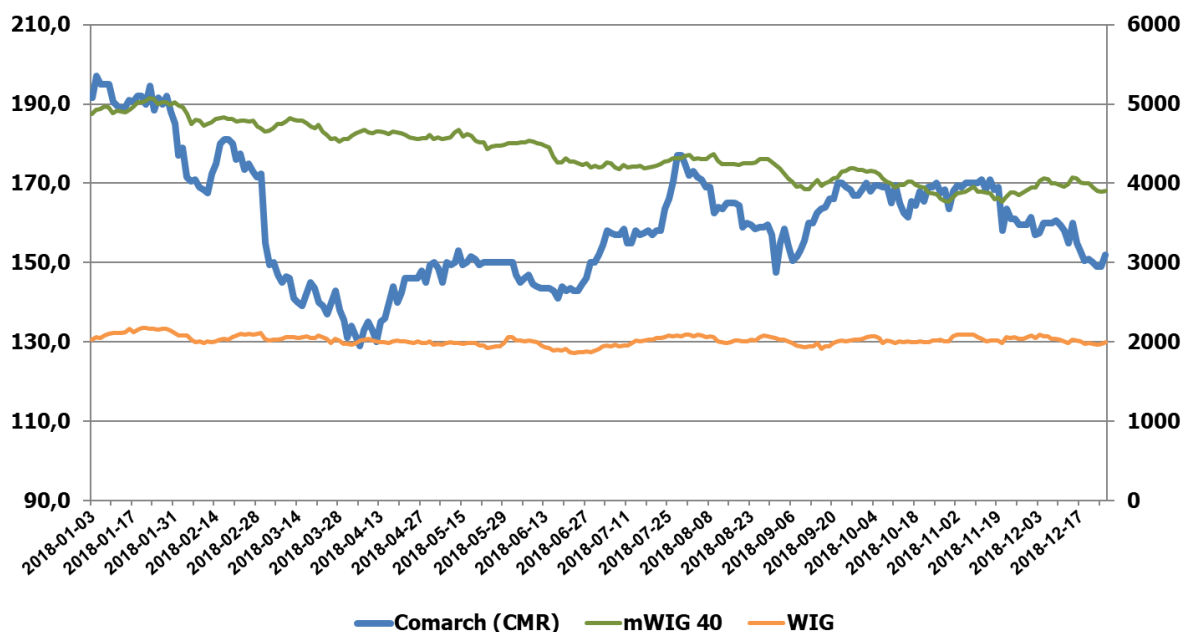
Average employment in Comarch S.A. from 2014 to 2018 is presented in tables below:

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
Total	4,687	4,336	4,304	3,981	3,373

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
Total	4,687	4,336	4,304	3,981	3,373

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

<i>Data in PLN</i>	12 months ended 31 December 2018 / 31 December 2018	12 months ended 31 December 2017 / 31 December 2017
Closing rate at the balance sheet date	152.00	190.00
Average price during the reporting period	159.96	198.17
MIN price during the reporting period	129.00	160.60
MAX price during the reporting period	197.00	239.00
Average volume during the reporting period	3,236	4,592
Capitalization at the balance sheet date	1,236,269,048	1,545,336,310
Ratios for 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 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%
Total	966,100	100.0%	755,517	100.0%	749,213	100.0%

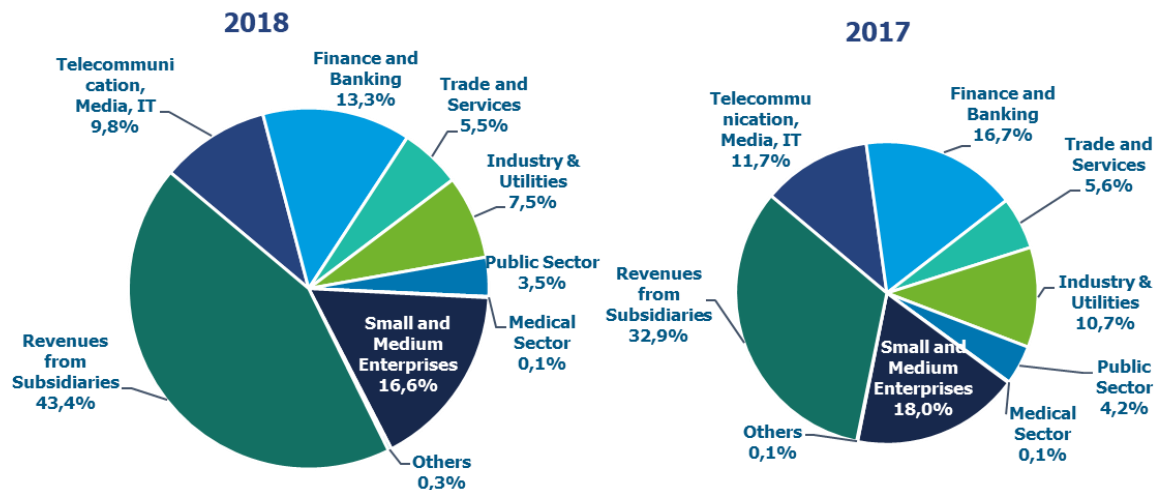
In 2018, revenue from the Company's sales increased by PLN 210.6 million, i.e. 27.9% compared to 2017. Export sales increased by PLN 78.2 million, i.e. 22.3%, mainly as a result of increasing sales made through subsidiaries. Revenue from domestic sales increased by PLN 132.3 million, i.e. by 32.7%, mainly 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%
Total	966,100	100.0%	755,517	100.0%	749,213	100.0%

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.

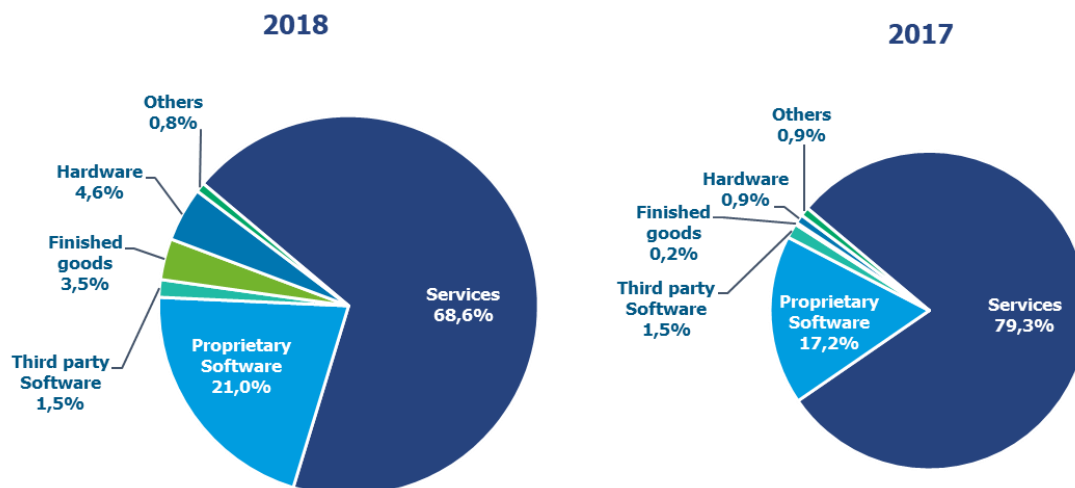


The structure of sales remained stable during the financial year.

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%
Total	966,100	100.0%	755,517	100.0%	749,213	100.0%

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 December 2018	%	31 December 2017	%	Change	Change %
I. Non-current assets	736,083	55.2%	756,155	60.7%	-20,072	-2.7%
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%
II. Current assets	598,817	44.8%	491,051	39.3%	107,766	21.9%
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%
TOTAL ASSETS	1,334,900	100.0%	1,247,206	100.0%	87,694	7.0%

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 December 2018	%	31 December 2017	%	2018/ 2017	%
I. Equity	834,190	62.5%	796,984	64.0%	37,206	4.7%
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%
II. Liabilities and provisions for liabilities	500,711	37.5%	450,222	36.0%	50,489	11.2%
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%
TOTAL EQUITY AND LIABILITIES	1,334,901	100.0%	1,247,206	100.0%	87,695	7.0%

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/ 2017	%
I. Net revenues from sales of products, finished goods and materials	966,100	100.0%	755,517	100.0%	210,583	27.9%
II. Cost of products, finished goods and materials sold	719,140	74.4%	576,096	76.3%	143,044	24.8%
III. Gross profit (loss) from sales (I-II)	246,960	25.6%	179,421	23.7%	67,539	37.6%
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%
VI. Profit (loss) on sales (III-IV-V)	118,376	12.3%	53,001	7.0%	65,375	123.3%
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%
IX. Profit (loss) on operating activities (VI+VII-VIII)	89,389	9.3%	40,533	5.4%	48,856	120.5%
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%
XII. Profit (loss) on business activities (IX+X-XI)	57,075	5.9%	44,244	5.9%	12,831	29.0%
XIII. Gross profit (loss) (XII)	57,075	5.9%	44,244	5.9%	12,831	29.0%
XIV. Income tax	7,426	0.8%	4,906	0.7%	2,520	51.4%
XV. Net profit (loss) (XIII-XIV)	49,649	5.1%	39,338	5.2%	10,311	26.2%

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

						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
Comarch S.A. office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	13,333 (11,286 as at the 31 st of December, 2017)	EUR	57,330 (47,075 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	The real estate mortgage, cession of rights in the building insurance policy, power of attorney to manage Comarch S.A.'s bank accounts in the Bank Handlowy w Warszawie S.A., declaration of submission to enforcement
Comarch S.A. Nonrevolving, long-term credit	Bank Handlowy w Warszawie S.A.	2,508	EUR	1,188 (2,508 as at the 31 st of December, 2017)	EUR	5,109 (10,461 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin IRS till the 30 th of September, 2019	30 th of September, 2019	Declaration of submission to enforcement
Comarch S.A. Non-current assets - equipment of Internet of Things laboratory in Krakow	DNB Bank Polska S.A.	2,531	EUR	1,751 (2,130 as at the 31 st of December, 2017)	EUR	7,529 (8,885 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement
Comarch S.A. Comarch infrastructure modernization programme	CaixaBank S.A. Oddział w Polsce	3,500	EUR	1,399 (0 as at the 31 st of December, 2017)	EUR	6,016 (0 as at the 31 st of December, 2017)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement

10.2. Revolving Credits

As at the 31st 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 / 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			
Comarch S.A. 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 th of December, 2019	An authorization to manage Comarch S.A.'s accounts in bank Powszechna Kasa Oszczędności Bank Polski S.A. and a declaration of submission to enforcement
Comarch S.A. A working capital loan to finance	Bank Polska Kasa Opieki S.A.	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2019	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement

current operations										
Comarch S.A. A working capital loan to finance current operations	mBank S.A.	10,000	PLN	0	PLN	0	PLN	WIBOR O/N + bank margin	17 th of March, 2020	An authorization to manage Comarch S.A.'s accounts in bank mBank S.A. and a declaration of submission to enforcement

10.3. Loans Received

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

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

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			
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	12,980	PLN	7,463 (9 983 as at the 31 st of December, 2017)	PLN	7,463 (9 983 as at the 31 st of December, 2017)	PLN	fixed	1 st of March, 2022	None
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	17,691	PLN	765 (0 as at the 31 st of December, 2017)	PLN	765 (0 as at the 31 st of December, 2017)	PLN	fixed	31 st of January, 2019	None
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,474	PLN	737 (0 as at the 31 st of December, 2017)	PLN	737 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of July, 2019	None
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN	2,745 (0 as at the 31 st of December, 2017)	PLN	2,745 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of May, 2022	None
Comarch S.A. delivery of IBM hardware in relation to an IT project performed by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	999	PLN	999 (0 as at the 31 st of December, 2017)	PLN	999 (0 as at the 31 st of December, 2017)	PLN	fixed	1 st of December, 2019	None

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

As at 31st 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
Total					37,700

10.4. Loans Granted by Comarch S.A.

a) Loans Granted to Companies in Comarch Group

As at 31st 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
Total					20,017

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 31st 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 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,823 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30th of August, 2018.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.

- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2018.
- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2019.
- Due to conclusion of a framework agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG. The surety was granted up to the amount of the agreement, i.e. EUR 3,241 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management For Airlines, Comarch Smart Analytics and Comarch Customer Engagement Platform-Gamification, as well as the maintenance and management of the system by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The surety was granted up to the amount of the signed agreement, i.e. USD 5,000 thousand and for a period of 5 years.
- Due to conclusion of a contract for implementation of Comarch Customer Engagement Platform by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The contract was concluded for five years. The surety is valid until fulfilment by Comarch Middle East FZ-LLC of all obligations under the contract and has been granted up to a maximum liability of the contract, i.e. USD 10,000 thousand.
- Due to conclusion of a contract for investment credit by Bonus Development Sp. z o.o. SK-A, a subsidiary of Comarch S.A., with Bank Pekao S.A. under which the bank grants Bonus Development Sp. o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.
- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 31st of October, 2019.

- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch SAS was granted to the amount of EUR 2,414 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Colombia S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch Colombia S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Luxembourg S.a.R.L., a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of the necessary licenses for the implementation of the Billing System project, a surety for liabilities of Comarch Luxembourg S.a.R.L. was granted to the amount of EUR 7,240 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., the contract for the purchase of IT equipment in order to perform a contract with one of the clients, a surety

for liabilities of Comarch Polska S.A. was granted to the amount of PLN 3,660 thousand and is valid for the duration of the contract.

- Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 2,095 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the Comarch NRM service, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 9,966 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Yuhan Hoesa, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the NW Next Generation service, a surety for liabilities of Comarch Yuhan Hoesa was granted to the amount of EUR 18,467 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for ERP, POS and MoS services, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,254 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the e-Care service, a surety for liabilities of Comarch AB was granted to the amount of EUR 1,151 thousand and is valid for the duration of the contract.

The above list of suretyships includes items that the Company does not treat as contingent liabilities.

10.6. Bank Guarantees

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

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch Healthcare S.A. (valid till the 30th of June, 2020), Comarch Malaysia SDN. BHD. (valid without time limit), Comarch Argentina S.A. (valid without time limit), Comarch R&D S.à r.l. (valid without time limit) and Comarch Polska S.A. (valid till the 30th of June, 2020).

11. The Most Important Events in 2018 and after the Balance-Sheet

11.1. Contracts Significant for Issuers' Activities

The most important contracts signed in 2018 are:

11.1.1. Signing the Agreement for Support, Operation and Maintenance Services for Comprehensive IT System for ZUS

In relation to the current report no. [RB-17-2017](#) (ENG: [RB-17-2017](#)) dated the 12th of September, 2017, on opening the offers presented in the limited offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS", organized by Zakład Ubezpieczeń Społecznych w Warszawie (the Polish Social Insurance Institution in Warsaw; ZUS) and in relation to the current report no. [RB-21-2017](#) (ENG: [RB-21-2017](#)) dated the 14th of November, 2017, on the announcement of results of this tender, Comarch S.A.'s Management Board hereby informs in the current report no. [RB-4-2018](#) (ENG: [RB-4-2018](#)) that on the 2nd of March, 2018, the consortium of Comarch Polska S.A. with its registered office in Krakow and Comarch S.A. with its registered office in

Krakow (hereinafter referred to as the "Consortium") signed the agreement with Zakład Ubezpieczeń Społecznych w Warszawie (hereinafter referred to as the "ZUS") on support, operation and maintenance services for Comprehensive IT System for ZUS (hereinafter referred to as the "Agreement"). Subject of this Agreement is providing the maintenance, integration and additional services by Consortium for KSI ZUS IT system within the scope and terms specified in the Agreement. The total amount of the remuneration due to Consortium shall not exceed the gross amount of PLN 242,033,004.00 (two hundred forty-two million thirty-three thousand and four zlotys), including net amount of PLN 196,774,800.00 (one hundred ninety-six million seven hundred seventy-four thousand eight hundred zlotys) and 23% VAT in the amount of PLN 45,258,204.00 (forty-five million two hundred fifty-eight thousand two hundred and four). Time for execution of this Agreement is 48 months, however it begins from the day of starting the services, that is not later than within 12 months from the date of concluding the Agreement, after previous written declaration by the Consortium about readiness to take over maintenance services and after signing by the parties the protocol of handing over the services, unless otherwise agreed in writing. The Agreement expires also at the moment of exhausting the limit of gross remuneration due to Consortium. Within the terms specified in the Agreement, ZUS has the right to charge Consortium with the contractual penalties due to improper performance of liabilities resulting from the Agreement. The total amount of contractual penalties due to reasons specified in the Agreement may not exceed 50% of the gross remuneration. The payment of a contractual penalty shall not exclude the compensation responsibility in accordance with the law, provided that responsibility of Consortium due to failure to perform or improper performance of the liabilities specified in the Agreement (excluding the contractual penalties and amounts diminishing the remuneration), shall not exceed 100% of the gross remuneration, provided that the limitation of responsibility is not related to compensation for damages caused intentionally, caused by disclosure of protected data, including personal data, caused to a person or tangible, or intangible assets, resulting from physical or legal defects in products delivered by the Consortium. None of the parties to the Agreement is responsible for the lost profits and damages not connected to their operations or operations of the third parties, for whom the party is responsible.

11.1.2. Investment Credit Agreement with CaixaBank S.A. Branch in Poland

The Management Board of Comarch S.A. hereby informed in the current report no. [RB-14-2018](#) (ENG: [RB-14-2018](#)), dated 21st of May, 2018 that on 24th of August, 2018 Comarch S.A. signed an investment credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance expenditures related to the implementation of modernization works on the Comarch S.A. office infrastructure. The credit amounts to EUR 3,500,000.00, i.e. PLN 14,980,350.00 according to the euro exchange rate as at the date of signing the agreement. The crediting period lasts until August 23, 2023, the interest rate on the credit is based on the variable rate. The credit should be used until August 23, 2019. The credit collateral is:

- a) power of attorney granted to the Bank by Comarch S.A. to dispose of funds on settlement accounts operated by the Bank;
- b) statement by Comarch S.A. on submission to enforcement up to 150% of the credit amount.

AFTER THE BALANCE SHEET DATE

None presented.

11.2. Other

11.2.1. Conclusion of a Settlement with the Agency for Restructuring and Modernization of Agriculture (ARMA)

With reference to current report no. [RB-14-2014](#) (ENG: [RB-14-2014](#)), dated 19th of May, 2014 (regarding receiving an accounting note from the Agency for Restructuring and Modernization of Agriculture (hereinafter: "ARMA") covering a contractual penalty in the amount of PLN 32,455,497.28 (in words:

thirty two million four hundred fifty-five thousand four hundred ninety-seven 28/100) in connection with the implementation by Comarch S.A. of the agreement of 29th of April, 2013 ("OFSA Agreement") and current report no. [RB-4-2015](#) (ENG: [RB-4-2015](#)), dated 15th of January, 2015, informing about the delivery of a claim to Comarch S.A. on 14th of January, 2015 for the payment of PLN 34,493,717.28 (in words: thirty-four million four hundred ninety-three thousand seven hundred seventeen 28/100) - brought against Comarch S.A. by ARMA to the District Court in Warsaw, 3rd Civil Department - for contractual penalties charged by ARMA. Comarch S.A.'s Management Board informed in the current report no. [RB-6-2018](#) (ENG: [RB-6-2018](#)), about the settlement between Comarch S.A. and ARMA in front of the court mediator. As part of this settlement - making mutual concessions - the Parties agreed that the contractual penalties due to ARMA due to improper performance by Comarch S.A. OFSA agreements amount to PLN 3,478,473.60 (in words: three million four hundred seventy eight thousand four hundred seventy three 60/100) and that they will be settled with due Comarch S.A. from ARMA compensation, the amount of which, as part of mutual concessions, was set at PLN 1,478,098.24 (in words: one million four hundred seventy eight thousand ninety eight 24/100) - due to lost profits resulting from ARMA's failure to consortium from Comarch S.A. and Comarch Polska S.A. contracts for "Maintenance and development of the IT Information System of the Agency - SIA (ZSZiK, IACSplus, GIS, SIZ, PZSIPplus, PA)" ("the SIA Agreement") - as a result of concluding this agreement with another contractor. As a result of the settlement, the total value of the contractual penalty to be paid by Comarch S.A. will amount to PLN 2,000,375.36 (in words: two million three hundred and seventy-five 36/100), which is in the reserve established by Comarch S.A. in 2014 in the amount of PLN 2,276,882.40 (in words: two million two hundred seventy-six thousand eight hundred and eighty-two 40/100). At the same time, as part of the settlement, ARMA waived further claims arising from contractual penalties related to the performance of the OFSA Agreement, and Comarch S.A. waived all further claims related to the failure to sign the SIA Agreement. Comarch S.A.'s Management Board informs that he has taken action to approve the above-mentioned settlement by the competent court.

11.2.2. Conclusion of an Agreement with Tauron Dystrybucja S.A.

With reference to current report no. [RB-19-2017](#) (ENG: [RB-19-2017](#)), dated 24th of October, 2017 regarding receipt by Comarch S.A. as the Leader of the consortium comprising: Comarch S.A., Apator Rector sp. z o.o., Tukaj Mapping Central Europe sp. z o.o. and Eurosystem S.A. (the „Consortium“) received debit note issued by Tauron Dystrybucja S.A. (the "Tauron") requesting payment of PLN 30,246,071.61 by the Consortium's members. The Management Board of Comarch S.A. hereby informed in the current report no. [RB-9-2018](#), (ENG: [RB-9-2018](#)), dated 5th of June, 2018, as a result of mediation proceedings between the Consortium and Tauron, a settlement was reached. In accordance with the concluded settlement, Tauron verified the demand for payment of contractual penalties for delay in execution of Phase 2, Stage 3 and Passporting up to PLN 11,140,250.00, waving further investigation of accrued contractual penalties from the above-mentioned agreements.

In addition, as a result of Tauron's identification of the need to perform additional works and services, the Consortium will undertake the additional tasks for Tauron for PLN 23,950,250. Pursuant to the provisions of the settlement, the penalties from the settlement will be settled by contractual deduction with the receivables of the Consortium for the payment of remuneration for the implementation of the above-mentioned additional work and services. At the same time, on the 5th of June, 2018, Comarch S.A. concluded with Apator Rector sp. o.o. agreement in which Apator Rector sp. o.o. will release Comarch S.A. towards Tauron from commitment to pay the penalties, as well as surrendering to Comarch S.A. all claims. Apator Rector sp. o.o. has also committed itself in the concluded agreement to perform additional works and services resulting from the settlement concluded with Tauron.

11.2.3. Opinion of the Supervisory Board Regarding Dividend for 2017

The Management Board of Comarch S.A. hereby informed in the current report no. [RB-7-2018](#) (ENG: [RB-7-2018](#)), dated 21st of May, 2018 that the Supervisory Board of Comarch S.A. gave a positive opinion on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit

for 2017 in financial year from 1st of January, 2017 to 31st of December, 2017 in the amount of PLN 39 338 096,57 (thirty-nine million, three hundred and thirty-eight thousand, ninety-six zlotys and 57/100) as follows:

- 1) part of the net profit in the amount of PLN 12 200 023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) is allocated for the payment of dividends. Dividends in the amount of PLN 1.50 (one zloty 50/100) per one share will be received by persons who are shareholders of the Company on August 10, 2018 (the dividend day). The number of shares covered by the dividend is 8,133,349 units. The dividend will be paid out on August 31, 2018;
- 2) the remaining part of the net profit in the amount of PLN 27,138,073,07 (twenty-seven million one hundred thirty-eight thousand seventy-three zlotys and 7/100) is transferred to supplementary capital.

AFTER THE BALANCE SHEET DATE

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

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

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

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

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

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

Consortium will call upon ZUS to respect its rights and is ready to claim its rights, including damages, in court. The Management Board of Comarch S.A. is of the opinion that there is no reason for ZUS to demand from the Consortium the payment of a contractual penalty.

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

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

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

With reference to current report no. [RB-5-2019](#) (ENG: [RB-5-2019](#)), dated 11th of April, 2019 regarding receiving from CaixaBank S.A. branch in Poland, an information on the submission by the Social Insurance Institution (ZUS) of a request for payment in the amount of PLN 24,203,300.40 a bank guarantee of due performance of the contract for the provision of maintenance services of the Comprehensive IT System for the Social Insurance Institution ("KSI ZUS Agreement") established on behalf of a consortium of Comarch S.A. and Comarch Polska S.A. companies, the Management Board of Comarch S.A. hereby informed in the current report no. [RB-6-2019](#), (ENG: [RB-6-2019](#)), dated 23rd of April, 2019 on receiving from CaixaBank S.A., a branch in Poland an information about the receipt of a statement from ZUS on postponement of the above-mentioned request by 31st of May, 2019, for the duration of settlement talks. The original deadline for payment from the guarantee was 14 days from the date of receipt by the bank of the demand for payment, i.e. on 25th of April, 2019.

12. Major Domestic and Foreign Investment (Securities, Financial Instruments, Intangible Assets and Real Estate), including Capital Investment Made outside the Group of Related Parties, as well as a Description of their Financing, as well as an Appraisal of Ability for Executing Investment Plans, Including Capital Investment Compared to the Amount of Resources Owned

The Group does not restrict its interest to the territory of Poland alone. With products featuring international competitive edge, Comarch will consistently aim at increase in international sales, especially in Western Europe. The sales will be executed directly to the final client (through Comarch S.A. or another Company from the Comarch Group) or through partner companies.

Within the following years, the Comarch Group will continue investment projects which will enable further expansion of the Company to new commercial areas and new markets. They will be financed with the means accorded by the companies at the Comarch Group, but also with bank credits.

12.1. Capital Investments

All capital investments 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 18th of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract was construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m². The contract value was PLN 69,643 thousand. The building was put into use in the first quarter of 2018.

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 21st of May, 2018 Supervisory Board of Comarch S.A. passed the resolution no. 10/05/2018 in which projects of the resolutions at the AGM, of the Company of 27th of June, 2018.

13.2. Annual General Meeting – 27th of June 2018

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

On the 21st of May, 2018, pursuant to article 395, 399 § 1, article 402 with index 1 and 402 with index 2 of the Code of Commercial Companies and Partnerships, and pursuant to article 14 of the Company's Statute, the Management Board of Comarch S.A. convened the Annual General Shareholders' Meeting of Comarch S.A., to be held at 10:00 o'clock on the 27th of June, 2018, at ul. Prof. Michała Życzkowskiego 23 in Krakow, Poland. Agenda of the meeting and projects of resolutions to be presented on AGM, and their grounds, were also published on that day. Pursuant to art. 402 with index 2 of the Code of Commercial Companies and Partnerships, the Company's Management Board has presented information on participation in the Company's General Meeting, including:

- Shareholder's right to demand the inclusion of specific issues in the agenda of the nearest General Meeting,
- A shareholder's right to introduce projects of resolutions,
- Method of exercising the right to vote by proxy,

- The possibility and the method of participating in the General Meeting using means of electronic communication,
- The method of giving one's opinion during the General Meeting using means of electronic communication,
- The method of exercising a voting right in by correspondence or by using means of electronic communication,
- Date of registration for participation in the General Meeting: 30th of May, 2016,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address.

The Company announced details in current report no. [RB-8-2018](#), ENG: [RB-8-2018](#), dated the 21st of May, 2018.

b) Content of the Resolutions Passed at the AGM

The AGM passed the resolutions related to:

- election of Chairman of the General Meeting;
- removing from the agenda of the meeting the point regarding the election of the Returns Committee;
- passing the agenda of the meeting;
- approving the Company's financial statement for the fiscal year 1.01.2017 - 31.12.2017;
- approving the report of the Management Board regarding the activities of the Company in 2017;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2017 - 31.12.2017;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2017;
- approving the activity report of the Company's Board of Supervisors for the fiscal year 2017, and the assessment of the Company's and the Comarch Capital Group's situation, from the audit of the Company's financial statements and the Report of Comarch S.A.'s Management Board regarding the activities in 2017 and from the audit of the Comarch Capital Group's consolidated financial statements and the Report of Comarch S.A.'s Management Board regarding the activities of the Capital Group in 2017;
- distribution of the Company's net profit for the fiscal year 1.01.2017 - 31.12.2017;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2017 - 31.12.2017;

The full text of the resolutions has been made public in the current report no. [RB-10-2018](#), ENG: [RB-10-2018](#), dated the 27th of June, 2018.

c) Resolution of the AGM Regarding Dividend for 2017

The General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2017 - 31 December 2017. The General Shareholder's Meeting decided that net profit in the amount of PLN 39,338,096.57 will be divided as follows:

1. PLN 12,200,023.50 (twelve million two hundred thousand twenty-three zlotys and 50/100) will be paid as dividend. Persons who will be the company's shareholders at the 10th of August, 2018 (dividend day), will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. The dividend will be paid on 31st of August, 2018;
2. 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 31st of August, 2018.

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

d) The List of Shareholders Participating the Annual General Shareholders Meeting

Accordingly, to the list of shareholders participating the Annual General Meeting of Comarch S.A. on the 27th of June, 2018, Elżbieta Filipiak and Janusz Filipiak held at least 5% of the total number of votes represented at this Meeting:

- Janusz Filipiak – 893,000 shares which gave 4,465,000 votes at the AGM, which constituted 47.98% of the all votes at this AGM and which constituted 29.52% of the total number of votes;
- Elżbieta Filipiak – 846,000 shares which gave 4,230,000 votes at the AGM, which constituted 45.45% of the all votes at this AGM and which constituted 27.96% of the total number of votes.

The total number of votes from all issued Comarch S.A. shares is 15,126,949. Shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 27th of June, 2018, held shares giving 8,824,644 votes, which constituted 58.34% of the total number of votes. The Company announced details in current report no. [RB-12-2018](#), ENG: [RB-12-2018](#) dated the 27th of June, 2018.

14. Operations on Comarch S.A. Shares

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

On the 12th 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 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 8th of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50. The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#), ENG: [RB-5-2018](#) and [RB-5-2018/K](#), dated the 12th of March, 2018.

On the 27th of June, 2018, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a purchase on the 2nd of March, 2018, of 63 ordinary bearer shares on regulated market at the weighted average price of PLN 155.00 per 1 share and purchase on the 27th of June, 2018, of 300 ordinary bearer shares on regulated market at the weighted average price of PLN 144.00 per 1 share. The total value of both transactions was PLN 52,965.00. The Company announced details in current report no. [RB-13-2018](#) (ENG: [RB-5-2018](#)) dated the 27th of June, 2018.

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

AFTER THE BALANCE SHEET DATE

On the 4th of March, 2018, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 4th of March, 2018, of 308 ordinary bearer shares on regulated market at the weighted average price of PLN 156.00 per 1 share. The value of the transaction amounted to PLN 48,048.00. The Company announced details in current report no. [RB-3-2019](#) (ENG: [RB-3-2019](#)), dated the 4th of March, 2018.

On the 4th of March, 2018, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16th of April, 2014, on market abuse. This transaction concerned a disposal on the 4th of March, 2018, of 70 ordinary bearer shares on regulated market at the weighted average price of PLN 157.00 per 1 share. The value of the transaction amounted to PLN 10,099.00. The Company announced details in current report no. [RB-4-2019](#) (ENG: [RB-4-2019](#)), dated the 4th of March, 2018.

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 19th of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, with current report no. [RB-1-2018](#), ENG: [RB-1-2018](#) dated the 2nd of January, 2018, Comarch S.A.'s Management Board presented terms of periodical financial reports in 2018.

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 27th 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 24th of March, 2017, Comarch S.A.'s Management Board informed in the current report no. [RB-2-2018](#) (ENG: [RB-2-2018](#)), dated 5th of January, 2018, on receiving a signed amendment to the agreement for Comprehensive Comarch Internet Banking (CIB) (banking corporate) concluded with Bank Pekao S.A. and CA Consulting S.A., a subsidiary of Comarch S.A., on 23rd of December, 2005 (hereinafter: "Agreement"). As part of the amendment, a new scope and date of the service provision was established. The parties also stated that they have no claims against each other arising from non-performance or improper performance of the above-mentioned Agreements, which means no claim by Bank Pekao S.A. to CA Consulting S.A., about which Comarch S.A.'s Management Board informed in the current report no. [RB-3-2017](#) (ENG: [RB-3-2017](#)).

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 18th of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, the Management Board of Comarch S.A. announced in the current report no. [RB-20-2017](#) (ENG: [RB-20-2017](#)), that on the 30th of October, 2017, they signed

amendment to the above-mentioned contract. As a consequence, the planned completion date of this investment was performed until the 31st of December, 2017, and on the 25th of January, 2018, an amendment to the above-mentioned contract was signed, which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721,000 and planned completion date of the works comprised by the amendment has been extended to the 30th of June, 2018.

AFTER THE BALANCE SHEET DATE

15.5. Dates of Periodical Financial Reports in 2019

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

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

15.6. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of January, 2019 and the 29th 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 29th of April, 2019 amounted to EUR 29,200 thousand and USD 3,300 thousand. The contracts will be settled within 24 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency.

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



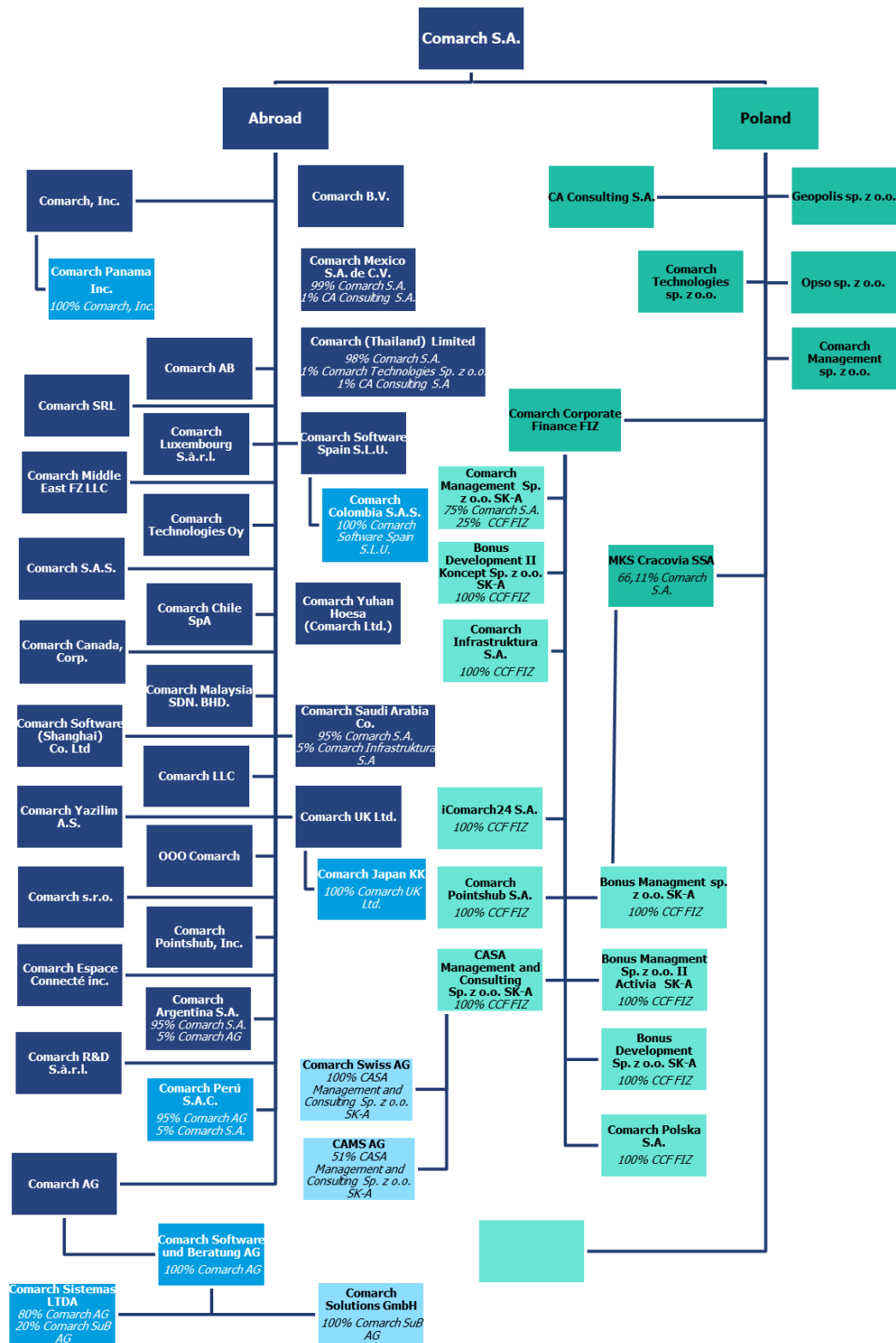
Under the **Horizon 2020** Program, a contract for financing the "LIVING INNOVATION - Implementing RRI through co-creation of smart futures with industry and citizens" - LIV.IN. project has been signed.



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 22nd of March, 2018, the Extraordinary General Meeting of Comarch Healthcare S.A. has adopted a resolution about the increase of the share capital by PLN 2,000 thousand, i.e. from PLN 10,114.806 thousand to PLN 12,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share, 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 6th of July, 2018, the share capital increase was registered.

On the 11th 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 13th of April, 2018, a subsidiary company Comarch Mexico S.A. de C.V. was registered. The share capital amounts to MXN 500 thousand and consists of 500 shares with the nominal value MXN 1,000 each. Comarch S.A. holds 495 of shares, i.e. 99% of shares and votes in Comarch Mexico S.A. de S.V., while CA Consulting S.A. holds 5 of shares, i.e. 1% of shares and votes in the company.

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

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

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

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

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

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 31st 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 29th of April, 2019, the Company has published on the website <https://www.comarch.pl/relacje-inwestorskie/raporty-okresowe/2018/> Consolidated Non-Financial Data Report for 2018.

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 31st 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 29th of May, 2017, the Management Board of Comarch S.A. informed that, pursuant to art. 19 sec. 2 point 5) of the company's articles of association, the Supervisory Board selected BDO Sp. z o.o. with its registered office in Warsaw at ul. Postępu 12 (KRS 0000293339) to audit the financial statements and approved the conclusion of the Agreement between Comarch S.A. and BDO Sp. z o.o., in dealing with:

- a) review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30th of June, 2017,
- b) audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31st of December, 2017,
- c) review of Comarch S.A. financial statement and the consolidated financial statement of the Comarch Group as of the 30th of June, 2018,
- d) audit of Comarch S.A. annual financial statement and the annual consolidated financial statement of the Comarch Group as of the 31st of December, 2018.

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

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 16th edition of the summer internship for students of IT and related fields was held, attended by 405 IT students and beginning UX designers. 78% of internship participants decided to continue cooperation with the company. In addition, having many graduates of the University of Science and Technology in Krakow and cooperating with this university in many fields from the beginning of the company's establishment, Comarch decided to support the celebration of the 100th anniversary of the academy.

COMARCH FOR EDUCATION

Comarch promotes knowledge about ERP systems among universities and vocational schools with economic profiles. This activity is carried out through:

- lending Comarch ERP systems in educational versions (over 570 facilities and educational institutions equipped with educational versions of Comarch ERP),
- ERP meetings and seminars for lecturers and students, vocational trips,
- trainings for teachers in the field of Comarch ERP systems.

Comarch also prepared the first dedicated exercise books for economic schools, with a view to professional examinations for an economist technician.

SPORT AND HEALTHY LIFESTYLE

For 25 years, the Polish companies of the Comarch Group have been involved in promoting sport among young people and residents of Małopolskie voivodship, mainly by sponsoring the Cracovia sports club. The company also promotes a healthy and active lifestyle among its employees. In Poland, Comarch encourages employees to come to work by bicycle, providing bicycle infrastructure and occasional bicycle-related activities. During the annual "Bicycle Breakfast" event, employees who came to work by bicycle on that day received a healthy snack. Many sporting events are also accompanied by sports activities. The Comarch Group also encourages its employees to participate in external sports events, and the income from many of them is transferred to social purposes. In 2018 employees of the Comarch Group companies in Poland participated in several running events in Poland, as well as volleyball and football competitions. In addition, people working in the company's location in Krakow took part in the Comarch World Cup (over a dozen teams, 200 players). Also, in 2018, in the summer season, employees of the Comarch Group in Poland have been able to face the training challenges during the ComarchONrun running competition and Comarchonbike cycling competition for the fourth time. The Comarch Recreation Centre is at the disposal of employees of the Comarch Group companies in Kraków and their families.

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, 29th of April, 2019

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

Comarch S.A.

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The Management Board's statement regarding the reliability of the financial statement

The Management Board of Comarch S.A. states that to the best of our knowledge, the annual financial statement for the year 2018 and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the issuer and its financial results. Furthermore, the annual report regarding the issuer's activities truly describes the development image and achievements as well as the issuer's situation including basic threats and risk.

Kraków, 29th of April, 2019

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

REPORT OF COMARCH S.A.'s MANAGEMENT BOARD REGARDING THE ACCEPTANCE OF CORPORATE GOVERNANCE PRINCIPLES IN 2018

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Statement of the Management Board of Comarch S.A. on the application in the Company of corporate governance rules in accordance with § 70 section 6 point 5 of the Regulation issued by the Minister of Finance on the 29th of March, 2018, concerning current and periodical information pertaining to companies traded on the stock exchange and on the conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (consolidated text, Journal of Laws from 2018, pos. 757).

1. Corporate Governance Principles that Apply to an Issuer

Comarch S.A., a company listed on the Warsaw Stock Exchange, was in 2017 a subject to the corporate governance principles set out in the document "Best Practices of WSE Listed Companies 2016" (Annex to Resolution of the WSE Council No 26/1413/2015 of the 13th October 2015). The rules are available on the website https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf (https://www.gpw.pl/pub/GPW/o-nas/DPSN2016_EN.pdf) which is the official website of the Warsaw Stock Exchange devoted to these issues.

The Best Practices include six sections:

- Disclosure Policy, Investor Communications,
- Management Board, Supervisory Board,
- Internal Systems and Functions,
- General Meeting, Shareholder Relations,
- Conflict of Interest, Related Party Transactions,
- Remuneration.

Additionally, on 29th of April, 2016, the Management Board of Comarch S.A. presented statement of the Company's compliance with the corporate governance recommendations and principles contained in the Best Practices of WSE Listed Companies 2016 which is available at <http://www.comarch.pl/relacje-inwestorskie/lad-korporacyjny/> (<http://www.comarch.com/investors/corporate-governance/>).

2. Recommendations for Corporate Governance Principles not Implemented by the Issuer along with an Explanation of the Circumstances and Reasons surrounding the Decision not to Implement a Particular Principle

a) Recommendations for Best Practices of Listed Companies

IV.R.2. if justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-life broadcast of the general meeting,*
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting,*
- 3) exercise of the right to vote during a general meeting either in person or through a plenipotentiary.*

The principle is not applied in full by the Company. A shareholder may participate in a General Meeting and exercise voting right personally or by proxy. Power of attorney to participate in the General Meeting and to exercise a voting right should be granted in writing or in electronic form. Power of attorney in electronic form does not require safe electronic signature verified with the valid classified certificate. The Company does not provide the possibility of voting by correspondence, voting using means of

electronic communication or participating in the General Meeting using means of electronic communication, however enables on-line broadcasts of General Meetings over the Internet real-time bilateral communication. Due to the current shareholding structure (relatively little dispersed ownership), in the Company's opinion, currently there is no reason to implement voting by correspondence using means of electronic communication.

b) Detailed Principles for Best Practices of Listed Companies

VI.Z.4. In this activity report, the company should report on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system,*
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group,*
- 3) information about non-financial remuneration components due to each management board member and key manager,*
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence,*
- 5) assessment of the implementation of the remuneration policy in terms of achievement of its goals, in particular long-term shareholder value creation and the company's stability.*

In terms of disclosures of remuneration the Company applies generally applicable laws. The Company complies with the principle VI.Z.4 partially. Comarch SA has a remuneration policy which defines the form, structure and level of remuneration of the Company's employees, including members of Management and Supervisory Boards. The remuneration of the members of the Management Board is determined by the Supervisory Board on the basis of qualifications, experience and responsibilities of a Board member. Remunerations of the Management Board members include variable components, the amount of which depends on the financial performance and the degree of implementation of goals designated by the Supervisory Board. The remuneration of the Management Board members is paid by the Company and the subsidiaries, depending on the degree of involvement in the operations of individual subsidiaries. Remuneration of the Supervisory Board members is determined by General Meeting of Shareholders and it does not contain variable components. The Company presents in annual reports the amount of total remuneration of Management Board members (without division into fixed and variable components) and the Supervisory Board members, in division for paid by the Company and jointly by the other Group entities.

3. Shareholders Holding Directly or Indirectly Significant Shares in Votes at the General Shareholders Meeting as at 29th of April, 2019

Shareholders	Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	1,323,461	16.27	4,707,461	31.12
Other members of the Board	84,904	1.04	122,504	0.81
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,886,860	47.80	3,886,860	25.69
Total	8,133,349	100.00	15,126,949	100.00

4. Owners of Securities Entitling them to Special Control Rights as well as a Description of these Rights

Janusz Filipiak, President of the Management Board, holds 893,000 registered share preference votes (1:5). These entitle him to 4,465,000 votes at the company's general shareholders' meeting. Elżbieta Filipiak, Chairman of the Supervisory Board, holds 846,000 registered share preference votes (1:5). These entitle her to 4,230,000 votes at the Company's general shareholders' meeting. Paweł Prokop, Vice-President of the Management Board, holds 9,400 registered share preference votes (1:5). These entitle him to 47,000 votes at the Company's general shareholders' meeting.

5. All Restrictions Relating to Execution of Voting Rights, i.e. Restriction of Voting Rights through Holding a Particular Share or Number of Votes, Time Restrictions regarding Voting Rights or Records according to which, in Collaboration with the Company, Capital Rights Related to Securities are Separated from Securities Holdings

None present.

6. All Restrictions Regarding Transferring the Holding Rights of an Issuer's Securities

According to art. 8 point 7 of Comarch S.A.'s Articles of Association

„7. Disposing registered shares requires consent of the Management Board provided in writing. In case of refusal of disposing, the Management, within 2 months of filing with the Company of the intention of assigning shares, appoints the purchaser and price of shares. Price of shares may not be lower than average stock exchange price from the three recent months preceding the month of filing, provided that shares of the Company are in stock exchange trading. Otherwise, price of shares may not be lower than the book value per share as of the last balance sheet date. Price is due within one month of the date of resolution of the Management indicating the purchaser of shares.”

7. Principles for the Appointing and Dismissing of Management and their Rights, notably the Right for Decision Making on Shares Issue or Buyout

a) Principles for Appointing and Dismissing

According to the Articles of Association of the Company, the Management Board of the Company consists of 2 to 8 persons appointed and dismissed by the Annual General Meeting. Members of the Management Board are appointed for the common term of office of three years. The AGM defines salaries for the Management Board, provided that this competency may be passed on in part or in entirety to the Supervisory Board. The Supervisory Board suspends on important reasons, selected or all members of the Management Board in their duties and delegating members of the Supervisory Board for the period not longer than 3 months for temporary execution of activities of those members of the Management Board who have been dismissed, who resigned or who cannot execute their duties on other reasons.

b) Rights according to art. 9, 20 - 22 of the Comarch S.A.'s Articles of Association and the Commercial Companies Code

- The Management Board may appoint proxies.
- President of the Management Board single-handedly or two members of the Management Board acting jointly or one member of the Management Board acting jointly with a proxy are authorised for making statements on behalf of the Company and representing the Company in Court and off Court.
- In agreements between the Company and members of the Management Board and in disputes with them, the Company is represented by the Supervisory Board or by a proxy appointed with a resolution of the General Meeting. The Supervisory Board may authorise, by way of a resolution, one or more members of the Supervisory Board to perform such legal actions.
- The Management Board defines internal organisation of the Company.
- According to art. 445 and 446 of the Commercial Companies Code, the General Meeting passes a resolution on amendments to the statutes, providing for the authorisation for the management board to increase the share capital within the limits of the authorised capital. According to art. 9 sec. point 5 of the Comarch S.A.'s Articles of Association, within the target capital, the Management Board of the Company may issue shares only in conversion for cash contributions and may not issue preferential shares or allocate personal rights for the shareholder, referred to in Article 354 of the Code of Trade Companies. In the scope of all the issues related to increasing the share capital within the target capital, in particular on excluding or limiting collection right and determining the issue price, obtaining consent of the Supervisory Board is required

8. Description of Principles for Changes in Articles of Association

A General shareholders' Meeting may pass a resolution regarding changes in articles of association, including an increase or a decrease in share capital, and a resolution on a significant change in the Company's subject matter.

9. Description of Operating Principles for General Meetings and Their Essential Rights and Shareholders' Rights as well as Modality, in particular Principles resulting from Rules for General Shareholders' Meeting if such Rules were passed, unless these Information Results from Law

1. Annual General Shareholders' Meetings may be ordinary or extraordinary.
2. An ordinary General Meeting of the Management Board shall be called no later than the end of June each year.

3. General meetings shall be called in accordance with the Polish Commercial Companies Code, the Company's Articles of Association and with the Rules for General Shareholders' Meeting dated the 28th of June, 2010.
4. Meetings shall take place at the Company's headquarters.
5. At least two members of the Company's Management Board and at least two members of its Supervisory Board should take part in the Annual General Shareholders' Meeting.
6. If the subject of debate is to concern the financial affairs of the Company an auditor shall be present.
7. Representatives of the media may attend the General Shareholders' Meeting as observers.
8. Only persons who are Company's shareholders 16 (sixteen) days prior the date of the General Meeting are entitled to participate in the General Meeting.
9. Shareholders who are physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote themselves or via a proxy.
10. Shareholders who are not physical persons may take part in the Annual General Shareholders' Meeting as well as exercise their right to vote via a person empowered to submit a declaration of intent in their name, or via a proxy.
11. The chairman of the Annual General Shareholders' Meeting conducts debates, takes decisions in matters of the agenda and procedure, and is authorized to interpret the present rules.
12. The duties of the chairman of the Annual General Shareholders' Meeting include:
 - Ensuring that debates are conducted in accordance with the agenda and procedure as stipulated,
 - Directing the debate: deciding who shall speak and in what order,
 - Receiving proposed and draft resolutions and opening them to debate and
 - Organizing and conducting the voting.
13. The Annual General Shareholders' Meeting shall choose a three-person returns committee from the candidates notified by the chairman. The returns committee shall ensure that each vote is correctly conducted, supervise the practical aspects of the vote and check, confirm and declare the results. Where the Annual General Shareholders' Meeting is attended by a small number of shareholders a returns committee shall not be selected unless a shareholder or proxy submits a request for a returns committee to be selected. Where a returns committee is not selected its functions shall be performed by the chairman of the Annual General Shareholders' Meeting.
14. The Annual General Shareholders' Meeting shall take decisions in the form of resolutions adopted by open voting except:
 - Voting on an issue of selecting or deselecting members of bodies of the Company, or liquidators,
 - Motions to prosecute members of bodies of the Company or liquidators,
 - In personal matters,
 - At the request of at least one shareholder,
 - In other circumstances stipulated in the regulations currently binding.
15. Shareholders shall notify the chairman of the Annual General Shareholders' Meeting of their candidates for membership of the Supervisory Board in writing or verbally.
16. Proposals for Supervisory Board candidates should be supported in detail with particular emphasis placed on the candidate's education, qualifications and professional experience.
17. Before a resolution is adopted on the composition of the Supervisory Board the General Shareholders' Meeting shall vote on a resolution to determine the number of members the Supervisory Board is to have.
18. The Company may organise the General Meeting in such a way as to enable shareholders to participate at the General Meeting using means of electronic communication.

10. Membership, Changes in Membership during Last Financial Year and Rules of Operations of the Company's Managing and Supervising Persons as well as Their Committees

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

Name and Surname	Position
Elżbieta Filipiak	Chairwoman of the Supervisory Board
Maciej Brzeziński	Vice-Chairman of the Supervisory Board
Robert Bednarski	Member of the Supervisory Board
Danuta Drobniak	Member of the Supervisory Board
Wojciech Kucharzyk	Member of the Supervisory Board
Anna Ławrynowicz	Member of the Supervisory Board
Anna Pruska	Member of the Supervisory Board

The Supervisory Board shall undertake constant supervision of all areas of the Company's operations. The Supervisory Board shall operate according to the regulations of the Polish Commercial Companies Code, the Company's Articles of Association, the Corporate Governance Principles in force at the Company and the Rules for the Supervisory Board dated the 30th of June, 2003 approved at the Annual General Shareholders' Meeting (and amendments). The detailed operations of the Supervisory Board were presented in the above-mentioned documents.

b) The most important rules included in the Rules for the Supervisory Board are:

1. The Supervisory Board shall contain three to seven people chosen by the Annual General Shareholders' Meeting. The Meeting shall, by a resolution, specify the number of members of the Supervisory Board before voting commences to select candidates for that Board.
2. Supervisory Board members shall be appointed for a common term of office lasting three years.
3. Members of the Supervisory Board shall perform their rights and duties directly and in person. Any member of the Supervisory Board may be dismissed before their term of office has been completed. Members of the Supervisory Board may be re-elected.
4. General Shareholders' Meeting shall appoint from among members of the Supervisory Board the Chairperson, the Vice Chairperson, and also the Secretary of the Supervisory Board, as needed.
5. The chairman of the Supervisory Board:
 - convenes meetings of the Supervisory Board;
 - conducts meetings of the Supervisory Board
 - opens debates at the Annual General Shareholders' Meeting.
6. When the chairman is absent his place shall be taken by the vice-chairman of the Supervisory Board.
7. The Supervisory Board may select supervisory committees from amongst its members for specific sectors of the Company's operations. In particular, this shall concern an auditing committee.
8. These committees may sit separately and may vote on resolutions. These may concern the findings of inspections and audits concerning the way the company operates.
9. Meetings of the Supervisory Board shall be convened by the chairman of the Supervisory Board. The Management Board or another member of the Supervisory Board may demand that the chairman convene a meeting of the Supervisory Board. This demand should be accompanied by a proposed agenda. The chairman of the Supervisory Board shall convene a meeting within two weeks

of receiving the demand. If the meeting is not convened in accordance with the procedure stipulated above, the petitioner may himself call the meeting.

10. The agenda of meetings of the Supervisory Board shall be stipulated by the convener and, along with any relevant materials, be sent to members of the Supervisory Board three (3) days before the planned date of the meeting unless circumstances arise to justify shortening this period.
11. The agenda of meetings of the Supervisory Board may only be changed or supplemented.
12. Meetings of the Supervisory Board should be convened at least four times in each financial year.
13. Resolutions of the Supervisory Board shall be adopted by a majority of the votes present. Where there is a tie the chairman shall have the deciding vote.
14. A resolution of the Supervisory Board shall be valid where all its members have been invited and where more than half the members of the Supervisory Board, including the chairman or vice-chairman of the Supervisory Board, are present.
15. Provided all members of the Supervisory Board express their written agreement to this, resolutions of the Supervisory Board may be adopted by written ballot without a meeting being convened.
16. Meetings of the Supervisory Board may also be conducted using resources for remote communication, such as the telephone, facsimile machines, electronic mail and teleconferencing, by using the Internet in another manner and by the use of other telecommunications resources.
17. Members of the Supervisory Board may take part in voting on resolutions of the Supervisory Board by voting in writing via another member of the Supervisory Board.
18. The mode of voting on resolutions by the Supervisory Board specified above is not acceptable in the matters set out in art. 388 paragraph 4 of the Polish Commercial Companies Code. These are:
 - The selection of the chairman and vice-chairman of the Supervisory Board;
 - The appointment and dismissal of a member of the Management Board;
 - The suspension of a member of the Management Board.
19. Members of the Management Board may take part in meetings of the Supervisory Board. The Management Board shall be informed of all dates and agendas of meetings of the Supervisory Board.
20. The Supervisory Board may invite members of the Management Board to take part in a meeting.
21. At each of its meetings the Supervisory Board shall be informed by the Company of the current individual and consolidated financial results of the Company and of significant matters concerning the Company's operations. Where this is justified by the Company's situation, this shall include the risk associated with operations and ways to manage this risk.
22. Members of the Management Board shall not take part in those sections of meetings of the Supervisory Board which concern the dismissal, scope of responsibility, or pay and conditions of Management Board members.
23. Meetings of the Supervisory Board shall be minuted. The minutes should include the agenda for debate, the name and surname of all the Supervisory Board members present and the results of the votes on resolutions.
24. The Supervisory Board shall undertake constant supervision of all areas of the Company's operations.
25. The specific competences of the Supervisory Board are as follows:
 - Assessing the Company's annual financial statement and the consolidated financial statement of the Comarch capital group;
 - Assessing the Management Board's reports on the Company's operations and on the Comarch capital group and, in addition, assessing the Management Board's conclusions on distributing profits and covering losses;

- Submitting a written report containing the information required by points above of the present section;
 - Scrutinizing the work of the Management Board in effecting resolutions adopted at the Annual General Shareholders' Meeting;
 - Selecting statutory auditors for the financial statements of the Company and of the Comarch capital group. The Supervisory Board may adopt a resolution to apply stricter criteria for the statutory auditor's independence than are demanded by the legal regulations;
 - Appointing and dismissing members of the Management Board, stipulating the compensation attracted by performing the function of member of the Management Board, suspending – for substantial reasons – individual members, or all members, of the Management Board, designating members of the Supervisory Board to temporarily perform the functions of members of the Management Board, or suspending the Management Board itself;
 - Giving consent to increase share capital within the context of authorized capital;
 - Giving consent to acquire and dispose of real estate or shares in real estate;
 - Giving consent to the members of the Company's Management Board on the management boards or supervisory boards of companies from outside the Comarch Capital Group;
 - Giving consent to the conclusion by the Company of a significant agreement with a shareholder holding at least 5% of the total number of votes in the Company or a related entity;
 - Giving consent to conclude an agreement with an issue underwriter in accordance with the provisions set out in art. 433 paragraph 3 of the Polish Commercial Companies Code;
 - Exercising, in respect of members of the Management Board and on behalf of the Company, rights and privileges arising from an employment relationship;
 - Approving the Company's growth strategy;
 - Expressing its opinion on draft resolutions for the Annual General Shareholders' Meeting sent to it by the Management Board and shareholders.
26. Once every year the Supervisory Board must adopt a resolution in the matter of its assessment of the Company's situation, the Supervisory Board's report on its activities, assessment of the Company's compliance with information obligations regarding the corporate governance principles, assessment of the rationality of the Company's policy in the area of sponsorship, charity or other similar activities. These documents shall be passed on to the Annual General Shareholders' Meeting.
27. To aid it in performing its function, the Supervisory Board has the right to see all the Company's documents and may demand reports and explanations from the Executive Board and from Company's employees. The Supervisory Board may also conduct a review of the state of the Company's assets.
28. The Supervisory Board operates as a collective body but may, however, delegate its individual members to particular supervisory activities.
29. Members of the Supervisory Board should hold the interests of the Company as their highest priority. A member of the Supervisory Board should avoid undertaking professional or non-professional activity that could lead to a conflict of interests or adversely affect his reputation as a member of the company's governing body, and should he disclose a conflict of interest immediately.
30. Members of the Supervisory Board shall be bound to inform other members of the Supervisory Board of any conflict of interest arising and, following this, not take place in the debate concerning the matter that is subject to a conflict of interest. Where it is uncertain whether a conflict of interest has arisen, the Supervisory Board shall vote on a resolution to resolve this uncertainty.
31. Members of the Supervisory Board shall keep secret all information they acquire in the course of their duties concerning the Company's activities and the activities of companies within the Comarch Capital Group.
32. Within fourteen days of their selection a member of the Supervisory Board shall make a written submission of any economical, familial or other involvements with a shareholder holding five per

cent or more of the votes at the Annual General Shareholders' Meeting. The Management Board shall inform the Supervisory Board in writing at that board's next meeting of any case where any entity acquires five per cent or more of the votes at the Annual General Shareholders' Meeting. Where information of this nature is passed to them, the members of the Supervisory Board shall submit – within fourteen days of the sitting of the Supervisory Board at which they were informed – written information concerning any conflict of interest arising. Should the involvements referred to in the present section change, members of the Supervisory Board are obliged – without summoning the Company to meet – to provide details of these changes within fourteen days.

33. Members of the Supervisory Board delegated to long-term, individual supervisory duties may not, unless the Company gives permission, involve themselves in competing business interests or participate in the business of a competitor Company as a partner or associate, or as a member of a body of a joint-stock Company. Further, they may not participate in the business of a competitor Company in a different legal personality as a member of a Company body. Additionally, members of the Supervisory Board are forbidden to participate in a competitor capital group where they hold ten per cent or more of the shares or participation rights, or where they enjoy the right to appoint at least one member of the Management Board.
34. Permission for members of the Supervisory Board delegated to long-term, individual supervisory duties to pursue competing commercial interests shall be granted according to a decision of the Supervisory Board.
35. A member of the Supervisory Board may not accept benefits that could affect impartiality and objectivity in making decisions or may adversely affect the assessment of the independence of his opinions and courts.
36. If a member of the Supervisory Board finds that a decision of the Supervisory Board is contrary to the interests of the Company, he may request that his opinion be included in the minutes of the meeting of the Supervisory Board.
37. Duties of members of the Supervisory Board
 - Members of the Supervisory Board are obliged to draw up a list of persons closely associated with them and to deliver it to the Company immediately, no later than within 7 days.
 - Members of the Supervisory Board and persons closely associated with them are obliged to provide the Company and the Polish Financial Supervision Authority with information on each transaction concluded for their own account in relation to Company's shares or debt instruments or to derivative instruments or other related financial instruments - if the value of this transaction or the sum of transaction values exceeds € 5,000. The obligation to notify transactions applies to each subsequent transaction when the total amount of EUR 5,000 is reached during one calendar year. The threshold of 5,000 euros is calculated by adding without offsetting the position of all transactions. Members of the Supervisory Board are obliged to provide information about transactions immediately, but no later than within two business days after the transaction date. Members of the Supervisory Board are obliged to notify persons closely related to their obligations under the above content and to keep a copy of this notification. In the case of the appearance of new people closely related, a member of the Supervisory Board is obliged to notify them in writing about the obligations arising from the above content and sanctions for violation of these obligations, as well as to keep a copy of this notification. A declaration signed by a person closely related should be forwarded to the Company immediately, but no later than within 7 days.
 - Members of the Supervisory Board delegated to long-term supervisory tasks shall submit a monthly, written report detailing their activities to the Supervisory Board.
 - Members of the Supervisory Board should not resign their positions in mid-term where this would make it impossible for the Supervisory Board to function or where, especially, this would delay the adoption of vital resolutions.
 - Members of the Supervisory Board shall receive compensation according to terms stipulated by the Annual General Shareholders' Meeting.

- Two members of the Supervisory Board shall participate in the debates at the Annual General Shareholders' Meeting. Members of the Supervisory Board shall themselves select these delegates to represent the Board at the Annual General Shareholders' Meeting.
 - Members of the Supervisory Board should make all efforts to participate in Supervisory Board meetings.
 - In the case of election of Supervisory Board members by voting in separate groups, each group has the right to delegate one of the Supervisory Board members elected by it to permanent, individual performance of supervisory activities.
 - Members delegated to long-term, individual supervisory tasks have the right to participate in meetings of the Management Board.
38. The compensation for members of the Supervisory Board delegated to long-term, individual supervisory tasks shall be stipulated by the Supervisory Board.
39. The Company shall cover the costs of the Supervisory Board's operation.
40. The Supervisory Board shall use the Company's office space, equipment and material.
41. The Company's Management Board shall provide the Supervisory Board with administrative and technical support.

c) Committees

In 2018, the Audit Committee (equivalent of the Audit Committee within the meaning of Annex I to the European Commission Recommendation of the 15th of February, 2005 concerning executive directors (...)), consisted of Danuta Drobniak - Chairman of the Audit Committee, Elżbieta Filipiak - Member of the Audit Committee and Robert Bednarski - Member of the Audit Committee. In 2018, the Audit Committee held 3 meetings.

According to the information available to the Company, two members of the Audit Committee fulfilled the conditions for independence (Danuta Drobniak and Robert Bednarski).

Danuta Drobniak (statutory auditor no. 9578) and Robert Bednarski (work experience, including on the positions of the Director of the Finance Management Office at PKN ORLEN SA, a member of the Management Board and Chief Financial Officer of Basell Orlen Polyolefins, Vice-President of the Management Board for Economic and Financial Issues at Boryszew S.A., a member of ACCA since 2005) have knowledge and skills in accounting or auditing.

The knowledge of the IT industry is held by Elżbieta Filipiak (graduate of AGH, one of the founders of Comarch S.A.) and Robert Bednarski (professional experience, among others as a member of the Board and financial director at Basell Orlen Polyolefins, in which he was responsible for coordination, from financial, tax and IT websites, investments in the development of the company's production capacities, associated with Ciech S.A. as a member of the Management Board, he was responsible for finance and IT).

d) The most important rules included in the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A.:

1. The Audit Committee operates in accordance with the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A. adopted on November 27, 2017 with Resolution No. 2/11/2017 of the Audit Committee of Comarch S.A.
2. The Audit Committee consists of at least three members, including the Chairman of the Audit Committee, appointed or removed by the Supervisory Board for the term of its term from among the members of the Supervisory Board.
3. Most members of the Audit Committee, including the Chairman, are independent of the Company, i.e. they meet the independence criteria.
4. At least one member of the Audit Committee possesses knowledge and skills in accounting or auditing.

5. At least one member of the Audit Committee possesses knowledge and skills in the field in which Comarch S.A. operates. or individual members in specific areas have the knowledge and skills in this industry.
6. The Committee performs its functions jointly.
7. The Committee's meetings shall be held at the registered office of the Company or other place indicated by the person convening the meeting.
8. The Chairman of the Audit Committee may invite to the meetings of the Audit Committee other members of the Supervisory Board, members of the Management Board and employees of the Company, a certified auditor and other persons whose participation in the Committee's meetings considers important from the point of view of the Committee's tasks.
9. The Committee shall meet as often as it is necessary for the effective performance of its tasks, but not less frequently than four times in a financial year.
10. Every member of the Audit Committee, as well as members of the Supervisory Board and the Management Board, has the right to bring matters to Committee meetings.
11. A resolution of the Audit Committee is validly adopted if all its members have been invited to the Audit Committee meeting and at least half of the members of the Audit Committee participate in the meeting.
12. Resolutions of the Audit Committee are adopted by a majority of votes of present. In the case of an equal number of votes, the Chairman's vote is decisive.
13. Minutes of meetings of the Audit Committee together with conclusions and recommendations of the Audit Committee are submitted to the Supervisory Board as well as to the Management Board of the Company.
14. Task and rights of the Audit Committee:
 - monitoring the financial reporting process;;
 - submitting recommendations aimed at ensuring the reliability of the financial reporting process in the Company;
 - monitoring the performance of auditing activities;
 - informing the Supervisory Board about the results of the audit;
 - assessing the independence of the certified auditor and consenting to the provision of permitted non-audit services in the Company;
 - developing a policy of selecting an audit firm to conduct the audit;
 - development of a policy by the audit firm conducting the audit, by entities related to this auditing company and by a member of the auditing company's network of permitted non-audit services;
 - determination of the procedure for the selection of an audit firm by the Company;
 - presenting recommendations to the Supervisory Board regarding the selection of an audit firm;
 - examining the issues that give rise to resignation from the services of the external auditor and issuing recommendations on the required activities;
 - monitoring the effectiveness of internal control systems and risk management systems as well as internal audit;
 - the Committee has the right to investigate every matter in its area of responsibility.
15. Once every six months before the date of approving annual and semi-annual reports, the Committee prepares and presents to the Supervisory Board a report on its activities.
16. A member of the Audit Committee should make every effort to participate in the meetings of the Audit Committee.

As at 31st of December, 2018, the Supervisory Board of Comarch S.A. did not set up a nomination committee and a remuneration committee.

e) Audit Committee and the auditor – policies, procedures

The issuer was not provided by an auditing company examining its non-audit services' financial statements.

The recommendation regarding the selection of an audit firm to conduct the audit met the applicable statutory conditions and was consistent with the principles contained in the document "Policy and procedures for selecting an audit firm to audit the statutory financial statements of COMARCH S.A. and the COMARCH Capital Group and the policy for the provision of additional services by the auditing company, an entity related to the auditing company or a member of its network adopted by the Resolution by the Audit Committee of Comarch SA " available at https://www.comarch.com/files-com/file_280/policy-to-select-auditor-updated.pdf It was prepared following an election procedure organized by the issuer that met the issuer's criteria.

The main assumptions of the policy elaborated for the selection of an audit firm to conduct the audit and the policy of the auditing company conducting the audit by entities related to this auditing company and by a member of the auditing company's network of permitted non-audit services:

The policy of COMARCH S.A. regarding choosing an audit firm for statutory audit of financial statements.

1. In accordance with the regulations in force at the Company, the audit firm is selected by the Supervisory Board in the form of a resolution, acting on the recommendation of the Audit Committee.
2. It is forbidden to introduce any contractual clauses that would require the Supervisory Board to choose an audit firm from among a specific category or list of entities authorized to audit. Such clauses shall be automatically void.
3. The Supervisory Board, when making a selection, and the Audit Committee during the preparation of recommendations, are guided by the following guidelines regarding the audit firm:
 - Confirmation of impartiality, independence and the highest quality of auditing work
 - Knowledge of the IT industry in which the companies of the Comarch Capital Group operate,
 - Confirmation of operating within international network in most of the countries in which the companies of the Comarch Capital Group operate,
 - Confirmation of having experience in examining the reports of public interest entities,
 - The ability to provide the required range of services within timeframes specified by the Company,
 - Professional qualifications and experience of persons directly involved in the audit,
 - The price proposed by the entity authorized to audit.
4. The contract with the audit firm for the audit of financial statements shall be concluded in time for the audit firm to take part in inventory-taking of important assets.
5. In the case of the statutory audit as defined by Article 2 item 1 of the Act on Statutory Auditors, the first contract for the audit of financial statements shall be concluded with the audit firm for a period not shorter than two years with the possibility of extending it to subsequent biennial periods. The costs of conducting the audit of the financial statement shall be borne by the audited entity.
6. A maximum uninterrupted duration of orders for the statutory audits, conducted by the same audit firm, an affiliated audit firm or any member of the network operating in the European Union countries to which these audit firms belong, must not exceed 5 years. The key statutory auditor may re-conduct the statutory audit of the Company after at least 3 years from the end of the last statutory audit.

The procedure for selecting an audit firm to audit the statutory financial statements

The Chief Financial Officer of COMARCH S.A. prepares a request for selection of an auditing company to carry out a statutory audit of COMARCH S.A.'s financial statement and consolidated financial statement of COMARCH S.A. Capital Group by the end of March of the year, which should be audited. The request should be published on the website www.comarch.pl and sent to the selected auditing service providers. Companies of the COMARCH S.A. Capital Group operating outside Poland should be audited, mostly, by subsidiaries of the selected auditing company operating in the international network.

In cases other than the extension of the audit contract with the existing auditing company, the Company conducts the tender procedure in accordance with the following procedures.

Tender documentation, prepared by COMARCH S.A., for the invited audit firms:

- enables these companies to learn about the operations of the Company and the COMARCH S.A. Capital Group,
- contains an indication of financial statements subject to examination,
- contains transparent and non-discriminatory selection criteria that are used to assess the offers made by audit firms.

The selection procedure of the audit firm does not exclude from the participation companies that obtained less than 15% of their total remuneration for research from public interest entities in a given European Union country in the previous calendar year, which are listed in the list of audit firms referred to in art. 91 of the Act on Chartered Auditors.

Auditing companies operating in the international network, which audit public interest entities, submit their offers for statutory audits of COMARCH S.A.'s financial statement and consolidated financial statement of COMARCH Capital Group to the Chief Financial Officer of COMARCH S.A. with the timeframes laid down in the request published on the Company's website.

All offers received from the auditing companies operating in the international network are submitted to the Members of the COMARCH S.A.'s Audit Committee.

Members of the COMARCH S.A.'s Audit Committee analyse the received offers, determine the date of a meetings with representatives of auditing companies and, on the basis of these actions, recommend the choice of an auditor to the Supervisory Board of COMARCH S.A. The Audit Committee presents the Supervisory Board with a recommendation regarding the selection of an audit firm. In its recommendation, members of the Audit Committee:

- Indicate the auditing company they propose to entrust with the statutory audit,
- Declare that the recommendation is free from the influence of third parties,
- State that the Company did not conclude agreements containing contractual clauses that would require the Supervisory Board to choose an audit firm from among a specific category or list of entities authorized to audit.

The recommendation contains at least two options for the selection of the audit firm along with justification and indication of the justified preference of the Audit Committee with respect to one of them.

COMARCH S.A. evaluates the offers submitted by the audit firms in accordance with the selection criteria set out in the tender documentation and prepares a report containing the conclusions of the selection procedure approved by the Audit Committee.

During the procedure of the selection of an audit firm, COMARCH S.A. and the Audit Committee take into consideration any findings or conclusions contained in the annual report referred to in art. 90 sec. 5 of the Act on Chartered Auditors, which may affect the selection of an audit firm.

If the decision of the Supervisory Board regarding the selection of an audit firm deviates from the recommendation of the Audit Committee, the Supervisory Board justifies the reasons for non-compliance

with the recommendation of the Audit Committee and forwards such justification to the body approving the financial statements.

The decision of the Supervisory Board shall be announced publicly by the Management Board in the form of a current report on the selection of the audit firm.

The Supervisory Board, based on the recommendation of the Audit Committee, may extend the contract with the current auditing company to audit financial statements for subsequent at least two-year periods without the need to conduct a tender procedure after taking into account the rules of rotation of the audit firm and the key certified auditor resulting from the law.

Policy in the scope of providing additional services by an audit firm, an entity affiliated to an auditing company or a member of its network.

A statutory auditor or an audit firm that performs statutory audits of the Company or an entity affiliated to the auditing firm or any member of the network to which the statutory auditor or audit firm belongs does not directly or indirectly provide to the Company or its controlled entities any prohibited services that are not audit services.

Prohibited services shall not include services indicated in Art. 136 sec. 2 of the Act on Chartered Auditors. Services that are not prohibited, are possible to the extent not related to the Company's tax policy, after approval by the Audit Committee preceded by the Audit Committee's assessment of threats and safeguards of the independence of the audit firm.

Where applicable, the Audit Committee issues guidelines on services that are not prohibited.

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

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

The Management Board leads the affairs of the Company and operates according to the provisions of the Polish Commercial Companies Code, the Company's Articles of Association, resolutions of the Supervisory Board, resolutions of the Annual General Shareholders' Meeting, the Rules for the Management Board dated the 15th of September, 2017, and to the generally binding legal regulations. The detailed operations of the Management Board were presented in the above-mentioned documents.

g) The most important rules included in the Rules for the Management Board are:

1. The Management Board performs its functions jointly and takes resolutions at meetings of the Management Board and in the manner stipulated below.
2. Meetings of the Management Board shall be held at least once every month. In 2018, all meetings of the Management Board were held on the Company's premises at the Special Economic Zone in Krakow, at the address ul. Prof. Michała Życzkowskiego 23.
3. A meeting of the Management Board shall be called by the President of the Management Board or, in his absence, a member of the Management Board acting as the President of the Management Board.

4. Where all members of the Management Board are present at a meeting of the Management Board, a meeting of the Management Board may be called informally.
5. The President of the Management Board or, in his absence, the person acting as President of the Management Board, may call a meeting of the Management Board at the request of any member of that Board and with the agenda specified by the member making the request. Meetings of the Management Board called in this way shall, however, not be restricted exclusively to this agenda and may consider other items placed on the agenda.
6. Meetings of the Management Board shall be chaired by the President of the Management Board, a person acting as the President of the Management Board or a person nominated by the President of the Management Board.
7. The Management Board shall take decisions in the form of resolutions adopted by open vote.
8. The chairman shall order a secret vote where even one member of the Management Board taking part in the meeting requests this.
9. Resolutions shall be adopted by an absolute majority of votes.
10. A resolution adopted at a meeting of the Management Board is valid only where at least four members of the Management Board, including the President of the Management Board or the person acting as the President of the Management Board, are present.
11. The Management Board may adopt a resolution outside meetings of the Management Board in the following ways:
 - By written vote – in this case each member of the Management Board votes in writing and gives this to the President of the Management Board or to the person acting as President of the Management Board;
 - By written vote – each member of the Management Board signs the contents of the resolution and gives this to the President of the Management Board or to the person acting as the President of the Management Board;
 - voting using telecommunications means in the form of fax, e-mail, Internet or other means of distance communication.
 - Votes cast in the manner set forth above shall be recorded in the book of resolutions and appended to the minutes of the meeting of the Management Board.
 - Where adopted in the manner set out in the third indent, a resolution shall require the votes of all members of the Management Board to be valid.
12. Non-members of the Management Board may be invited to attend its meetings.
13. All meetings of the Management Board require that minutes be taken. These should include at least:
 - The date and place of the meeting.
 - The agenda of the meeting.
 - The names and surnames of the members of the Management Board present at the meeting.
 - The names and surnames of people invited to the meeting of the Management Board and present at the meeting.
 - The exact content of resolutions.
 - The number of votes cast for and against resolutions including the number of abstentions.
 - The subjects discussed.
 - A written record of dissenting opinions expressed.
 - The signatures of the members of the Management Board present at the meeting.
14. The minutes of Management Board meetings shall be kept in the Minutes Book. The Minutes Book shall be maintained by the CEO secretariat.
15. The minutes of Management Board meetings shall be drawn up immediately by CEO secretariat.

16. Performing functions in the Management Board of the Company is the main area of professional activity of a member of the Management Board. Additional professional activity of a member of the Management Board can't lead to such a commitment of time and effort to negatively affect the proper performance of the function performed in the Company. In particular, a member of the Management Board should not be a member of bodies of other entities, if the time devoted to the performance of functions in other entities prevents him from diligently performing his duties in the Company.
17. In the case of resignation or inability to perform activities by a member of the Supervisory Board, the Management Board of the Company immediately takes appropriate actions to supplement or change the composition of the Supervisory Board.
18. The Management Board of the Company is responsible for the implementation and maintenance of the effective internal control systems, risk management, compliance and internal audit functions.
19. The Management Board of the Company presents to the Supervisory Board at least once a year its own assessment of the effectiveness of the systems and functions with the relevant report.
20. A member of the Management Board of the Company should avoid undertaking professional or non-professional activity that could lead to a conflict of interest or adversely affect his reputation as a member of the Company's body. A member of the Management Board in the case of a direct or indirect conflict of interests of the Company with the interests of a member of the Management Board is obliged to notify the Supervisory Board of the Company about the conflict.
21. A member of the Management Board can't accept benefits that could affect impartiality and objectivity in making decisions, or negatively affect the assessment of the independence of his opinions and courts.
22. If a member of the Management Board decides that the Management Board's decision conflicts with the Company's interests, he may request that his position on the subject be included in the minutes of the Management Board meeting.
23. Where there is a direct or indirect conflict between the interests of a member of the Management Board and those of the Company, that member shall inform the Company's Supervisory Board that this is the case.
24. Two members of the Management Board shall participate in the debates of the Annual General Shareholders' Meeting. Members of the Management Board shall themselves decide on which of their number should represent them at the Annual General Shareholders' Meeting.

11. A Description of the Basic Features of the Internal Control and Risk Management Systems the Issuer Uses and How These Relate to the Process of Preparing the Financial Statements

The Company's Management Board is responsible for the Company's accounting in accordance with the Act on Accounting of 29th of September, 1994 (consolidated text, Journal of Laws from 2018, pos. 395 with subsequent changes) and compliant with the Regulation issued by the Minister of Finance on 29th of March, 2018 concerning current and periodical information pertaining to companies traded on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (consolidated text, Journal of Laws from 2018, pos. 757).

When preparing financial statements and consolidated financial statements internal control and risk management at Comarch S.A. are effected in accordance with the Company's internal procedures for drawing up and approving financial statements. In accordance with the Act on Accounting of 29th of September, 1994, the Company maintains documents describing the accounting principles it has adopted. These include, but are not limited to, information on the methods for valuing assets, for valuing equity and liabilities, for determining the financial result, for maintaining the accounting ledgers and for the protection and security of data and sets of data. The accounting for all economic events is

computerized and uses a system called EGERIA and XL. This system is protected against unauthorized access and access limitations set according to the function a person performs or the post a person occupies.

Both financial statements and consolidated financial statements are prepared jointly by people working in the accountancy, the capital market, the control and the finance departments under the supervision of the Head Accountant and Chief Financial Officer. Financial statements and consolidated financial statements are audited, and half-year financial statements are reviewed by an independent expert auditor elected by the Company's Supervisory Board.

12. Description of the Diversity Policy

The company makes every effort to ensure balanced share of women and men in performing functions of management and supervisory boards' members in companies. Compliant with Working Rules for employees in Comarch SA, employer is obliged to: „counteract discrimination in employment, in particular in relation to gender, age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed, sexual orientation.” Moreover, employees in Comarch S.A. „should be treated equally within the scope of beginning and terminating work, employment conditions, promotion and trainings availability in order to improve professional qualification, in particular regardless of gender, age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed, sexual orientation, and regardless whether employed definite or indefinite time, full-time or part-time.” Comarch S.A. policy does not create any barriers in relation to gender, views, sexual orientation, ethnic or race origin within the scope of employing and personal policy. It does not contribute to direct or indirect discrimination due to gender, age, disability, race, religion, nationality, political beliefs, union affiliation, ethnic origin, creed and sexual orientation.

In the composition of a seven-person supervisory board, Comarch S.A. there are four women. The seven-member board of Comarch S.A. only men are involved, which is primarily associated with the nature of the company's operations and the specifics of the IT industry, in which men make up the vast majority. It should also be emphasized that current members of the Comarch SA Management Board are people associated with the Company for many years, (management positions over 5 years), possessing extensive knowledge in the field of IT technology and qualifications necessary for the positions held. In connection with the above, it should be assumed that in the nearest future there will be no changes in the participation of women in this management body.

Comarch S.A. constantly increases the percentage share of women's employment, however, when deciding about employment, the employee's qualifications are taken into account, not the gender. Women constitute approx. 30% of employees employed by the Comarch S.A. and about 24% of the management staff of the Company, which is a high proportion of women in total employment, especially taking into account the technical nature of Comarch S.A.

The age structure of the Company is very diverse. Comarch S.A. employs a lot of people under 30, which is typical for the industry. Persons in managerial positions are usually in the 30-50 age group, which also characterizes the management board and the supervisory board.

Information of the Management Board of Comarch S.A. prepared on the basis of the statement of the Supervisory Board of Comarch S.A. on the selection of an audit firm

The Management Board of Comarch S.A. informs that:

- a) the selection of the audit firm conducting the audit of the annual consolidated financial statements has been carried out in accordance with the regulations, including the selection and procedure for the selection of an audit firm,
- b) the auditing company and the members of the audit team met the conditions for drawing up an unbiased and independent audit report on the annual consolidated financial statements in accordance with applicable regulations, professional standards and professional ethics,
- c) the applicable regulations regarding the rotation of the auditing company and the key statutory auditor and mandatory grace periods,
- d) the Company has a policy regarding the selection of an auditing company and a policy for providing the Company with an auditor, an entity related to the auditing company or a member of its network of additional non-audit services, including conditionally exempt services from the audit company.

Kraków, 29th of April, 2019

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

The Assessment Made by the Supervisory Board of Comarch S.A. with Justification, Regarding the Report on the Activities of the Issuer and the Financial Statement in Terms of Their Compliance with the Books, Documents and the Actual Situation

In the period covered by the report, the Supervisory Board of Comarch S.A. monitored the current situation of the Company and gave its opinion on Comarch S.A.'s ongoing and planned activities. In particular, the Supervisory Board reviewed the quarterly, semi-annual and annual financial statements of the Comarch S.A. Each time, after the publication of financial reports, the Supervisory Board meetings took place at which the Supervisory Board got acquainted with financial results and analysed the scope, reliability, correctness and transparency of data presented in the financial statements published by the Company. The Audit Committee of the Supervisory Board also held meetings with representatives of the entity authorized to audit and review the financial statements of Comarch S.A. Based on the actions taken, the Supervisory Board states that the financial statements and the report on the operations of the Company present the required information in a reliable, correct and clear manner, and the accounting methods adopted by the Company have been applied in accordance with the applicable laws. In the opinion of the Supervisory Board, the report on the activities of the issuer and the financial statement are consistent with the books, documents and the actual situation.

Krakow, 29th of April, 2019

Name and surname	Position	Signature
Elżbieta Filipiak	Chairwoman of the Supervisory Board	
Maciej Brzeziński	Vice Chairman of the Supervisory Board	
Robert Bednarski	Member of the Supervisory Board	
Danuta Drobnik	Member of the Supervisory Board	
Wojciech Kucharzyk	Member of the Supervisory Board	
Anna Ławrynowicz	Member of the Supervisory Board	
Anna Pruska	Member of the Supervisory Board	

Declaration of the Supervisory Board regarding the Audit Committee

The Supervisory Board of Comarch S.A. declares that:

a) provisions regarding the appointment, composition and functioning of the Audit Committee are respected, including the fulfilment by its members of the independence criteria and requirements regarding the possession of knowledge and skills in the industry in which the Company operates and in the field of accounting or auditing of financial statements,

b) The Audit Committee performed the tasks of the audit committee provided for in the applicable regulations.

Kraków, 29th of April, 2019

Name and surname	Position	Signature
Elżbieta Filipiak	Chairwoman of the Supervisory Board	
Maciej Brzeziński	Vice Chairman of the Supervisory Board	
Robert Bednarski	Member of the Supervisory Board	
Danuta Drobniak	Member of the Supervisory Board	
Wojciech Kucharzyk	Member of the Supervisory Board	
Anna Ławrynowicz	Member of the Supervisory Board	
Anna Pruska	Member of the Supervisory Board	