

COMARCH S.A.  
Aleja Jana Pawła II 39a  
31-864 KRAKÓW

**THE REPORT FROM THE AUDIT OF  
THE FINANCIAL STATEMENT  
FOR THE FINANCIAL YEAR 2017**

## **REPORT OF AN EXPERT AUDITOR OF THE ANNUAL AUDIT OF THE ANNUAL SEPARATE FINANCIAL STATEMENT for the General Meeting and the Supervisory Board of COMARCH S.A.**

We have audited the attached annual financial statements of COMARCH S.A. ("Company") with a registered office at Krakow, al. Jana Pawła II 39a, which consists of: balance sheet prepared as at 31<sup>st</sup> of December, 2017, profit and loss account, statement of changes in equity and cash flow statement for the financial year from 1<sup>st</sup> of January to 31<sup>st</sup> of December, 2017 and additional information including the introduction and additional information and explanations ("financial statements").

### *Responsibility of the Management Board and the Supervisory Board of the Company for the financial statements*

The Company's Management Board is responsible for preparing, on the basis of properly maintained accounting books, financial statements and for its reliable presentation in accordance with the Act on Accounting of 29<sup>th</sup> of September, 1994 (Journal of Laws from 2018, pos. 395 with subsequent changes) hereinafter referred to as the "Accounting Act", issued on its basis by the executive provisions and other applicable laws and the Company's Articles of Association. The Management Board of the Company is also responsible for internal control, which it considers necessary to prepare a financial statement that does not cause significant distortion caused by fraud or error.

In accordance with the provisions of the Accounting Act, the Management Board of the Company 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.

### *Responsibility of the Expert Auditor*

Our task was to express an opinion on whether the financial statements present a reliable and clear picture of the property and financial situation as well as the entity's financial result in accordance with the applicable provisions of the Accounting Act issued on its basis with implementing rules and accepted accounting principles (policy).

We conducted the audit of the financial statements in accordance with the provisions of:

- 1) the Act of 11<sup>th</sup> of May, 2017 on Expert Auditors, Auditing Companies and Public Supervision (Journal of Laws from 2017, pos. 1,089) ("Act on Expert Auditors"),
- 2) National Standards on Auditing in the wording of International Standards of Research adopted by resolution No. 2783/52/2015 of the National Council of Expert Auditors of 10<sup>th</sup> of February, 2015, with subsequent changes, in connection with Resolution No. 2041 / 37a / 2018 of 5<sup>th</sup> of March, 2018 on National Professional Standards,
- 3) Regulation of the European Parliament and of the Council (EU) No. 537/2014 of 16<sup>th</sup> of April, 2014 on detailed requirements regarding statutory audits of financial statements of public-interest entities, repealing Commission Decision 2005/909/WE (Official Journal of EU L 158 of 27<sup>th</sup> of May, 2014, p. 77 and Official Journal of EU UE L 170 of 11<sup>th</sup> of June, 2014, p. 66) ("Regulation 537/2014").

These regulations require compliance with ethical requirements as well as planning and conducting audit in such a way as to obtain reasonable assurance that the financial statements do not contain significant distortion.

The purpose of the audit is to obtain reasonable assurance that the financial statements as a whole have been prepared on the basis of properly maintained accounting books and do not contain material distortions caused by fraud or error, and issue an independent auditor's report containing our opinion. Sufficient confidence is a high level of certainty, but it does not guarantee that the test carried out in accordance with the above-mentioned standards 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 risk of not recognizing a significant misstatement due to fraud is higher than the risk of not recognizing a material misstatement due to an error, as it may involve collusion, falsification, intentional omissions, misleading or circumventing internal control and may affect every area of law and regulation, not just this directly affecting the financial statements.

The purpose of the audit was to carry out procedures for obtaining audit evidence of amounts and disclosures in the financial statements. The selection of audit procedures depends on the Expert auditor's judgment, including the assessment of the risk of material misstatement of the financial statements due to fraud or error. Assessing this risk, the expert auditor shall take into account the internal control in respect of the preparation and reliable presentation of the financial statements by the entity, in order to design appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting principles (policy) adopted, the reasonableness of accounting estimates set by the Management Board, as well as evaluating the overall presentation of the financial statements.

The scope of the audit does not include assurance as to the future profitability of the audited Company nor the effectiveness or efficiency of conducting the Company's affairs by the Management Board currently or in the future.

We believe that the audit evidence we obtained is a sufficient and appropriate basis for us to express an opinion from the study. The opinion is consistent with the additional report for the Audit Committee issued on the date of this audit report.

#### *Independence*

During the audit, the key Expert auditor and audit firm remained independent of the entity in accordance with the provisions of the Act on Expert Auditors, Regulation 537/2014 and the rules of professional ethics adopted by the resolutions of the National Council of Statutory Auditors.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited by art. 136 of the Act on Expert Auditors and art. 5 para. 1 of Regulation 537/2014.

#### *Choosing an auditing company*

We have been selected to audit the entity's financial statements with a resolution of the Supervisory Board of the Company No. 11/05/2017 of 29<sup>th</sup> of May 2017. We audit the financial statements of the Company for the first time since the fiscal year ended at 31<sup>st</sup> of December, 2017.

### *The most significant types of risk*

During conducting the audit, we identified the most significant risks of significant distortion described below, including those caused by fraud, and we have developed appropriate audit procedures for these types of risks. In cases where we considered it appropriate to understand the identified risk and the auditing procedures performed by the auditor, we also included key observations related to these types of risk.

<b>The risk of significant distortion</b>	<b>Procedures carried out in answers to the identified risk</b>
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- |                                                                                                                                                                                            |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| 1 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 |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

Sales revenues for the year ended at 31st of December, 2017 amounted to PLN 755,517 thousand.

An important part of the revenues realized 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 settlement of implementation contracts, the Company adopts the method of percentage deduction of costs and revenues.

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

- determination of the budgeted execution cost, and its updating during the service, and
- correct allocation of costs to the relevant project, the appropriate period, and what can have a significant impact on the value of recognized revenue in the period.

Details of the accounting policy applied by the Company in the field of recognition Revenue was disclosed in note 7.1 of the Introduction to the financial statements of SA-R.

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

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 revenues are analyzed and updated, and finally accepted;
- we have agreed actual data from the books up to the last day of the audited period with updated figures in the budgets as at the valuation date;
- we have analyzed the coherence of budget structures through mutual comparisons and arrangements for real subcontracts;
- we have carried out 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 performed over a period longer than one year, a comparison of the budget of revenues and costs in these periods and an assessment of the selected change in the budget amount with the source documentation, and an explanation of changes in the value of the assumed margin on the contract;

- for contracts with a high degree of cost involvement, obtaining information on the progress of works;
- for a selected contract sample (including the largest contracts), performing detailed procedures to compare data from the spreadsheet with data from contracts with the customer

## The risk of significant distortion

## Procedures carried out in answers to the identified risk

### 2 Risk of impairment of investments in subsidiaries

The company holds shares or stocks in related entities. Their value is demonstrated in the financial statements it amounts to PLN 353,119 thousand (consisting of: shares in subsidiaries PLN 233,622 thousand, investment certificates in Comarch Corporate FIZ: PLN 119.347 thousand and shares in associates of PLN 150 thousand), which accounts for 28.3% of the balance sheet total.

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

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.

As part of the examination procedures, in particular:

- we have analyzed the accounting policy applied by the Company regarding the valuation of shares;
- we have analyzed the reports of subsidiaries, including in particular their financial results, values and capital structure, indebtedness and liquidity in terms of impairment indicators;
- we have assessed the impact of events after the balance sheet date on possible impairment;
- we have obtained clarifications from the management board regarding factors causing impairment triggers, including negative financial results, as well as plans and prospects for the operations of individual companies;
- we have assessed the correctness and completeness of required disclosures in the financial statements.

## The risk of significant distortion

## Procedures carried out in answers to the identified risk

### 3 Risk related to production in progress

Production in progress are capitalized costs connected with creating new or upgrading existing software.

The value of production in progress as at 31<sup>st</sup> of December, 2017 amounts to PLN 58,138 thousand and constitutes 4.7% of the balance sheet total.

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

1. we have verified the accounting policy regarding the recognition and settlement of production in progress;

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In accordance with the accounting policy, capitalized costs should be recognized as a component of total income in the 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 in progress as a key area of the study.

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

The applied accounting policy regarding the capitalization of production in progress costs has been 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.

2. we have obtained a list of items treated as production in progress, with periods of bearing the capitalized costs;

3. we have assessed the correctness of applying the adopted accounting principles in the scope of:

- recognizing capitalized costs in other total income in connection with obtaining revenues from the sale of software;

- recognizing capitalized costs in other total income if the software is in the development phase;

4. we have obtained clarifications from the Management Board regarding factors causing delays in the settlement of individual items, as well as plans and prospects for the settlement of these items in the future;

5. Irrespective of the operations mentioned above, in the absence of sales or insignificant sales, licenses related to the work in progress, evaluation for significant production items in the course of the ability to generate economic benefits.

### *Opinion*

In our opinion, attached annual financial statements:

- a) presents a reliable and clear picture of the property and financial situation of the Company as at 31<sup>st</sup> of December, 2017 and its financial result for the financial year from 1<sup>st</sup> of January to 31<sup>st</sup> of December, 2017, in accordance with the applicable provisions of the Accounting Act and the adopted accounting principles (policy),
- b) has been prepared on the basis of correctly, in accordance with the provisions of Chapter 2 of the Accounting Act, maintained accounting books,
- c) agrees on the form and content with the requirements of the Regulation of the Minister of Finance of 19<sup>th</sup> of February, 2009 on current and periodic information provided by issuers of securities and conditions for recognizing information required by law of a non-member country as equivalent ("Regulation" – Journal of Laws from 2014, pos. 133, with subsequent changes) and other applicable laws and provisions of the Company's Articles of Association.

### **Report on other legal and regulatory requirements**

#### *Opinion on the report regarding activities*

Our opinion on the financial statements does not include the statement on activities.

The Management Board of the Company and members of the Supervisory Board are responsible for preparing a report regarding activities in accordance with the law. Our duty in accordance with the requirements of the Act on Expert auditors was to issue an opinion on whether the report regarding activities was prepared in accordance with the law and that it is consistent with the information contained in the annual financial statements.

It was also our duty to make a statement whether in the light of our knowledge of the entity and its environment obtained during the audit of the financial statements, we identified significant distortions in the statement on activities and indicate what each such significant distortion is all about.

In our opinion, the report regarding activities was prepared in accordance with the provisions of art. 49 of the Accounting Act and the Regulation and is consistent with the information contained in the annual financial statements. In addition, we declare that in the light of knowledge about the entity and its environment obtained during the audit of the financial statements, we have not identified significant distortions in the statement on activities.

*Opinion on the report regarding corporate principles*

The Management Board of the Company and members of the Supervisory Board are responsible for preparing a report regarding corporate principles in accordance with the law.

In connection with the audit of the financial statements, our duty in accordance with the requirements of the Act on Expert Auditors was to issue an opinion on whether the issuer obliged to submit a report regarding corporate principles constituting a separate part of the report regarding activities contained in this statement information required by law and in relation to specific information indicated in these regulations or rules, determine whether they comply with the applicable regulations and information contained in the annual financial statements.

In our opinion, in the report regarding corporate principles, the entity has included the information specified in paragraph 91, para. 5 point 4, point a, b, g, j, k and l of the Regulation of the Minister of Finance of 19<sup>th</sup> of February, 2009 on current and periodic information provided by issuers of securities and conditions for recognizing information required by the law of a non-member state as equivalent (Journal of Laws from 2014, pos. 133, with subsequent changes). Information provided in paragraph 91, para. 5 point 4, point c-f, h and i of the Regulation contained in the report regarding corporate principles are in accordance with the applicable regulations and information contained in the financial statements.

*Information on making a report regarding non-financial information*

In accordance with the requirements of the Act on Expert Auditors, we would like to inform you that the entity has made a report regarding 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 performed any assurance work regarding a report regarding non-financial information and we do not give any assurance about it.

Kraków, 27<sup>th</sup> of April, 2018

**BDO Sp. z o.o.**

**ul. Postępu 12**

**02-676 Warszawa**

**Entity entered on the list of audit firms kept by the National Council of Expert Auditors  
under reference number 3355**

**Key Expert Auditor:**

**Marcin Krupa**

Expert Auditor

Reference number 11142

**Acting on behalf of BDO Sp. z o.o. .:**

**Dr. André Helin**

Chairman of the Management Board  
Expert Auditor

Reference number 90004

**INTRODUCTION TO THE COMARCH S.A.'S FINANCIAL STATEMENT SA-R 2017****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 01.01.2016 - 31.12.2016 and refers to 12 months,
- the current period means period 01.01.2017 - 31.12.2017 and refers to 12 months.

As at 31<sup>st</sup> of December, 2017, 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 Drobnik - 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 31<sup>st</sup> of December, 2017, 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 2016****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 29<sup>th</sup> of September, 1994 on Accounting ("Act on Accounting") and the Regulation issued by the Minister of Finance on 18<sup>th</sup> 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 19<sup>th</sup> 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 1<sup>st</sup> 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, revaluating 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 revaluating 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 12<sup>th</sup> 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 12<sup>th</sup> 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 12<sup>th</sup> 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 22<sup>nd</sup> 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 14<sup>th</sup> 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 2<sup>nd</sup> 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 22<sup>nd</sup> of March, 1999, to the 31<sup>st</sup> 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 1<sup>st</sup> of July, 2004, it received a decision from the Minister of the Economy dated the 24<sup>th</sup> 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 31<sup>st</sup> of December, 2017, in the changed permit.

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

- obtained in 1999, validity to 31<sup>st</sup> December, 2017;
- obtained in 2007, originally with the validity period until 31<sup>st</sup> of December, 2017, currently its validity term has not been specified in accordance with the decision of the Ministry of Development and Finance of 18<sup>th</sup> 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 23<sup>rd</sup> 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 31<sup>st</sup> of December, 2017, (discounted as at the permit date), is PLN 17,037 thousand. Limit of the unused investment relief in respect of the authorization obtained in 2013 as at the 31<sup>st</sup> of December, 2017, (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 31<sup>st</sup> of December, 2017, (discounted as at the permit date), is about PLN 20,320 thousand. Value of tax relief will change because of the fact, that investment has not been completed.

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 29<sup>th</sup> 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 31.12.2017	4.1709
As at 31.12.2016	4.4240

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

For the period 1.01 - 31.12.2017	4.2447
For the period 1.01 - 31.12.2016	4.3757

#### NBP minimum rate

For the period 1.01 - 31.12.2017	4.1709
For the period 1.01 - 31.12.2016	4.2355

#### NBP maximum rate

In the period 1.01 - 31.12.2017	4.4157
In the period 1.01 - 31.12.2016	4.5035

In the table "Selected financial data" points I-VIII and XVI-XVII are valuated 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 31.12.2017	3.4813
As at 31.12.2016	4.1793

#### NBP average exchange rates for CHF

As at 31.12.2017	3.5672
As at 31.12.2016	4.1173

#### NBP average exchange rates for GBP

As at 31.12.2017	4.7001
As at 31.12.2016	5.1445

#### NBP average exchange rates for DKK

As at 31.12.2017	0.5602
As at 31.12.2016	0.5951

**NBP average exchange rates for CAD**

As at 31.12.2017	2.7765
As at 31.12.2016	3.0995

## **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 31<sup>st</sup> of December, 2016, the company determined the asset that is worth PLN 9,936 million and presented it in the consolidated financial statement according to IFRS. Within 2017 the assets were dissolved, however as at 31<sup>st</sup> of December, 2017, an asset worth PLN 8,863 million was created.

Total effect on result would amount to minus PLN 1,072 thousand.

### **3. Managerial Option Programme**

Not concern.

**4. Differences compared to IFRS (000'PLN)**

<b>Item</b>	<b>Equity as at 31 December 2017</b>	<b>Net result for 2017</b>
Corrections according to the Polish accounting principles:	796,984	39,338
■ presentation of managerial option (point V 3)	0	0
■ an asset due to tax exemption in the SEZ (point V 2)	-8,863	-1,072
■ depreciation due to the right of perpetual usufruct of lands (point V 1)	-1,273	-92
Equity and net result after adjusting above-mentioned differences:	786,848	38,174

## FINANCIAL SUPERVISION AUTHORITY

## ANNUAL REPORT SA-R 2017

(pursuant to §82 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 2017 from 2017-01-01 to 2017-12-31  
And for the previous year 2016 from 2016-01-01 to 2016-12-31

Date of publication: 2018-04-27

<b>COMARCH SA</b>	
(full name of an issuer)	
<b>COMARCH</b>	<b>INFORMATION TECHNOLOGY</b>
(abbreviated name of issuer)	(sector according to WSE classification)
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<b>677-00-65-406</b>	<b>350527377</b>
(NIP)	(REGON)

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 Statement regarding the Auditor Independence
- 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

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	2017	2016	2017	2016
I. Net revenues from sales of products, goods and materials	755,517	749,213	177,991	171,221
II. Profit (loss) on operating activities	40,533	78,834	9,549	18,016
III. Gross profit (loss)	44,244	56,546	10,423	12,923
IV. Net profit (loss)	39,338	45,588	9,268	10,418
V. Cash flows from operating activities	46,990	35,822	11,070	8,187
VI. Cash flows from investing activities	-87,423	-54,181	-20,596	-12,382
VII. Cash flows from financing activities	35,473	1,719	8,357	393
VIII. Total net cash flows	-4,960	-16,640	-1,169	-3,803
IX. Total assets	1,247,206	1,162,245	299,026	262,714
X. Liabilities and provisions for liabilities	450,222	390,503	107,944	88,269
XI. Non-current liabilities	154,762	121,363	37,105	27,433
XII. Current liabilities	155,174	126,800	37,204	28,662
XIII. Equity	796,984	771,742	191,082	174,444
XIV. Share capital	8,133	8,133	1,950	1,838
XV. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XVI. Earnings (losses) per single share	4.84	5.61	1.14	1.28

(PLN/EUR)				
XVII. Diluted earnings (losses) per single share (PLN/EUR)	4.84	5.61	1.14	1.28
XVIII. Book value per single share (PLN/EUR)	97.99	94.89	23.49	21.45
XIX. Diluted book value per single share (PLN/EUR)	97.99	94.89	23.49	21.45
XX. Dividend per one share (paid or declared)	1.50	0.00	0.35	0.00

### OPINION OF AN AUDITOR ENTITLED TO AUDIT FINANCIAL STATEMENTS ON ANNUAL FINANCIAL STATEMENT

File	Description
Report of an auditor.pdf	Report of an Auditor -Appendix No. 1

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

File	Description
The Management Board's Statement regarding the Reliability of Financial Statement.pdf	The Management Board's Statement regarding the Reliability of Financial Statement -Appendix No. 2

### THE MANAGEMENT BOARD'S STATEMENT REGARDING AUDITOR INDEPENDENCY

File	Description
The Management Board's Statement regarding Auditor Independence.pdf	The Management Board's Statement regarding Auditor Independence - Appendix No. 3

### LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD

File	Description
Letter of the President of the Management Board.pdf	Letter of the President of the Management Board -Appendix No. 4

## ANNUAL FINANCIAL STATEMENT

### INTRODUCTION TO THE FINANCIAL STATEMENT

File	Description
Introduction to the Financial Statement.pdf	Introduction to the Financial Statement - Appendix No. 5

### BALANCE SHEET

	Notes	thousands of PLN	
		2017	2016
<b>ASSETS</b>			
I. Non-current assets		756,155	701,603
1. Intangible assets	1	14,628	8,506
2. Property, plant and equipment	2	346,398	296,496

3. Non-current investment	3	386,122	388,998
3.1 Non-current financial assets		359,299	360,783
a) in related parties		356,182	359,931
b) in other entities where the issuer holds interest in capital		280	360
c) in other entities		2,837	492
3.2 Real estates		26,780	28,172
3.3 Other non-current investment		43	43
4. Non-current prepayments	4	9,007	7,603
4.1 Deferred income tax assets		5,816	6,510
4.2 Other prepayments		3,191	1,093
II. Current assets		491,051	460,642
1. Inventories	5	78,120	43,273
2. Current receivables	6 7	312,373	324,572
2.1 from related parties		184,106	181,062
2.2 from other entities where the issuer holds interest in capital		560	587
2.3 from other entities		127,707	142,923
3. Current investment		57,670	55,488
3.1 Current financial assets	8	57,670	55,488
a) in related parties		322	351
b) in other entities where the issuer holds interest in capital		303	204
c) in other entities		8,516	1,150
- granted loans		0	0
- interest and shares		0	1
- other current financial assets		8,516	1,149
d) cash and cash equivalents		48,529	53,783
4. Current prepayments	9	42,888	37,309
Total assets		1,247,206	1,162,245
EQUITY AND LIABILITIES			
I. Equity		796,984	771,742
1. Share capital		8,133	8,133
2. Capital from merger settlement		0	0
3. Supplementary capital	11	653,363	619,975
4. Revaluation reserve	12	95,405	97,301
5. Other reserve capitals	13	745	745
6. Previous years' profit (loss)		0	0
7. Net profit (loss)		39,338	45,588
II. Liabilities and provisions for liabilities		450,222	390,503
1. Provisions for liabilities	14	122,701	124,646
1.1 Provisions due to deferred income tax		25,255	23,830
1.2 Other provisions		97,446	100,816
a) current		97,446	100,816
2. Non-current liabilities	15	154,762	121,363
2.1 to related parties		22,472	16,520
2.2 to other entities where the issuer holds interest in capital		0	0
2.3 to other entities		132,290	104,843
3. Current liabilities	16	155,174	126,800
3.1 to related parties		26,901	20,214
3.2 to other entities where the issuer holds interest in capital		894	2,108
3.3 to other entities		125,780	102,914
3.4 special funds		1,599	1,564
4. Accruals	17	17,585	17,694
4.1 Other accruals		17,585	17,694

a) current		17,585	17,694
Total equity and liabilities		1,247,206	1,162,245

Book value		796,984	771,742
Number of shares		8,133,349	8,133,349
Book value per single share (PLN)	18	97.99	94.89
Diluted number of shares		9,133,349	8,133,349
Diluted book value per single share (PLN)	18	97.99	94.89

**OFF-BALANCE SHEET ITEMS**

	Notes	thousands of PLN	
		2017	2016
1. Contingent liabilities to related parties (due to)	19	113,854	201,927
-granted bank guarantees and suretyships		113,854	201,927
2. Contingent liabilities to other entities (due to)	33	65,876	37,671
-received bank guarantees and suretyships		65,876	37,671
Total off-balance sheet items		179,730	239,598

**INCOME STATEMENT**

	Notes	thousands of PLN	
		2017	2016
I. Net revenues from sales of products, goods and materials, including:		755,517	749,213
-revenues from related parties		248,831	227,144
1. Net revenues from sales of products	20	713,775	690,520
2. Net revenues from sales of goods and materials	21	41,742	58,693
II. Costs of products, goods and materials sold, including:		576,096	529,985
-to related parties		32,887	29,352
1. Manufacturing cost of products sold	22	538,736	475,652
2. Value of products, goods and materials sold		37,360	54,333
III. Gross profit (loss) on sales		179,421	219,228
IV. Costs of sales	22	72,449	67,002
V. Administrative costs	22	53,971	55,719
VI. Profit (loss) on sales		53,001	96,507
VII. Other operating revenues		1,280	1,318
1. Profit on disposal of non-financial non-current assets		444	345
2. Other operating revenues	23	836	973
VIII. Other operating costs		13,748	18,991
1. Other operating costs	24	13,748	18,991
IX. Profit (loss) on operating activities		40,533	78,834
X. Financial revenues	25	26,971	6,398
1. Dividends and share in profits		107	542
-from related parties		107	542
2. Profit on disposal of investment		13,081	1,383
3. Revaluation of financial assets		-57	117
4. Interest, including:		451	910
-from related parties		176	694
5. Other		13,389	3,446
XI. Finance costs	26	23,260	28,686
1. Interest, including:		2,796	2,391
-to related parties		736	338
2. Loss on disposal of financial assets		0	0
3. Revaluation of financial assets		7,564	25,852

4. Other		12,900	443
XII. Gross profit (loss)		44,244	56,546
XIII. Income tax	27	4,906	10,958
a) current		2,342	10,353
b) deferred		2,564	605
XIV. Net profit (loss)		39,338	45,588

Net profit (loss) (annualised)		39,338	45,588
Weighted average number of shares		8,133,349	8,133,349
Earnings (losses) per single share (PLN)	29	4.84	5.61
Diluted weighted average number of shares		8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	29	4.84	5.61

**CHANGES IN EQUITY**

	thousands of PLN	
	2017	2016
I. Opening balance of equity (BO)	771,742	731,905
I. a. Opening balance of equity after adjustments	771,742	731,905
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	619,975	562,292
2.1. Changes in supplementary capital	33,388	57,683
a) increases (due to)	33,388	57,683
-profit-sharing for the previous years	33,388	57,683
2.2. Closing balance of supplementary capital	653,363	619,975
3. Opening balance of revaluation reserve	97,301	103,052
-changes in applied accounting principles	0	0
3.1. Changes in revaluation reserve	-1,896	-5,751
a) increases (due to)	445	1,349
-provision for deferred income tax due to certificates valuation	445	1,349
a) decreases (due to)	2,341	7,100
-balance sheet valuation of investment certificates	2,341	7,100
3.2 Closing balance of revaluation reserve	95,405	97,301
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)	45,588	57,683
6.1. Opening balance of the previous years' profit	45,588	57,683
a) changes in applied accounting principles	0	0
b) decreases (due to)	45,588	57,683
-transferring the result for the previous years to supplementary capital	33,388	57,683
- payment of dividends	12,200	0
6.2. Closing balance of the previous years' profit	0	0
7. Net result	39,338	45,588
a) net profit	39,338	45,588
II. Closing balance of equity	796,984	771,742
III. Equity including proposed profit-sharing (loss coverage)	796,984	771,742



**CASH FLOW STATEMENT**

	thousands of PLN	
	2017	2016
<b>A. Cash flows from operating activities</b>		
I. Net profit (loss)	39,3380	45,588
II. Total adjustments	7,652	-9,766
1. Depreciation	38,052	35,301
2. Exchange gains (losses)	243	5
3. Interest and shares in profits (dividends)	2,917	518
4. Profit (loss) on investing activities	7,152	21,807
5. Change in provisions	55	-14,674
6. Change in inventories	-34,848	-15,526
7. Change in receivables	-9,528	-32,228
8. Change in current liabilities, excluding credits and loans	17,775	-11,219
9. Change in prepayments and accruals	-14,166	6,250
10. Other adjustments	0	0
III. Net cash used in operating activities (I+/-II)-indirect method	46,990	35,822
<b>B. Cash flows from investing activities</b>		
I. Inflows	22,006	55,824
1. Disposal of property, plant and equipment and intangible assets	2,759	1,426
2. From financial assets, including:	19,247	54,398
a) in related parties	6,165	53,015
-received loans	0	24,789
-dividends and share in profits	107	542
-repaid loans	5,886	26,013
-repaid interest	172	1,671
b) in other entities	13,082	1,383
-other inflows from financial assets	13,082	1,383
II. Outflows	-109,429	-110,005
1. Purchase of property, plant and equipment and intangible assets	-96,533	-53,625
2. Expenses for investment in real estates	0	-5
3. For financial assets, including:	-12,896	-56,375
a) in related parties	-12,896	-56,375
-purchase of financial assets	-12,129	-30,038
-granted non-current loans	-767	-14,230
-payment of loans	0	-11,579
-payment of interest	0	-528
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)	-87,423	-54,181
<b>C. Cash flow from financing activities</b>		
I. Inflows	98,874	27,644
1. Inflows from share issue and other capital instruments as well as surcharges to capital	0	0
2. Loans and credits	96,244	27,607
3. Repaid loans	0	30
4. Interest received on paid loans	0	7
5. Other financial inflows	2,630	0
II. Outflows	-63,401	-25,925
1. Expenses due to distribution of profit (other than payments to owners)	-12,200	0
2. Repayment of loans and credits	-48,005	-23,715

3. Interest	-3,196	-2,210
4. Granted loans	0	0
III. Net cash (used in)/generated from financing activities (I-II)	35,473	1,719
D. Total net cash flows (A.III+/-B.III+/-C.III)	-4,960	-16,640
E. Balance sheet change in cash and cash equivalents, including:	-5,261	-16,602
-change in cash and cash equivalents due to exchange differences	-301	38
F. Cash and cash equivalents opening balance	53,781	70,383
G. Closing balance of cash and equivalents (F+/-E), including:	48,520	53,781
-limited disposal	1,686	7,706

**ADDITIONAL INFORMATION AND COMMENTARY**

**A. COMMENTARY NOTES**

**BALANCE SHEET COMMENTARY NOTES**

**Note 1 a**

<b>INTANGIBLE ASSETS</b>	thousands of PLN	
	2017	2016
a) costs of finished development works	0	0
b) goodwill	0	0
c) licences, patents and similar items, including:	14,174	8,052
-computer software	0	0
d) other intangible assets	454	454
e) advance payments for intangible assets	0	0
Total intangible assets	14,628	8,506

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	31,846	1,275	6,551	0	38,397
b) increases (due to)	0	0	11,236	0	0	0	11,236
-purchase	0	0	11,236	0	0	0	11,236
c) decreases (due to)	0	0	3	0	0	0	3
-decommissioning	0	0	0	0	0	0	0
d) closing balance of gross value of intangible assets	0	0	43,079	1,275	6,551	0	49,630
e) opening balance of accumulated depreciation (amortisation)	0	0	23,794	1,275	6,097	0	29,891
f) depreciation for the period (due to)	0	0	5,111	0	0	0	5,111
-increases (costs depreciation)	0	0	5,114	0	0	0	5,114
-decreases	0	0	3	0	0	0	3
g) closing balance of accumulated depreciation (amortisation)	0	0	28,905	1,275	6,097	0	35,002
h) closing balance of net value of intangible assets	0	0	14,174	0	454	0	14,628

**Note 1 c**

<b>INTANGIBLE ASSETS (PROPRIETARY STRUCTURE)</b>	thousands of PLN	
	2017	2016
a) proprietary	14,628	8,506
Total intangible assets	14,628	8,506

**Note 2 a**

<b>PROPERTY, PLANT AND EQUIPMENT</b>	thousands of PLN	
	2017	2016
a) property, plant and equipment in use, including:	276,507	253,801
-lands (including right of perpetual usufruct of land)	32,003	32,002
-buildings, premises and water and civil engineering structures	159,228	161,988
-technical equipment and machines	66,312	45,836
-means of transport	13,934	11,201
-other property, plant and equipment	5,030	2,774
b) property, plant and equipment under construction	69,711	42,692
c) advances for property, plant and equipment under construction	180	3
Total property, plant and equipment	346,398	296,496

## Note 2 b

<b>CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN USE (BY TYPES)</b>						
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	32,134	205,419	175,730	19,766	15,150	448,199
b) increases (due to)	1	2,820	42,692	8,044	3,742	57,299
-purchase	0	2,820	42,692	8,044	3,742	57,298
c) decreases (due to)	0	197	7,184	4,681	182	12,344
-decommissioning	0	197	6,757	61	179	7,194
-sales	0	0	527	4,620	3	5,150
d) closing balance of gross value of property, plant and equipment in use	32,135	208,042	211,138	23,129	18,710	493,154
e) opening balance of accumulated depreciation (amortisation)	132	43,431	129,894	8,565	12,376	194,398
f) depreciation for the period (due to)	0	5,383	14,932	630	1,304	22,249
-increases (costs depreciation for the period)	0	5,430	22,137	2,496	1,483	31,546
-decreases (decommissioning)	0	47	6,725	6	176	6,954
-decreases (sales)	0	0	480	1,860	3	2,343
g) closing balance of accumulated depreciation (amortisation)	132	48,814	144,826	9,195	13,680	216,647
h) closing balance of net value of property, plant and equipment in use	32,003	159,228	66,312	13,934	5,030	276,507

## Note 2 c

<b>BALANCE SHEET PROPERTY, PLANT AND EQUIPMENT IN USE (PROPRIETARY STRUCTURE)</b>	thousands of PLN	
	2017	2016
a) proprietary	276,301	253,471
-used on the basis of an agreement of rental, lease or others, including lease agreements	206	330
Total balance sheet property, plant and equipment in use	276,507	253,801

## Note 3 a

<b>CHANGES IN REAL ESTATES (BY TYPES)</b>	thousands of PLN	
	2017	2016
a) opening balance	28,172	29,652
b) increases (due to)	0	6
-fittings of a building dedicated for rent	0	6
c) decreases (due to)	1,392	1,486
-depreciation for the period	1,392	1,486
d) closing balance	26,780	28,172

## Note 3b

<b>NON-CURRENT FINANCIAL ASSETS</b>	thousands of PLN	
	2017	2016
a) in related parties	356,182	359,931
-interest or shares	233,622	229,711
-granted loans	3,242	8,553
-other securities	119,347	121,688
-interest due to granted loans	-29	-21
b) in other entities where the issuer holds interest in capital	280	360
-interest or shares	150	150
-granted loans	130	210
c) in other entities	2,837	492
- other non-current financial assets (by types)	2,837	492
-forward contracts	2,837	492
Total non-current financial assets	359,299	360,783

## Note 3 c

<b>CHANGES IN NON-CURRENT FINANCIAL ASSETS (BY TYPES)</b>	thousands of PLN	
	2017	2016
a) opening balance	360,783	382,917
<b>Interest and shares</b>		
b) opening balance	229,861	230,552
c) increases (due to)	12,129	24,283
-purchase of shares in subsidiaries	12,129	24,283
d) decreases (due to)	8,218	24,974
- revaluation of shares	7,597	24,974
- balance sheet valuation of shares	621	0
e) closing balance	233,772	229,861
<b>Other securities</b>		
f) opening balance	121,688	128,284
g) increases (due to)	0	504
-purchase of investment certificates of FIZ	0	504

h) decreases (due to)	2,341	7,100
-valuation of shares in CCF Closed Investment Fund	2,341	7,100
i) closing balance	119,347	121,688
<b>Non-current loans and other non-current assets in subsidiaries</b>		
j) opening balance	8,742	24,002
k) increases (due to)	131	8,289
-loans granted to subsidiaries	0	4,798
-loans granted to other entities	0	0
-interest due to non-current loans	131	638
-balance sheet valuation of loans in subsidiaries	0	334
-dissolving write-offs revaluating loans in subsidiaries	0	2,372
-dissolving write-offs revaluating interests	0	112
-balance sheet and adjusted valuation of interest on loans	0	35
l) decreases (due to)	5,530	23,549
-repayment of subsidiaries' loans	5,120	19,664
-repayment of loans to entities where the issuer holds interest in capital	80	30
-repayment of interests on subsidiaries' loans	109	1,673
-creating write-offs revaluating interests	-34	69
-balance sheet valuation	191	0
-transferring non-current loans from related parties to current loans	0	211
-transferring non-current loans from entities where the issuer holds interest in capital to current loans	0	90
-cancelling the loans in subsidiaries	0	664
-cancelling the interest on loans in subsidiaries	0	14
-creating write-offs revaluating loans in subsidiaries	0	1,134
m) closing balance	54	8,742
<b>Other non-current assets</b>		
n) opening balance	492	79
o) increases (due to)	2,345	413
- valuation of forward contracts	2,345	413
p) closing balance	2,837	492
q) Closing balance	359,299	360,783

## 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	revaluating corrections (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	<b>Comarch AG</b>	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	<b>Comarch Software und Beratung AG</b>	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	<b>Comarch Solutions GmbH</b>	Innsbruck	producer of software (especially ERP) and integrator of IT systems	third degree subsidiary (subsidiary of Comarch Software und Beratung AG)	consolidated	18.11.2008	6,286	-4,960	1,326	100	100	subsidiary of Comarch Software und Beratung AG (100%)
4	<b>Comarch Sistemas LTDA</b>	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	-	1,208	100	100	subsidiary of Comarch AG (80%) and Comarch SuB AG (20%)
5	<b>Comarch Peru S.A.C.</b>	Lima	sales of software and services in Central and South American	second degree subsidiary (subsidiary of	consolidated	14.12.2016	196	-	196	100	100	subsidiary of Comarch AG (95%) and



			markets and support of delivered IT systems	Comarch AG)								Comarch SA (5%)
6	<b>Comarch S.A.S.</b>	Lezennes	sales of software and services in European and North American market	subsidiary	consolidated	14.09.2007	37,114	-37,114	196	100	100	
7	<b>Comarch R&amp;D S.a r.l.</b>	Montbonnot-Saint-Martin	sales of software and services in European and North American market	subsidiary	consolidated	16.09.2008	714	-714	-	100	100	
8	<b>Comarch Luxembourg S.a r.l.</b>	Luxemburg	sales of software and services in European market	subsidiary	consolidated	21.04.2011	1,981	-714	1,981	100	100	
9	<b>Comarch, Inc.</b>	Rosemont	sales and production of IT systems in American Markets	subsidiary	consolidated	24.06.1999	991	-991	1,981	100	100	
10	<b>Comarch Panama, Inc.</b>	Panama	sales of software and services in European, Central and South American market	second degree subsidiary (subsidiary of Comarch, Inc.)	consolidated	22.11.2004	914	-991	914	100	100	subsidiary of Comarch Inc. (100%)
11	<b>Comarch Canada Corp.</b>	New Brunswick	sales of IT systems in the Canadian and South American Market	subsidiary	consolidated	01.06.2011	162	-21	141	100	100	
12	<b>Comarch Espace Connecte Inc.</b>	Montreal	sales of IT systems in Canadian Market	subsidiary	consolidated	16.04.2015	1,164	-54	1,110	100	100	
13	<b>Comarch Middle East FZ-LLC</b>	Dubai	sales of IT systems in Middle East and support of delivered IT systems	subsidiary	consolidated	08.04.2004	203	-44	159	100	100	
14	<b>Comarch LLC</b>	Kiev	sales of IT systems in Ukraine and support of delivered IT systems	subsidiary	consolidated	01.06.2004	34	-34	-	100	100	
15	<b>OOO Comarch</b>	Moscow	sales of IT systems in Russia and support of delivered IT systems	subsidiary	consolidated	26.01.2005	147	-147	-	100	100	

16	<b>Comarch Software (Shanghai) Co. Ltd.</b>	Shanghai	sales of IT systems in China and support of delivered IT systems	subsidiary	consolidated	q3 2009	597	-597	-	100	100	
17	<b>Comarch Technologies Oy</b>	Espoo	sales of IT systems in Scandinavian markets and support of delivered IT systems	subsidiary	consolidated	16.12.2010	198	-198	-	100	100	
18	<b>Comarch UK Ltd.</b>	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	<b>Comarch Japan KK</b>	Tokyo	sales of IT systems in Japan and support of delivered IT systems	subsidiary	consolidated	2017-07-07	162	-	192	100	100	subsidiary of Comarch UK (100%)
20	<b>Comarch Chile SpA</b>	Santiago	sales of IT systems in Chile and support of delivered IT systems	subsidiary	consolidated	23.05.2013	920	-920	-	100	100	
21	<b>Comarch Software Spain S.L.U.</b>	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	-2,347	2,294	100	100	
22	<b>Comarch Colombia S.A.S.</b>	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	248	-	248	100	100	subsidiary of Comarch Software Spain S.L.U. (100%)
23	<b>Comarch Yazilim A.S.</b>	Istanbul	sales of IT systems in Turkey and support of delivered IT systems	subsidiary	consolidated	18.12.2014	825	-825	-	100	100	
24	<b>Comarch SRL</b>	Milano	sales of IT systems and services in Europe	subsidiary	consolidated	05.02.2015	7,441	-5,206	2,235	100	100	
25	<b>Comarch Malaysia SDN.</b>	Kuala Lumpur	sales of IT systems and services in Asia	subsidiary	consolidated	02.04.2015	517	-517	-	100	100	

	<b>BHD.</b>											
26	<b>Comarch s.r.o.</b>	Bratislava	limited operations	subsidiary	consolidated	31.08.2004	494	-494	-	100	100	
27	<b>Comarch Pointshub Inc.</b>	Rosemont	sales of IT systems and services in America	subsidiary	consolidated	24.08.2015	33,629	-5,536	27,093	100	100	
28	<b>Comarch AB</b>	Stockholm	sales of IT systems and services in Europe	subsidiary	consolidated	18.08.2015	22	-	22	100	100	
29	<b>Comarch Argentina S.A.</b>	Buenos Aires	sales of IT systems in Central and South American markets	subsidiary	consolidated	11.11.2015	929	-	929	100	100	subsidiary of Comarch S.A. (95%) and Comarch AG (5%)
30	<b>Comarch Saudi Arabia Co.</b>	Riyadh	sales of IT systems in Saudi Arabia	subsidiary	consolidated	2017-03-19	1,016	-14	1,002	100	100	subsidiary of Comarch S.A. (95%) and Comarch Infrastruktura S.A. (5%)
31	<b>Comarch Technologies sp. z o.o.</b>	Kraków	responsible for the development of technologies related to the design and production of electronic devices and software	subsidiary	consolidated	18.11.2008	298	-	298	100	100	
32	<b>CA Consulting SA</b>	Warsaw	delivery of network connections and outsourcing services	subsidiary	consolidated	18.06.2004	1,053	-	1,053	100	100	
33	<b>Comarch Management Sp. z o.o</b>	Kraków	activities related to IT	subsidiary	consolidated	19.10.2007	400	-300	100	100	100	
34	<b>Comarch Corporate Finance FIZ</b>	Kraków	investment activity on capital market and activities related to IT	subsidiary	consolidated	24.10.2007	1,060	118,287	119,347	100	100	100% certificates held by Comarch S.A.
35	<b>Comarch Management Sp. z o.o. SK-A</b>	Kraków	activities related to IT	second degree subsidiary	consolidated	21.11.2007	11,275	-11,216	59	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
36	<b>Bonus Management Sp. z o.o. SK-A</b>	Kraków	activities related to real estates in Comarch	second degree subsidiary	consolidated	24.02.2011	28,344	110	28,454	100	100	subsidiary through CCF FIZ
37	<b>Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością Cracovia Park SK-A</b>	Kraków	investment activities in sport	second degree subsidiary	consolidated	25.03.2014	2,400	-	2,400	100	100	33.33% votes held by MKS Cracovia S.A., 66.67% held by Bonus Management Sp. Z o.o.SK-A
38	<b>Bonus Development Sp. z o.o. SK-A</b>	Kraków	activities related to real estates in Comarch	second degree subsidiary	consolidated	24.02.2011	55,950	-25,722	30,228	100	100	subsidiary through CCF FIZ
39	<b>Bonus Management Sp. z o.o. II Activia SK-A</b>	Kraków	investment activity on capital and IT market	second degree subsidiary	consolidated	07.10.2010	15,552	-349	15,203	100	100	subsidiary through CCF FIZ
40	<b>Bonus Development Sp. z o.o. II Koncept SK-A</b>	Kraków	investment in real estates and activities related to real estates	second degree subsidiary	consolidated	25.10.2010	8,933	562	9,495	100	100	subsidiary through CCF FIZ
41	<b>Comarch Healthcare S.A.</b>	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	112,183	-86,283	25,900	100	100	45.84% votes held by CCF FIZ, 20.76% held by Comarch S.A., 19.77% held by Comarch Software und Beratung AG, 13.63% held by CASA Management and Consulting Sp. z o.o. SK-A

42	<b>Comarch Polska S.A.</b>	Kraków	acquires IT contracts in the domestic market and implements them in whole or in part	second degree subsidiary	consolidated	09.06.2008	10,000	-8,519	1,481	100	100	subsidiary through CCF FIZ
43	<b>Comarch Pointshub S.A.</b>	Kraków	activities involving the manufacture and implementation of a new generation of loyalty software	second degree subsidiary	consolidated	21.10.2008	3,000	-161	2,839	100	100	subsidiary through CCF FIZ
44	<b>Comarch Infrastruktura S.A.</b>	Kraków	data centre services and IT outsourcing	second degree subsidiary	consolidated	09.12.2008	1,150	5,474	6,624	100	100	subsidiary through CCF FIZ
45	<b>iComarch24 S.A.</b>	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	-336	2,164	100	100	subsidiary through CCF FIZ
46	<b>Geopolis sp. z o.o.</b>	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	
47	<b>CASA Management and Consulting Sp. z o.o. SK-A</b>	Kraków	investment activity on capital market	second degree subsidiary	consolidated	12.10.2009	31,140	-13,142	17,998	100	100	subsidiary through CCF FIZ
48	<b>Comarch</b>	Luzern	sales and	third degree	consolidated	18.11.2008	12,198	-	12,198	100	100	subsidiary through

	<b>Swiss AG</b>		implementation of software (especially ERP) and systems integrator	subsidiary								CASA Management and Consulting Sp. o.o. SK-A
49	<b>CAMS AG</b>	Luzern	investment activity in the capital and IT market	third degree subsidiary	consolidated	21.01.2013	175	-	175	51	51	51% votes held by CASA Management and Consulting Sp. o.o. SK-A
50	<b>Opso Sp. z o.o.</b>	Kraków	catering services	subsidiary	consolidated	20.12.2011	205	-	205	100	100	
51	<b>MKS Cracovia SSA</b>	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	
52	<b>SoInteractive S.A.**</b>	Kraków	activities in the field of interactive web technologies	associated	equity method valuation	29.09.2008	5,400	-4,939	461	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
53	<b>Metrum Capital S.A. *</b>	Kraków	implementation of investment software	associated	equity method valuation	06.02.2014	450	-448	2	64.29	47.37	15.79% of the votes held by Comarch SA, 31.58% held by CAMS AG
54	<b>Thanks Again LLC*</b>	Tyrone	operator of loyalty programs for airports in North America	associated	equity method valuation	24.08.2015	30,884	-20,114	10,770	42.5	42.5	42.5% of the votes held by Comarch Pointshub Inc.

(\*) 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.)

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 233,623 thousand, value of securities amounts to PLN 119,347 thousand and the balance sheet valuation of shares in subsidiaries amounts to PLN 235,585 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.)

## Note 3 e

Note 3e INTEREST OR SHARES IN RELATED PARTIES																	
thousands of PLN																	
No	a	m						n			o			p	r	s	t
	Name of entity	Equity, including:						liabilities and provisions for liabilities:			receivables of entity, including:			Total assets	Revenue from sales	Value of interest / shares in entity unpaid by issuer	Interest / shares in entity unpaid by issuer dividends from entity received or due for the financial year
		Share capital	Supplementary capital) supplementary capital	Other equity, including:			Noncurrent liabilities	Current liabilities	Non-current receivables	Current receivables							
				Profit (loss) from previous years	Net profit (loss)												
1	Comarch AG	123,361	61,888	90,973	-29,500	-28,794	-3,063	85,910	11,741	74,169	58,223	72	58,151	209,270	107,514	0	0
2	Comarch Software und Beratung AG Group	94,108	24,590	62,947	6,571	-14,311	31,944	44,490	7,396	37,094	45,227	0	45,227	138,599	173,963	0	0
3	Comarch Sistemas LTDA	-954	1,208	0	-2,162	-6,242	2,434	28,387	5,919	22,468	7,596	50	7,546	27,432	16,783	0	0
4	Comarch Peru S.A.C.	-48	196	0	-244	-12	-247	415	0	415	203	0	203	367	1,128	0	0
5	Comarch S.A.S.	4,502	34,752	0	-30,250	-28,062	-4,081	59,742	24,364	35,378	18,542	0	18,542	64,243	31,745	0	0
6	Comarch R&D S.a.r.l	-1,233	26	0	-1,259	-2,124	537	5,605	3,939	1,666	3,474	57	3,417	4,371	9,756	0	0
7	Comarch Luxembourg S.a.r.l.	3,181	1,981	0	1,200	1,659	-432	3,898	1,173	2,725	1,870	0	1,870	7,078	7,830	0	0
8	Comarch, Inc.	19,914	154	853	18,907	17,860	1,674	13,273	0	13,273	23,312	3,185	20,127	33,186	62,232	0	0
9	Comarch Panama, Inc.	8,413	914	0	7,499	6,619	812	3,128	0	3,128	5,118	0	5,118	11,542	4,288	0	0



## COMARCH

## SA-R 2017

10	Comarch Canada Corp.	10,026	162	0	9,864	6,655	4,005	7,397	276	7,121	13,625	0	13,625	17,424	16,882	0	0
11	Comarch Espace Connecte Inc.	1,049	1,164	0	-115	-54	-14	2	0	2	984	0	984	1,051	0	0	0
12	Comarch Middle East FZ-LLC	-3,461	200	0	-3,661	-6,360	1,077	35,775	0	36,775	24,811	0	24,811	32,314	36,692	0	0
13	Comarch LLC	-2,051	15	0	-2,066	-3,882	-883	8,181	0	8,181	4,927	0	4,927	6,130	5,499	0	0
14	OOO Comarch	6,357	140	585	5,632	3,053	4,014	5,512	0	5,512	4,439	0	4,429	11,869	21,221	0	0
15	Comarch Software (Shanghai) Co. Ltd.	-214	597	0	-811	-569	-66	703	0	703	469	0	469	488	-6	0	0
16	Comarch Technologies Oy	247	198	0	49	-8	39	1,887	0	1,887	363	0	363	2,133	2,775	0	0
17	Comarch UK LTD	12,205	271	0	11,934	9,097	3,506	10,937	11	10,926	12,294	0	12,294	23,141	23,499	0	0
18	Comarch Japan KK	-128	162	0	-290	0	-289	455	0	455	76	0	76	327	0	0	0
19	Comarch Chile SpA	-6,271	920	0	-7,191	-3,589	-3,634	10,621	6	10,615	3,443	0	3,443	4,350	8,229	0	0
20	Comarch Software Spain S.L.U.	-1,721	4,641	0	-6,362	-3,431	-2,960	17,583	70	17,513	12,407	1,912	10,495	15,862	13,389	0	0
21	Comarch Colombia S.A.S.	-119,	245	3	-367	-29	-369	6,577	198	6,379	5,679	0	5,679	6,458	5,407	0	0
22	Comarch Yazilim A.S.	215	825	0	-610	-412	-175	2,312	1,097	1,215	1,167	0	1,167	2,527	1,191	0	0
23	Comarch SRL	2,485	3,820	0	-1,335	2,320	-3,852	767	0	767	806	0	806	3,251	1,651	0	0
24	Comarch Malaysia SDN. BHD.	-2,418	517	0	-2,935	-1,614	-1,425	3,796	2,503	1,293	38	0	38	1,378	180	0	0
25	Comarch s.r.o.	522	487	0	35	-114	30	14	0	14	1	0	1	536	0	0	0
26	Comarch Pointshub Inc.	23,334	32,628	0	-9,294	-6,085	-232	4,809	4,807	2	354	0	354	28,143	0	0	0
27	Comarch AB	1,676	22	0	1,654	1,220	562	2,426	160	2,266	2,456	0	2,456	4,102	7,531	0	0
28	Comarch Argentina S.A.	-108	929	0	-1,037	318	-1,781	13,418	2,121	11,297	11,427	0	11,427	12,310	7,208	0	0

29	Comarch Saudi Arabia Co.	693	1,016	0	-323	0	-253	70	0	70	56	0	56	762	0	0	0
30	Comarch Technologies sp. z o.o.	11,096	50	1,646	9,400	8,558	709	1,102	35	1,067	6,128	0	6,128	12,198	9,621	0	0
31	CA Consulting S.A.	11,433	1,050	14,025	-3,642	-4,228	589	6,573	101	6,472	7,143	0	7,143	18,007	12,382	0	0
32	Comarch Management Sp. z o.o.	106	400	0	-294	-261	-33	6	0	6	24	0	24	112	0	0	0
33	Comarch Corporate Finance FIZ	119,347	1,503	0	117,844	120,185	-2,341	98	0	98	0	0	0	119,444	0	0	0
34	Comarch Management Sp. z o.o. SK-A	239	170	6,634	-6,565	2,635	-44	12	0	12	55	0	55	251	9	0	0
35	Bonus Management Sp. z o.o. SK-A	28,454	2,879	22,498	3,077	2,106	-366	657	134	523	11,998	2,500	9,498	29,111	151	0	0
36	Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością Cracovia Park SK-A	1,671	800	1,601	-730	-523	-207	25	0	25	1,636	0	1,636	1,695	12	0	0
37	Bonus Development Sp. z o.o. SK-A	39,441	5,640	42,401	-8,600	-7,247	-1,363	40,667	36,351	4,316	418	0	418	80,108	6,529	0	0
38	Bonus Management Sp. z o.o. II Activia SK-A	15,207	1,555	13,998	-346	-597	251	104	0	104	948	0	948	12,311	16	0	0
39	Bonus Development Sp. z o.o. II Koncept SK-A	9450	101	8,832	517	406	111	149	0	149	1,406	0	1,406	9,599	845	0	0
40	Comarch Healthcare S.A.	362	8,015	72,224	-79,877	-89,559	-19,217	39,148	25,948	13,200	6,198	20	6,178	39,511	20,554	0	0
41	Comarch Polska S.A.	959	500	9,500	-9,041	-6,000	-3,041	18,435	131	18,304	11,181	0	11,181	19,393	24,435	0	0
42	Comarch	2,835	750	2,250	-165	1,251	-1,416	1,121	0	1,121	620	0	620	3,957	667	0	0

	Pointshub S.A.																	
43	Comarch Infrastruktura S.A.	6,624	575	575	5,474	5,105	369	955	3	952	2,967	0	2,967	7,579	3,900	0	0	
44	iComarch24 S.A.	2,165	500	2,000	-335	-834	499	471	0	471	845	0	845	2,636	2,432	0	0	
45	Geopolis Sp. z o.o.	1,578	450	5,108	-3,980	-2,970	-1,010	464	0	464	1,070	168	902	2,042	740			
46	CASA Management and Consulting Sp. z o.o. SK-A	18,673	3,114	28,027	-12,468	-12,430	-38	14	0	14	160	0	160	18,687	0	0	0	
47	Comarch Swiss AG	11,377	1,016	508	9,853	2,274	3,188	4,267	487	3,780	3,360	0	3,360	15,644	25,563	0	0	
48	CAMS AG	275	343	0	-68	-128	26	50	0	50	0	0	0	325	0	0	0	
49	Opso Sp. z o.o.	242	205	0	37	-40	77	160	0	160	53	0	53	402	2,637	0	0	
50	MKS Cracovia S.A.	47,192	21,840	22,728	2,624	-24,868	4,343	20,809	7,906	12,903	6,550	0	6,550	68,001	32,389	0	0	
51	SoInteractive S.A.	530	791	1,260	-1,521	-409	-1,112	3,991	40	3,951	2,466	828	1,638	4,536	9,971	0	0	
52	Metrum Capital S.A.	4	700	0	-696	-667	-29	3	0	3	4	0	4	7	45	0	0	
53	Thanks Again LLC	-8,922	23,674	0	-32,596	-29,171	-3,425	14,440	0	14,400	5,341	5,011	330	5,518	8,118	0	0	

Transactions with associates and personally related entities:  
 -purchases from personally related entities: PLN 2,921 thousand,  
 -sales to personally related entities: PLN 191 thousand,  
 -purchases from associates: PLN 13,439 thousand,  
 -sales to associates: PLN 1,868 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

<b>SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			163,176	161,167
b) in foreign currencies (by currencies and after conversion to PLN)			192,751	190,853
b1. in currency	in thou.	USD	7,081	7,381
after conversion to thousands of PLN			27,093	28,597
b2. in currency	in thou.	EUR	41,164	38,882
after conversion to thousands of PLN			164,339	158,988
other currencies in thousands of PLN			1,319	3,268
Total securities, shares and other non-current financial assets			355,927	352,020

## Note 3 g

<b>SECURITIES, SHARES AND OTHER NON-CURRENT FINANCIAL ASSETS (BY DISPOSAL)</b>	thousands of PLN	
	2017	2016
A. Total securities, shares and other non-current financial assets	355,927	352,020
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	194,258	194,258
-opening balance value	194,258	194,383
-revaluating corrections (for the period)	0	-21,135
-increase - purchase of shares	0	21,010
-value according to the acquisition price	262,415	262,415
c. participation units	119,347	121,688
-opening balance value	121,688	128,284
-value according to the acquisition price	1,563	1,563
-revaluating corrections (for the period)	-2,341	-6,596
d. shares in limited companies	39,514	35,603
-opening balance value	35,603	36,169
-revaluating corrections (for the period)	-7,596	-3,839
-increase in value – purchase of shares	11,507	3,273
-value according to the acquisition price	61,048	49,541
e. others-interest on non-current loans and valuation of futures contracts (balance sheet value)	2,808	471
-opening balance value	471	1,029
-revaluating corrections (for the period)	2,337	0
Total value according to the acquisition price	325,036	313,519
Total opening balance value	352,020	359,865
Total revaluating corrections (for the period)	232,173	224,573
Total balance sheet value	355,927	352,020

## Note 3 h

<b>GRANTED NON-CURRENT LOANS (BY CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			3,372	3,748
b) in foreign currencies (by currencies and after conversion to PLN)			0	5,015
b1. in currency	in thou.	EUR	0	0

after conversion to thousands of PLN			0	0
b2. in currency	in thou.	USD	0	1,200
after conversion to thousands of PLN			0	5,015
Total non-current loans			3,372	8,763

**Note 3 i**

<b>OTHER NON-CURRENT INVESTMENTS (BY TYPES)</b>	thousands of PLN	
	2017	2016
-works of art	43	43
Total other non-current investments	43	43

**Note 3 j**

<b>CHANGES IN OTHER NON-CURRENT INVESTMENTS (BY TYPES)</b>	thousands of PLN	
	2017	2016
a) opening balance	43	43
b) closing balance	43	43

**Note 3 k**

<b>OTHER NON-CURRENT INVESTMENT (CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			43	43
Total other non-current investment			43	43

**Note 4 a**

<b>CHANGE IN DEFERRED INCOME TAX ASSETS</b>	thousands of PLN	
	2017	2016
1. Opening balance of deferred income tax assets	6,510	7,348
2. Increases	744	1,608
a) referred into the financial result of the period	744	1,608
3. Decreases	1,438	2,446
a) referred into the financial result of the period	1,438	2,446
4. Closing balance of deferred income tax assets, including:	5,816	6,510
a) referred into the financial result	5,816	6,510

**Note 4 b**

<b>OTHER PREPAYMENTS</b>	thousands of PLN	
	2017	2016
a) prepayments of costs, including:	3,191	1,093
-non-current prepayments due to costs	3,191	1,093
Total other prepayments	3,191	1,093

**Note 5 a**

<b>INVENTORIES</b>	thousands of PLN	
	2017	2016
a) materials	1,192	687
b) rough products and products in progress	58,138	42,117
c) finished goods	79	10

d) goods	18,545	459
e) advances for deliveries	166	0
Total inventories	78,120	43,273

**Note 6 a**

<b>CURRENT RECEIVABLES</b>	thousands of PLN	
	2017	2016
a) from related parties	184,106	181,062
-due to deliveries and services with payment period of:	183,025	179,419
-up to 12 months	183,025	179,419
-other	1,080	1,643
b) from other entities where the issuer holds interest in capital	560	587
-due to deliveries and services with payment period of:	560	587
c) from other entities	127,707	142,923
-due to deliveries and services with payment period of:	125,716	141,425
-up to 12 months	125,716	141,425
-over 12 months	0	0
-other, including:	1,991	1,498
-settlements with employees due to advances and loans	310	321
-deposits, securities, overpayments	241	353
-due subsidies	686	673
-other	754	151
Total net current receivables	312,373	324,572
d) write-offs revaluating receivables	18,611	17,294
Total gross current receivables	330,984	341,866

**Note 6 b**

<b>CURRENT RECEIVABLES FROM RELATED PARTIES</b>	thousands of PLN	
	2017	2016
a) due to deliveries and services, including:	183,026	179,419
-from subsidiaries	183,586	179,419
b) others, including:	1,080	1,643
-from subsidiaries	1,080	1,643
Total net current receivables from related parties	184,106	181,062
c) write-offs revaluating receivables from related parties	12,251	11,900
Total gross current receivables from related parties	196,357	192,962

**Note 6 c**

<b>CURRENT RECEIVABLES FROM OTHER ENTITIES WHERE THE ISSUER HOLDS INTEREST IN CAPITAL</b>	thousands of PLN	
	2017	2016
a) due to deliveries and services, including:	560	587
-from associated companies	560	587
Total net current receivables from other entities where the issuer holds interest in capital	560	587
b) write-offs revaluating receivables from other entities where the issuer holds interest in capital	229	460
Total gross current receivables from other entities where the issuer holds interest in capital	789	1,047

## Note 6 d

<b>CHANGE IN WRITE-OFFS THAT REVALUATE CURRENT RECEIVABLES</b>	thousands of PLN	
	2017	2016
Opening balance	17,294	16,047
a) increases (due to)	6,327	8,730
-establishing write-offs for bad debts	6,327	8,730
b) decreases (due to)	5,010	7,483
-dissolution of write-offs for receivables	3,442	6,099
-using of write-offs for receivables - listing of outdated receivables	1,568	1,384
Closing balance of write-offs that revalue current receivables	18,611	17,294

## Note 6 e

<b>GROSS CURRENT RECEIVABLES (CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			112,793	116,530
b) in foreign currencies (by currencies and after conversion to PLN)			218,191	225,336
b1. in currency	in thou.	EUR	32,662	32,696
after conversion to thousands of PLN			136,342	144,569
b2. in currency	in thou.	USD	20,796	15,596
after conversion to thousands of PLN			72,590	64,921
b3. in currency	in thou.	CHF	1	1
after conversion to thousands of PLN			4	4
b4. in currency	in thou.	GBP	637	1,133
after conversion to thousands of PLN			2,995	5,827
other currencies in thousands of PLN			6,260	10,015
Total current receivables			330,984	341,866

## Note 6 f

<b>GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, WITH PAYMENT PERIOD OF THE BALANCE SHEET DATE:</b>	thousands of PLN	
	2017	2016
a) less than 1 month	117,658	137,580
b) over 1 month and less than 3 months	39,907	33,771
c) over 3 month and less than 6 months	1,241	9,523
d) over 6 months and less than 1 year	740	425
e) over 1 year	0	51
f) outdated receivables	168,366	157,375
Total gross receivables due to deliveries and services	327,912	338,725
g) write-offs that revalue receivables due to deliveries and services	18,611	17,294
Total net receivables due to deliveries and services	309,301	321,431

## Note 6 g

<b>GROSS RECEIVABLES DUE TO DELIVERIES AND SERVICES, OUTDATED, BY RECEIVABLES OUTSTANDING IN THE PERIOD:</b>	thousands of PLN	
	2017	2016
a) less than 1 month	36,782	29,495
b) over 1 month and less than 3 months	33,506	23,564
c) over 3 month and less than 6 months	14,748	31,279
d) over 6 months and less than 1 year	29,886	31,095
e) over 1 year	53,444	41,942



Total gross receivables due to deliveries and services, outdated	168,366	157,375
f) write-offs that reevaluate receivables due to deliveries and services, outdated	18,611	17,294
Total net receivables due to deliveries and services, outdated	149,755	140,081

**Note 7 a**

Contested debts and outdated receivables (by titles) as at 31 <sup>st</sup> of December, 2017:	
a) contested receivables – comprised by revaluating write-offs:	PLN 1,128 thousand.
b) gross outdated receivables:	PLN 168,366 thousand, including:
- due to deliveries of finished goods and services:	PLN 168,366 thousand.
Outdated receivables on which revaluating write-offs were not made:	PLN 149,755 thousand.
Outdated receivables comprised by revaluating write-offs:	PLN 18,611 thousand.
Including receivables that are prosecuted – comprised by revaluating write-offs:	PLN 1,496 thousand.

File	Description

**Note 8 a**

<b>CURRENT FINANCIAL ASSETS</b>	thousands of PLN	
	2017	2016
a) in related parties	322	351
-granted loans	322	322
-other current financial assets	0	29
b) in other entities where the issuer holds interest in capital	303	204
-granted loans	280	200
-other current financial assets	23	4
c) in other entities	8,516	1,150
-interest and shares	0	1
-other current financial assets	8,516	1,149
-forward contracts	8,516	1,149
d) cash and cash equivalents	48,529	53,783
-cash in hand and at banks	48,520	53,781
-other monetary assets	9	2
Total current financial assets	57,670	55,488

**Note 8 b**

<b>SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			8,539	1,183
Total securities, shares and other current financial assets			8,539	1,183

**Note 8 c**

<b>SECURITIES, SHARES AND OTHER CURRENT FINANCIAL ASSETS (BY DISPOSAL)</b>	thousands of PLN	
	2017	2016
A. Shares registered in regulated market (balance sheet value)	0	1
-market value	0	1
-value by acquisition price	0	0
B. Derivatives (balance sheet value)	8,539	1,182

-market value	8,539	1,182
Total balance sheet value	8,539	1,183

**Note 8 d**

<b>GRANTED CURRENT LOANS (CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			602	522
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			602	522

**Note 8 e**

<b>CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			36,448	24,626
b) in foreign currencies (by currencies and after conversion to PLN)			12,081	29,157
b1. in currency	in thou.	EUR	958	6,190
after conversion to thousands of PLN			3,993	27,383
b2. in currency	in thou.	USD	991	84
after conversion to thousands of PLN			3,448	350
b3. in currency	in thou.	GBP	249	253
after conversion to thousands of PLN			1,173	1,300
b4. in currency	in thou.	DKK	9	14
after conversion to thousands of PLN			5	8
b5. in currency	in thou.	CHF	14	10
after conversion to thousands of PLN			49	42
b6. in currency	in thou.	CAD	2	4
after conversion to thousands of PLN			9	13
other currencies in thousands of PLN			3,404	61
Total cash and cash equivalents			48,529	53,783

**Note 9 a**

<b>CURRENT PREPAYMENTS</b>	thousands of PLN	
	2017	2016
a) current prepayments of costs, including:	9,564	8,036
-costs related to the future sales	8,482	7,334
-property and motor insurance	1,082	702
-other	0	0
b) other prepayments, including:	33,324	29,273
-prepayments due to revenues from non-current contracts	33,324	29,273
Total current prepayments	42,888	37,309

## 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 programme	2007-04-20	2007-01-01
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 31<sup>st</sup> of December, 2017, 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**

<b>SUPPLEMENTARY CAPITAL</b>	thousands of PLN	
	2017	2016
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**

<b>REVALUATION RESERVE</b>	thousands of PLN	
	2017	2016
Opening balance of revaluation of reserve	97,301	103,052
a) increases	445	1,349
-provision for deferred tax due to certificates valuation	445	1,349
b) decreases	2,341	7,100
-balance-sheet valuation of investment certificates	2,341	7,100
Total revaluation reserve	95,405	97,301

**Note 13 a**

<b>OTHER RESERVE CAPITALS (BY PURPOSES)</b>	thousands of PLN	
	2017	2016
-investment capital	79	79
-supplementary capital for covering the tax liabilities	666	666
Total reserve capitals	745	745

## Note 14 a

<b>CHANGES IN PROVISION DUE TO DEFERRED INCOME TAX</b>	thousands of PLN	
	2017	2016
1. Opening balance of provision due to deferred income tax	23,830	25,412
2. Increases	1,921	0
-referred into the financial result of the period due to positive temporary differences	1,921	0
3. Decreases	496	1,582
-referred into revaluation reserve due to CCF FIZ investment certificates valuation	445	1,349
-referred into the financial result	51	233
4. Closing balance of provision due to deferred income tax	25,255	23,830
-referred into the financial result	2,858	988
-referred into the equity	22,397	22,842

## Note 14 b

<b>CHANGES IN OTHER CURRENT PROVISIONS (BY TITLES)</b>	thousands of PLN	
	2017	2016
a) opening balance	100,816	115,257
b) increases (due to)	93,001	95,329
-creating provisions due to contractual penalties and recoveries related to delays in contract execution and withdrawal from the contracts	1,148	418
-provisions for leaves	11,892	12,465
-provisions for contracts costs	10,410	7,634
-provisions for rewards	69,551	74,812
c) decreases	96,371	109,770
-dissolving provisions for leaves	10,973	10,194
-dissolving provisions for contractual penalties due to no reasons for creating them	696	174
-provisions for contracts costs	11,509	13,018
-provisions for rewards	73,193	86,384
-other provisions	0	0
c) closing balance	97,446	100,816

## Note 15 a

<b>NON-CURRENT LIABILITIES</b>	thousands of PLN	
	2017	2016
a) to related parties, including:	22,473	16,520
aa) to subsidiaries	22,473	16,520
-other (by types)	22,473	16,520
-liabilities due to lease	72	200
-received loans	22,401	16,320
b) to other entities where the issuer holds interest in capital	0	0
c) to other entities	132,289	104,843
-credits and loans	131,553	102,305
-other	736	2,538
Total non-current liabilities	154,762	121,363

**Note 15 b**

<b>NON-CURRENT LIABILITIES WITH PAYMENT PERIOD (FROM THE BALANCE SHEET DATE)</b>	thousands of PLN	
	2017	2016
a) over 1 year up to 3 years	57,764	65,673
b) over 3 years up to 5 years	54,352	32,588
c) over 5 years	42,646	23,102
Total non-current liabilities	154,762	121,363

**Note 15 c**

<b>NON-CURRENT LIABILITIES (CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			18,508	19,993
b) in in foreign currencies (by currencies and after conversion to PLN)			136,254	101,370
b1. in currency	in thou.	EUR	32,667	22,913
after conversion to thousands of PLN			136,254	101,370
Total non-current liabilities			154,762	121,363

## 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	14,860	3,563	thou	EUR	EURIBOR1M+0.95%; IRS at 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	5,915	1,418	thou	EUR	EURIBOR1M+1.2%; IRS at 0.88% till 2018-10-31	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
Bank Zachodni WBK S.A.	Warsaw	30,925	7,400	thou	EUR	7,965	1,910	thou	EUR	EURIBOR1M+1.3%; IRS at 0.354% till 2019-06-28	31-12-2010	the mortgage on land in the amount of EUR 100 thousand, assignment of the insurance policy and declaration of submission to enforcement	related to SEZ3 building
PEKAO SA	Warsaw	56,000	13,323	thou	EUR	34,152	8,188	thou	EUR	EURIBOR1M+1.4%; IRS at 0.2% till 30-11-2023	30-11-2023	Contractual mortgage to the amount of 84,000 thousand PLN, assignment of rights from property Insurance agreement, assignment of performance bonds and warranties and declaration of submission to	related to SEZ6 building

												enforcement	
Bank Handlowy w Warszawie SA	Warsaw	58,144	13,333	thou	EUR	47,075	11,286	thou	EUR	EURIBOR1M+1.32%; IRS at 0.385% till 29-02-2028	15-05-2028	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	6,607	1,584	thou	EUR	EURIBOR1M+1.32%; IRS at minus 0.265% till 30-09-2019	16-12-2019	Comarch's declaration of submission to enforcement	financing of the current business activities
DNB Bank Polska SA	Warsaw	10,854	2,531	thou	EUR	7,303	1,751	thou	EUR	EURIBOR1M+1.25%	30-12-2023	Registered pledge on equipment being the subject of financing, assignment of rights from equipment insurance agreement	related to IoT Lab's equipment
IBM Global Financing Polska Sp zoo	Warsaw	12,980	12,980	thou	PLN	7,676	7,676	thou	PLN	fixed interest rate	01-03-2022	None present	related to delivery of IBM IT products in relation to an IT project performed by the Comarch Group

At the balance sheet date, long-term part of credit to be paid is worth PLN 131,553 thousand.



**Note 16 a**

<b>CURRENT LIABILITIES</b>	thousands of PLN	
	2017	2016
a) to related parties, including:	26,901	20,214
aa) to subsidiaries	26,901	20,214
-due to deliveries and services with payment period of:	21,152	14,748
-up to 12 months	21,152	14,748
-other (by types)	5,749	5,466
-liabilities due to lease	224	175
-investment liabilities	1,376	9
-liabilities due to payments for capital	3,098	3,716
-other	1,051	1,566
b) to other entities where the issuer holds interest in capital	894	2,108
c) to other entities	124,781	102,914
-credits and loans	23,557	18,636
-other financial liabilities	509	2,324
-due to deliveries and services with payment period of:	46,274	37,059
-up to 12 months	46,274	37,059
-over 12 months	0	0
-advances for received deliveries	55	20
-due to taxes, customs, insurance and other benefits	21,682	27,927
-due to remuneration	21,826	102
-other (by titles)	11,878	16,846
-investment liabilities	11,401	16,410
-liabilities to employees	470	420
-other	7	16
d) special funds (by types)	1,598	1,564
-Social Services Fund and Residential Fund	1,598	1,564
Total current liabilities	155,174	126,800

**Note 16 b**

<b>CURRENT LIABILITIES (CURRENCY STRUCTURE)</b>	unit	currency	thousands of PLN	
			2017	2016
a) in polish currency			115,269	87,483
b) in foreign currencies (by currencies and after conversion to PLN)			39,905	39,317
b1. in currency	in thou.	EUR	8,982	7,328
after conversion to thousands of PLN			37,461	32,386
b2. in currency	in thou.	USD	299	1,034
after conversion to thousands of PLN			1,043	4,320
b3. in currency	in thou.	GBP	20	123
after conversion to thousands of PLN			93	634
b4. in currency	in thou.	CHF	1	101
after conversion to thousands of PLN			5	417
Other currencies in thousands of PLN			1,303	1,560
Total current liabilities			155,174	126,800

## 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	2,584	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	2,330	559	thou	EUR	EURIBOR1M+1.2%; IRS at 0.88% till 2018-10-31	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
BZ WBK	Warsaw	30,925	7,400	thou	EUR	4,315	1,035	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	6,946	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

## COMARCH

## SA-R 2017

Bank Handlowy w Warszawie SA	Warsaw	58,144	13,333	thou	EUR	-	-	thou	EUR	EURIBOR1M+1.32%; IRS at 0.385% till 29-02-2028	15-05-2028	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	3,854	924	thou	EUR	EURIBOR1M+1.32%; IRS at minus 0.265% till 30-09-2019.	16-12-2019	Comarch's declaration of submission to enforcement	financing of the current business activities
DNB Bank Polska SA	Warsaw	10,854	2,531	thou	EUR	1,582	379	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
IBM Global Financing Polska sp. z o.o.	Warsaw	12,980	12,980	thou	PLN	2,307	2,307	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

At the balance sheet date short-term part of credit to be paid is worth PLN 23,918 thousand (balance sheet valuation of interests is not included).

**Note 17 a**

<b>OTHER ACCRUALS</b>	thousands of PLN	
	2017	2016
a) costs related to the current period that will be incurred in future	1,776	1,248
b) accruals of revenues	15,809	16,446
-current (by titles)	15,809	16,446
-subsidies received	2,592	19
-accruals due to long-term contracts	13,217	16,427
Total other accruals	17,585	17,694

**Note 18 a**

Book value per single share in column "2017" is equal to book value (equity) divided by number of shares as at 31<sup>st</sup> of December, 2017.  
 Book value per single share in column "2016" is equal to book value (equity) divided by number of shares as at 31<sup>st</sup> of December, 2016.  
 Diluted book value per single share in column "2017" is equal to book value (equity) divided by number of shares as at 31<sup>st</sup> of December, 2017, pursuant to IAS 33.  
 Diluted book value per single share in column "2016" is equal to book value (equity) divided by diluted number of shares as at 31<sup>st</sup> of December, 2016, 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**

<b>CONTINGENT LIABILITIES (DUE TO)</b>	thousands of PLN	
	2017	2016
a) granted bank guarantees and suretyships	113,854	201,927
-to related parties, including:	113,854	201,927
-to subsidiaries	113,854	201,927
Total contingent liabilities to related parties	113,854	201,927

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**

<b>NET REVENUES FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)</b>	thousands of PLN	
	2017	2016
-sales of IT services	576,731	547,687
-from related parties, including:	213,006	180,680
-from subsidiaries	213,006	180,680
-from other entities where the issuer holds interest in capital	17	19

-from associated companies	17	19
-sales of proprietary software and licences	130,237	137,214
-including: from related parties	25,247	39,548
-sales of finished goods	1,165	418
-including: from related parties	625	215
-including: from other entities where the issuer holds interest in capital	0	0
-other sales	5,642	5,201
-including: from related parties	2,729	2,723
-including: from other entities where the issuer holds interest in capital	744	749
Total net revenues from sales of products	713,775	690,520
-from related parties, including:	241,607	223,166
-from subsidiaries	241,607	223,166
-from other entities where the issuer holds interest in capital	761	768
-from associated companies	761	768

**Note 20 b**

<b>NET REVENUES FROM SALES OF PRODUCTS (GEOGRAPHICAL STRUCTURE)</b>	thousands of PLN	
	2017	2016
a) domestic	365,244	336,096
-from related parties, including:	19,035	19,415
-from subsidiaries	19,035	19,415
-from other entities where the issuer holds interest in capital	751	762
-from associated companies	751	762
b) export	348,531	354,424
-from related parties, including:	222,572	203,751
-from subsidiaries	222,572	203,751
-from other entities where the issuer holds interest in capital	10	6
-from associated companies	10	6
Total net revenues from sales of products	713,775	690,520
-from related parties, including:	241,607	223,166
-from subsidiaries	241,607	223,166
-from other entities where the issuer holds interest in capital	761	768
-from associated companies	761	768

**Note 21 a**

<b>NET REVENUES FROM SALES OF GOODS AND MATERIALS (MATERIAL STRUCTURE- TYPES OF ACTIVITIES)</b>	thousands of PLN	
	2017	2016
-computer hardware	6,808	5,963
-from related parties, including:	858	1,367
-from subsidiaries	858	1,367
-from other entities where the issuer holds interest in capital	0	0
-proprietary software and licences	11,311	17,069
-including: from related parties	2,073	1,297
-including: from other entities where the issuer holds interest in capital	0	0
-other	23,623	35,661
-including: from related parties	3,532	546
-including: from other entities where the issuer holds interest in capital	0	0

Total net revenues from sales of goods and materials	41,742	58,693
-from related parties, including:	6,463	3,210
-from subsidiaries	6,463	3,210
-from other entities where the issuer holds interest in capital	0	0

**Note 21 b**

<b>NET REVENUES FROM SALES OF GOODS AND MATERIALS (GEOGRAPHIC STRUCTURE)</b>	thousands of PLN	
	2017	2016
a) domestic	39,681	54,283
-from related parties, including:	4,750	586
-from subsidiaries	4,750	586
-from other entities where the issuer holds interest in capital	0	0
b) export	2,061	4,410
-from related parties, including:	1,713	2,624
-from subsidiaries	1,713	2,624
-from other entities where the issuer holds interest in capital	0	0
Total net revenues from sales of goods and materials	41,742	58,693
-from related parties, including:	6,463	3,210
-from subsidiaries	6,463	3,210
-from other entities where the issuer holds interest in capital	0	0

**Note 22 a**

<b>COSTS BY TYPES</b>	thousands of PLN	
	2017	2016
a) depreciation	38,052	35,301
b) consumption of materials and energy	14,077	12,811
c) third party services	158,862	141,588
d) taxes and charges	6,085	5,642
e) remuneration	384,720	368,143
f) social insurance and other benefits	70,599	64,220
g) other (by types)	27,360	20,714
Total costs by types	699,755	648,419
Change in inventories, products and prepayments	-34,600	-50,046
Costs of sales (negative value)	-72,448	-67,002
Administrative costs (negative value)	-53,971	-55,719
Manufacturing costs of products sold	538,736	475,652

**Note 23 a**

<b>OTHER OPERATING REVENUES</b>	thousands of PLN	
	2017	2016
a) provision dissolution (due to)	00	15
-write-offs that reevaluate materials and finished goods	0	15
b) other, including:	836	958
-recovered communication damages	37	126
-expired liabilities	57	0
-refund of VAT which paid abroad	333	524
-received contractual penalties, compensation	0	5
-remuneration of taxpayer, refunds from Social Securities Institution	106	137
-cancelled training contracts	58	45
-money bonus	8	0

-other	237	121
Total operating revenues	836	973

**Note 24 a**

<b>OTHER OPERATING COSTS</b>	thousands of PLN	
	2017	2016
a) other, including:	13,748	18,991
-membership fees	732	661
-donations	1,722	31
-paid penalties and damages, provisions for penalties, damages and claims	2,052	492
-dissolving the receivables	0	4,650
-costs of projects that are in part financed with subsidies	5,285	9,477
-social costs	39	48
-creating-dissolving the write-offs revaluating receivables	2,840	1,324
-real estate maintenance costs	1,049	1,030
-other	29	1,278
Total operating costs	12,748	18,991

**Note 25 a**

<b>FINANCIAL REVENUES DUE TO DIVIDENDS AND SHARES IN PROFITS</b>	thousands of PLN	
	2017	2016
a) dividends from related parties, including	107	542
-dividends from subsidiaries:	107	542
Total financial revenues due to dividends and shares in profits	107	542

**Note 25 b**

<b>FINANCIAL REVENUES DUE TO INTEREST</b>	thousands of PLN	
	2017	2016
a) due to granted loans	176	694
-from related parties, including:	157	683
-from subsidiaries	157	683
-from other entities where the issuer holds interest in capital	19	11
-from associated companies	19	11
b) other interest	275	216
-from other parties, including:	275	216
-from other parties	275	216
Total financing revenues due to interest	451	910

**Note 25 c**

<b>OTHER FINANCING REVENUES</b>	thousands of PLN	
	2017	2016
a) other, including:	13,389	3,446
-exchange differences	0	3,446
-forward valuation	13,328	0
-other	61	0
Total financing revenues	13,389	3,446

## Note 26 a

FINANCING COSTS DUE TO INTEREST	thousands of PLN	
	2017	2016
a) other interest	2,796	2,391
-from related parties, including:	736	338
-from subsidiaries	736	338
-from other parties, including:	2,060	2,053
-from other parties	2,060	2,053
Total financing costs due to interest	2,796	2,391

## Note 26 b

OTHER FINANCING COSTS	thousands of PLN	
	2017	2016
a) other, including:	12,900	443
-commissions on guarantees	225	427
-valuation of financial instruments	0	0
- exchange differences	12,526	0
-other	149	16
Total other financing costs	12,900	443

## Note 27 a

CURRENT INCOME TAX	thousands of PLN	
	2017	2016
1. Gross profit (loss)	44,244	56,546
2. Permanent differences between gross profit (loss) and basis of taxation for income tax	8,000	-5,998
3. Temporary differences between gross profit (loss) and basis of taxation for income tax	-24,751	44,707
4. Other differences between gross profit (loss) and basis of taxation for income tax, including:	-15,057	-40,458
-income exempt due to activities in Special Economic Zone	-15,057	-40,458
5. Basis of taxation for income tax	12,436	54,797
6. Income tax at the rate of 19% in Poland and 10% in Albany	2,342	10,353
7. Income tax recognised in income statement	4,906	10,958
-presented in tax declaration (current tax to be paid)	2,342	10,353
-deferred tax	2,564	605

## Note 27 b

DEFERRED INCOME TAX RECOGNISED IN INCOME STATEMENT:	thousands of PLN	
	2017	2016
-deferred income tax due to temporary differences	2,564	605
Total deferred income tax	2,564	605

## Note 28 a

On the 27<sup>th</sup> of June, 2017, General Meeting approved the resolution no. 9 regarding the distribution of net profit for the fiscal year 1.01.2016 - 31.12.2016. The net profit in the amount of PLN 45,588,464.11 (in writing: forty-five million five hundred eighty-eight thousand four hundred sixty-four zlotys and 11/100) 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 31<sup>st</sup> of July, 2017, 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 was paid on the 11<sup>th</sup> of August, 2017.

2. The remaining part of the net profit in the amount of PLN 33,388,440.61 (thirty-three million three hundred eighty-eight thousand four hundred forty zlotys and 61/100) will be 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 2017.

File	Description

### Note 29 a

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

Net profit per single share in column "2016" is equal to net profit for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, divided by weighted average number of shares between 1<sup>st</sup> of January, 2016 and 31<sup>st</sup> of December, 2016, where number of days is the weight.

Diluted net profit per single share in column "2017" is equal to net profit for the period from 1<sup>st</sup> of January, 2017 to 31<sup>st</sup> of December, 2017 divided by weighted average number of shares between 1<sup>st</sup> of January, 2017 and 31<sup>st</sup> of December, 2017 that was calculated according to IAS 33.

Diluted net profit per single share in column "2016" is equal to net profit for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016 divided by weighted average number of shares between 1<sup>st</sup> of January, 2016 and 31<sup>st</sup> of December, 2016 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
Cash flow commentary notes.pdf	Cash flow commentary notes- Appendix no. 6

CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)	in thousands of PLN	
	2017	2016
I. Net profit (loss)	39,338	45,588
II. Total adjustments	7,652	-9,766
1. Depreciation	38,052	35,301
2. Exchange gains (losses)	243	5
3. Interest and shares in profits (dividends)	2,917	518
4. Profit (loss) on investing activities	7,152	21,807
5. Change in provisions	55	-14,674

6. Change in inventories	-34,848	-15,526
7. Change in receivables	-9,528	-32,228
8. Change in current liabilities, excluding credits and loans	17,775	-11,219
9. Change in prepayments and accruals	-14,166	6,250
III. Net cash used in operating activities (I+/-II)	46,990	35,822

### B. ADDITIONAL COMMENTARY NOTES

File	Description
Additional commentary notes.pdf	Additional commentary notes-Appendix no. 7

### SIGNATURES

SIGNATURES OF ALL MEMBERS OF THE BOARD			
Date	Name and surname	Position	Signature
2018-04-27	Janusz Filipiak	President of the Management Board	
2018-04-27	Marcin Dąbrowski	Vice-president of the Management Board	
2018-04-27	Paweł Prokop	Vice-president of the Management Board	
2018-04-27	Andrzej Przewięźlikowski	Vice-president of the Management Board	
2018-04-27	Zbigniew Rymarczyk	Vice-president of the Management Board	
2018-04-27	Konrad Tarański	Vice-president of the Management Board	
2018-04-27	Marcin Warwas	Vice-president of the Management Board	
SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS			
Date	Name and surname	Position	Signature
2018-04-27	Maria Smolińska	Head Accountant	

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

File	Description
Report of the Management Board.pdf	Report of the Management Board-Appendix no. 8

### REPORT REGARDING THE CORPORATE GOVERNANCE

File	Description
Report regarding the Corporate Governance.pdf	Report regarding the Corporate Governance- Appendix no. 9

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:

**CASH FLOW COMMENTARY NOTES, SA-R 2017 COMARCH S.A. ANNUAL REPORT**

**Note 30**  
**CASH STRUCTURE (CURRENT YEAR)**

	31 December 2017	31 December 2016	Change
Cash in hand	553	739	-186
Cash in banks	47,967	53,042	-5,075
<b>Total</b>	<b>48,520</b>	<b>53,781</b>	<b>-5,261</b>
<i>-including exchange differences</i>	<i>-247</i>	<i>38</i>	<i>-285</i>

**Note 31**  
**CALCULATION DETAILS OF SELECTED ITEMS IN CASH FLOW STATEMENT (CURRENT YEAR)**

**Operating activities**

Pos. A II 1 Depreciation	2017	2016
Depreciation of intangible assets	5,114	4,670
Depreciation of property, plant and equipment	31,546	29,147
Depreciation of investment real estates	1,392	1,484
<b>Total</b>	<b>38,052</b>	<b>35,301</b>

Pos. A II 3	2017	2016
Paid-out interest on credits	2,146	2,095
Received and paid interest on loans	878	-1,035
Received dividend	-107	-542
<b>Total</b>	<b>2,917</b>	<b>518</b>

<b>Pos. A II 4</b>	<b>2017</b>	<b>2016</b>
Revenues from sales of property, plant and equipment	-3,285	-792
Cost of sold and decommissioned property, plant and equipment	3,157	-2,374
Revaluation of investment	-316	-
Revaluation of shares	7,596	24,973
<b>Total</b>	<b>7,152</b>	<b>21,807</b>

<b>Pos. A II 7</b>	<b>2017</b>	<b>2016</b>
Change in trade receivables	12,373	-17,454
Change in other receivables	5,304	-2,327
Investment receivables	702	-634
Granted loans	767	14,230
Paid loans	-5,886	-26,043
Derivative instruments	-22,788	-
<b>Total</b>	<b>-9,528</b>	<b>-32,228</b>

<b>Pos. A II 8</b>	<b>2017</b>	<b>2016</b>
Change in current liabilities excluding loans, credits and other financial liabilities	20,864	6,739
Change in investment liabilities	3,898	-9,007
Change in financial liabilities	-6,400	-3,808
Change in liabilities (unpaid shares)	-621	-5,253
Change in Social Services Fund	34	110
<b>Total</b>	<b>17,775</b>	<b>-11,219</b>

<b>Pos. A II 9</b>	<b>2017</b>	<b>2016</b>
Change in prepayments	-7,677	-292
Change in accruals	-1,664	5,704
Change in tax asset	694	838
Subsidies received for non-current assets	-2,890	-
Subsidies received for costs	-2,629	-
<b>Total</b>	<b>-14,166</b>	<b>6,250</b>

### Change in tax asset

Inflows

<b>Pos. B I 1</b>	<b>2017</b>	<b>2016</b>
Revenues from sales of property, plant and equipment	3,285	792
Paid receivables	-526	634
<b>Total</b>	<b>2,759</b>	<b>1,426</b>

<b>Pos. B I 2</b>	<b>2017</b>	<b>2016</b>
Dividends and share in profits	107	542
Repaid loans	5,886	26,013
Received loans	0	24,789
Interest on loans	172	1,671
Other inflows	13,082	1,383
<b>Total</b>	<b>19,247</b>	<b>54,398</b>

Outflows

<b>Pos. B II 1 and 2</b>	<b>2017</b>	<b>2016</b>
Purchase of intangible assets and property, plant and equipment and real estates	-95,665	-67,890
Change of investment liabilities	-3,898	14,260
Change of investment receivables	-176	-
Subsidies received for non-current assets	2,890	-
Inflows from subsidies	316	-
<b>Total</b>	<b>-96,533</b>	<b>-53,630</b>

<b>Pos. B II 3a</b>	<b>2017</b>	<b>2016</b>
Purchase of financial assets	-11,508	-24,785
Change of investment liabilities	-621	-5,253
Granted and paid non-current loans and interest	-767	-26,337
<b>Total</b>	<b>-12,896</b>	<b>-56,375</b>

## ADDITIONAL COMMENTARY NOTES SA-R 2017 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 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, were as follows:

Change in financial instruments by categories	Financial assets held for trading	Held to maturity financial assets	Granted loans	Financial liabilities
<b>1 January 2016</b>	<b>710</b>	-	<b>23,162</b>	<b>128,737</b>
+ increases	1,641	-	15,935	59,110
- decreases	710	-	29,813	41,543
<b>31 December 2016</b>	<b>1,641</b>	-	<b>9,284</b>	<b>146,304</b>

## Balance sheet approach

<b>Non-current financial assets</b>	<b>492</b>	-	<b>8,763</b>	-
in related parties	-	-	8,763	-
in other entities	492	-	-	-
<b>Current financial assets</b>	<b>1,149</b>	-	<b>521</b>	-
in related parties	-	-	521	-
in other entities	1,149	-	-	-
<b>Current financial liabilities</b>	-	-	-	<b>24,942</b>
in related parties	-	-	-	3,982
in other entities	-	-	-	20,960
<b>Non-current financial liabilities</b>	-	-	-	<b>121,362</b>
in related parties	-	-	-	16,520
in other entities	-	-	-	104,842



Changes in particular categories of financial assets (excluding cash and cash equivalents) from 1<sup>st</sup> of January, 2017 to 31<sup>st</sup> 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
<b>1 January 2017</b>	<b>1,641</b>	-	<b>9,284</b>	<b>146,304</b>
+ increases	11,353	-	830	41,140
- decreases	1,641	-	6,140	5,281
<b>31 December 2017</b>	<b>11,353</b>	-	<b>3,974</b>	<b>182,163</b>

### Balance sheet approach

<b>Non-current financial assets</b>	<b>2,837</b>	-	<b>3,372</b>	-
in related parties	-	-	3,242	-
in other entities	2,837	-	130	-
<b>Current financial assets</b>	<b>8,516</b>	-	<b>602</b>	-
in related parties	-	-	322	-
in other entities	8,516	-	280	-
<b>Current financial liabilities</b>	-	-	-	<b>27,401</b>
in related parties	-	-	-	3,335
in other entities	-	-	-	24,066
<b>Non-current financial liabilities</b>	-	-	-	<b>154,762</b>
in related parties	-	-	-	22,473
in other entities	-	-	-	132,289

### 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 2017**

	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)	1,050	-	14	196	210	1,260
Interest on other current financial liabilities (leasing)	12	2	5	2	9	21
Interest on non-current financial liabilities (credit)	2,146	-	-	-	-	2,146
<b>Total</b>	<b>3,208</b>	<b>2</b>	<b>19</b>	<b>198</b>	<b>219</b>	<b>3,427</b>

**c) Interest on Granted Loans and Debt Financial Instruments for 2017**

	Executed	Not executed with maturity			Total	Interest
		up to 3 months	3-12 months	up to 3 months		
Interest on granted loans	226	-	23	(30)	(7)	219
Interest on debts	-	-	-	-	-	-
<b>Total</b>	<b>226</b>	<b>-</b>	<b>23</b>	<b>(30)</b>	<b>(7)</b>	<b>219</b>

**Note 33****CONTINGENT LIABILITIES**

On 31<sup>st</sup> of December, 2017, 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 65,876 thousand, whereas it was PLN 37,671 thousand on 31<sup>st</sup> of December, 2016.

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch Healthcare S.A. (valid till 30<sup>th</sup> of June, 2019), Comarch Malaysia SDN. BHD (one is valid till 31<sup>st</sup> of December 2018, the second one is valid indefinitely), Comarch Argentina S.A. (valid indefinitely), Comarch R&D S.à r.l. (valid indefinitely).

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 41,962 thousand. Provisions for part of these claims were presented in the balance sheet as of 31<sup>st</sup> of December, 2017, and are worth PLN 9,080 thousand (this includes provisions for claims in legal proceedings recognised in 2017 and worth PLN 1,141 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 30,246 thousand. In the opinion of the Management Boards in the entities of the Comarch Group and based on the opinions of legal advisors, there are no circumstances suggesting the necessity to create provisions for these claims in legal proceedings or matters in disputes but not legal proceedings.

Due to legal proceedings and matters in disputes but not legal proceedings conducted in 2017, Comarch S.A. didn't create write-offs that revalue receivables.

### 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 28<sup>th</sup> of April, 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 Inc. The value of the surety equals a maximum of USD 3,000 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11<sup>th</sup> of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1<sup>st</sup> of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31<sup>st</sup> of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,682 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 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 service, and it is valid for the duration of the agreement.
- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch AG. The surety was granted up to the amount of liabilities of Comarch AG resulting from the aforementioned agreement, i.e. to the maximum amount of EUR 3,682 thousand and it is valid for the duration of the agreement.
- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.

- Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30<sup>th</sup> of August, 2018.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15<sup>th</sup> of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15<sup>th</sup> of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31<sup>st</sup> of May, 2018.
- Due to conclusion of a contract for SLA services, signed by branch of Comarch S.A. in Albany, Comarch S.A. granted a surety for the liabilities of the branch resulting from the project. The surety was granted up to the amount of the signed agreement, i.e. approximately EUR 10 thousand monthly and expired at the 31<sup>st</sup> of December, 2017.
- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31<sup>st</sup> of May, 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 28<sup>th</sup> of June, 2030.
- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 30<sup>th</sup> of August, 2018.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14<sup>th</sup> of September, 2019.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.

- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch SAS, 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 granting the credit line for Geopolis Sp. z o.o., a surety for liabilities of Geopolis sp. z o.o. was granted to the amount of PLN 160 thousand and expired on the 31<sup>st</sup> of December, 2017.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract.

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 a result of the contract dated the 18<sup>th</sup> of March, 2016, between Comarch S.A. and Budimex S.A. the sixth construction stage of the investment in the Special Economic Zone in Krakow was realized. The subject of the contract was the construction of an office building along with road and technical infrastructure as well as the supply of necessary materials and equipment. The total area of the building is 27 736 m<sup>2</sup>. On the 30<sup>th</sup> of October, 2017, the amendment to the above-mentioned contract was signed ([RB-20-2017](#), ENG: [RB-20-2017](#)), where the planned completion date of the investment was extended until the 31<sup>st</sup> of December, 2017. Works covered by the original scope of the contract were completed by the 31<sup>st</sup> of December, 2017, while on 25<sup>th</sup> of January, 2018, an annex to the above-mentioned agreement was signed ([RB-3-2018](#), ENG: [RB-3-2018](#)), 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 thousand up to PLN 69,999 thousand and planned completion date of the works comprised by the amendment has been extended to the 30<sup>th</sup> of June, 2018. Investment expenditures incurred in connection with the above-mentioned agreement until the 31<sup>st</sup> of December, 2017, amounted to PLN 65,673 thousand.

Other non-current assets under construction as at the 31<sup>st</sup> of December, 2017, include mainly expenditures for modernization of buildings used by Comarch S.A. and the purchase of equipment not yet accepted for use.

**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)**

	2017	2016
Comarch AG	56,287	56,754
Comarch SuB Group	40,104	21,546
Comarch SAS	11,529	15,384
Comarch R&D S.à r.l.	58	31
Comarch, Inc.	32,996	30,787
Comarch Panama, Inc.	1,578	3,209
Comarch Canada, Corp.	3,298	3,508
Comarch Espace Connecté Inc. (Comarch Smart City) Canada	-	-
Comarch LLC	2,797	2,732
Comarch Middle East FZ-LLC	21,694	16,065
OOO Comarch	14,039	9,452
Comarch Software (Shanghai) Co. Ltd.	-	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	2,662	3,682
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc.	-	-
Comarch Luxembourg S.à r.l.	1,657	2,604
Comarch UK Ltd.	12,158	15,921
Comarch Swiss AG	2,127	1,433
Comarch Chile SpA	2,708	5,908
Comarch Sistemas LTDA Brasilia	1,567	7,002
Comarch Software Spain S.L.U.	9,502	5,202
Comarch Yazilim A.S.	8	13
Comarch SRL Italy	801	503
Comarch Malaysia SDN. BHD.	113	65
Comarch AB Swiss	6,533	4,508
Comarch Argentina S.A.	52	-
Comarch Saudi Arabia Co.	-	-
Comarch Japan KK	-	-
CAMS AG	-	-



Comarch Colombia S.A.S	1	-
Comarch Peru S.A.C	1	-
CA Consulting S.A.	2,693	4,533
Comarch Technologies sp. z o.o.	3,144	809
MKS Cracovia SSA	74	62
Comarch Management sp. z o.o.	11	10
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	11	10
Comarch Healthcare S.A.	2,767	1,128
Comarch Polska S.A.	13,295	12,290
Comarch Pointshub S.A.	798	194
Comarch Infrastruktura S.A.	85	43
iComarch24 S.A.	217	577
Opso sp. z o.o.	247	247
Geopolis Sp. z o.o.	249	
Bonus Development sp. z o.o. SK-A	195	96
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.	752	763
Metrum Capital S.A.	-	-
Thanks Again LLC	10	6
Comarch S.A. Albanian branch	13	67
<b>Total</b>	<b>248,831</b>	<b>227,144</b>

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

	31 December 2017	31 December 2016
Comarch AG	43,177	59,058
Comarch SuB Group	12,793	9,361
Comarch SAS	18,383	15,620
Comarch R&D S.à r.l.	15	17
Comarch, Inc.	7,930	4,996
Comarch Panama, Inc.	1,869	689
Comarch Canada, Corp.	3,000	2,304
Comarch Espace Connecté Inc. (Comarch Smart City)	1	1



Comarch LLC	3,666	1,360
Comarch Middle East FZ-LLC	23,678	27,156
OOO Comarch	4,517	9,811
Comarch Software (Shanghai) Co. Ltd.	34	30
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	317	932
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	644	663
Comarch UK Ltd.	3,046	3,454
Comarch Swiss AG	713	401
Comarch Chile SpA	7,140	7,544
Comarch Sistemas LTDA	18,897	19,844
Comarch Software Spain S.L.U.	16,755	8,859
Comarch Yazilim A.S.	-	2
Comarch SRL	131	298
Comarch Malaysia SDN. BHD.	202	111
Comarch AB	1,604	2,559
Comarch Argentina S.A.	53	-
Comarch Saudi Arabia Co.	-	-
Comarch Japan KK	-	-
CAMS AG	-	-
Comarch Colombia S.A.S	1	-
Comarch Peru S.A.C	1	-
CA Consulting S.A.	415	163
Comarch Technologies sp. z o.o.	411	239
MKS Cracovia SSA	184	53
Comarch Management sp. z o.o.	1	-
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	1	-
Comarch Healthcare S.A.	3,089	1,167
Comarch Polska S.A.	9,149	1,935
Comarch Pointshub S.A.	913	6
Comarch Infrastruktura S.A.	71	3
iComarch24 S.A.	63	559
Opso sp. z o.o.	29	38
Geopolis Sp. z o.o.	73	-
Bonus Development sp. z o.o. SK-A	47	46

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.	529	580
Metrum Capital S.A.	-	-
Thanks Again LLC	31	6
Comarch S.A. Albanian branch	12	141
<b>Total</b>	<b>183,585</b>	<b>180,006</b>

## Note 37

### COMARCH S.A.'s PURCHASES FROM OTHER ENTITIES OF THE GROUP AND ASSOCIATES (finished goods and services)

	2017	2016
Comarch AG	2,394	1,401
Comarch SuB Group	2	48
Comarch SAS	6,410	5,108
Comarch R&D S.à r.l.	48	-
Comarch, Inc.	1	279
Comarch Panama, Inc.	-	-
Comarch Canada, Corp.	-	-
Comarch Espace Connecté Inc. (Comarch Smart City)	-	-
Comarch LLC	957	546
Comarch Middle East FZ-LLC	-	-
OOO Comarch	-	-
Comarch Software (Shanghai) Co. Ltd.	-	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	-	251
UAB Comarch	-	-
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	149	147
Comarch UK Ltd.	14	81
Comarch Swiss AG	-	-
Comarch Chile SpA	-	1
Comarch Sistemas LTDA	-	-

Comarch Software Spain S.L.U.	171	-
Comarch Yazilim A.S.	-	-
Comarch SRL	1	2
Comarch Malaysia SDN. BHD.	-	4
Comarch AB	-	-
Comarch Argentina S.A.	-	-
Comarch Saudi Arabia Co.	-	-
Comarch Japan KK	-	-
CAMS AG	-	-
Comarch Colombia S.A.S	-	-
Comarch Peru S.A.C	-	-
CA Consulting S.A.	3,023	4,167
Comarch Technologies sp. z o.o.	3,305	2,951
MKS Cracovia SSA	425	425
Comarch Management sp. z o.o.	-	-
Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	8	-
Comarch Healthcare S.A.	968	616
Comarch Polska S.A.	259	524
Comarch Pointshub S.A.	215	1,542
Comarch Infrastruktura S.A.	3,276	2,721
iComarch24 S.A.	679	570
Opso sp. z o.o.	130	24
Geopolis Sp. z o.o.	208	-
Bonus Development sp. z o.o. SK-A	6,082	1,905
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.	4,149	5,934
Metrum Capital S.A.	-	-
Thanks Again LLC	-	105
Comarch S.A. Albanian branch	-	-
<b>Total</b>	<b>32,874</b>	<b>29,352</b>

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

	<b>31 December 2017</b>	<b>31 December 2016</b>
Comarch AG	4,747	813
Comarch SuB Group	111	145
Comarch SAS	7,238	1,001
Comarch R&D S.à r.l.	170	127
Comarch, Inc.	130	383
Comarch Panama, Inc.	-	-
Comarch Canada, Corp.	1	-
Comarch Espace Connecté Inc. (Comarch Smart City)	-	-
Comarch LLC	617	852
Comarch Middle East FZ-LLC	-	-
OOO Comarch	-	-
Comarch Software (Shanghai) Co. Ltd.	-	-
Comarch Vietnam Company Ltd.	-	-
Comarch Technologies Oy	-	-
UAB Comarch		
Comarch s.r.o.	-	-
Comarch Pointshub Inc	-	-
Comarch Luxembourg S.à r.l.	48	26
Comarch UK Ltd.	19	21
Comarch Swiss AG	-	406
Comarch Chile SpA	-	-
Comarch Sistemas LTDA	-	-
Comarch Software Spain S.L.U.	162	-
Comarch Yazilim A.S.	-	-
Comarch SRL	1	2
Comarch Malaysia SDN. BHD.	4	1
Comarch AB	-	-
Comarch Argentina S.A.	-	-
Comarch Saudi Arabia Co.	-	-
Comarch Japan KK	-	-
CAMS AG	-	-
Comarch Colombia S.A.S	-	-
Comarch Peru S.A.C	-	-
CA Consulting S.A.	2,453	4,026
Comarch Technologies sp. z o.o.	1,730	2,321
MKS Cracovia SSA	17	149
Comarch Management sp. z o.o.	-	-

Comarch Corporate Finance FIZ	-	-
Comarch Management sp. z o.o. SK-A	-	-
Comarch Healthcare S.A.	492	508
Comarch Polska S.A.	88	-
Comarch Pointshub S.A.	265	1,674
Comarch Infrastruktura S.A.	2,397	1,878
iComarch24 S.A.	414	271
Opso sp. z o.o.	14	3
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	1,850
Metrum Capital S.A.	-	-
Thanks Again LLC	-	-
Comarch S.A. Albanian branch	-	141
<b>Total</b>	<b>22,034</b>	<b>16,598</b>

### 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	2017	2016
full-time	3,492	3,416
co-workers	844	733
<b>Total</b>	<b>4,336</b>	<b>4,149</b>

An average number of employees	2017	2016
directly production and technical consultants	3,733	3,698

marketing and sales	161	179
management and administrative employees	372	353
others	70	74
<b>Total</b>	<b>4,336</b>	<b>4,304</b>

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

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

**b) Comarch S.A.'s Supervisory Board**

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

Salaries presented in this note include salaries actually paid in 2017 (including remuneration bonus for the previous periods covered by provisions as of 31.12.2016.). Salaries do not include unpaid bonuses for the year 2017 (covered by reserves as of 31.12.2017).

As at 31<sup>st</sup> of December, 2017, 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	Purpose	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	BGŻ BNP Paribas Bank Polska S.A.	office buildings SSE4 in Krakow	44,000	PLN	4,182 (4,802 as at the 31 <sup>st</sup> of December, 2016)	EUR	17,444 (21,244 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 29 <sup>th</sup> of July, 2024	29 <sup>th</sup> of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of submission to enforcement
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	office buildings SSE5 in Krakow - refinancing	4,126	EUR	1,977 (2,493 as at the 31 <sup>st</sup> of December, 2016)	EUR	8,246 (11,028 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 31 <sup>st</sup> of October, 2018	29 <sup>th</sup> of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA	Bank Zachodni WBK S.A.	nonrevolving operating credit	7,400	EUR	2,944 (3,899 as at the 31 <sup>st</sup> of December, 2016)	EUR	12,280 (17,249 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 28 <sup>th</sup> of June, 2019	31 <sup>st</sup> of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement

Comarch SA	Bank Polska Kasa Opieki S.A.	office buildings SSE6 in Krakow	13,323	EUR	9,854 (11,519 as at the 31 <sup>st</sup> of December, 2016)	EUR	41,098 (50,960 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 30 <sup>th</sup> of November, 2023	30 <sup>th</sup> of November, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for 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	Bank Handlowy w Warszawie S.A.	office buildings SSE7 in Krakow	13,333	EUR	11,286 (0 as at the 31 <sup>st</sup> of December, 2016)	EUR	47,075 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 29 <sup>th</sup> of February, 2028	15 <sup>th</sup> of May, 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	Bank Handlowy w Warszawie S.A.	Nonrevolving, long-term credit	2,508	EUR	2,508 (2,365 as at the 31 <sup>st</sup> of December, 2016)	EUR	10,461 (10,465 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 30 <sup>th</sup> of September, 2019	16 <sup>th</sup> of December, 2019	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	DNB Bank Polska S.A.	Non-current assets - equipment of Internet of Things laboratory in Krakow	2,531	EUR	2,130 (0 as at the 31 <sup>st</sup> of December, 2016)	EUR	8,885 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin	30 <sup>th</sup> of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	12 <sup>th</sup> of December, 2018	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	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	0 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	WIBOR1M + bank margin	30 <sup>th</sup> of June, 2018	An authorization to manage Comarch S.A.'s accounts in bank Pekao 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 2018**

In the current report no. [RB-1-2018](#), ENG: [RB-1-2018](#), dated the 2<sup>nd</sup> of January, 2018, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2018:

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

- Q4 2017 - on 1<sup>st</sup> of March, 2018;
- Q1 2018 - on 18<sup>th</sup> of May, 2018;
- Q2 2018 - Pursuant to §101 sec. 2 of the Regulation issued by the Minister of Finance on the 19<sup>th</sup> of February, 2009 concerning current and periodical information pertaining to companies 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 2018;
- Q3 2018 - on 16<sup>th</sup> of November, 2018;

ANNUAL AND HALF-YEAR REPORTS:

- Annual report for 2017 - on 27<sup>th</sup> of April, 2018;
- Consolidated annual report for 2017 - on 27<sup>th</sup> of April, 2018;
- Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2018 - on 31<sup>st</sup> of August, 2018.

**b) Amendment to the agreement with Bank Pekao S.A for providing Comprehensive Comarch Internet Banking (CIB)**

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

**c) 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)**

In relation to the current report no. [RB-3-2016](#), ENG: [RB-3-2016](#) dated the 18<sup>th</sup> of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, and the current report no. [RB-20-2017](#), ENG: [RB-20-2017](#), the Management Board of Comarch S.A. announced in the current report no. [RB-3-2018](#), ENG: [RB-3-2018](#), that works covered by the initial scope of the agreement were performed until the 31<sup>st</sup> of December, 2017, and on the 25<sup>th</sup> of January, 2018, an amendment to the above-mentioned contract was signed (current report no), 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 up to PLN 69,999 thousand and planned completion date of the works comprised by the amendment has been extended to the 30<sup>th</sup> of June, 2018.

**d) Signing the Agreement for Support, Operation and Maintenance Services for Comprehensive IT System for ZUS**

In relation to the current report no. [RB-17-2017](#), ENG: [RB-17-2017](#) dated the 12<sup>th</sup> of September, 2017, on opening the offers presented in the limited offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS", organized by Zakład Ubezpieczeń Społecznych w Warszawie (the Polish Social Insurance Institution in Warsaw; ZUS) and in relation to the current report no. [RB-21-2017](#), ENG: [RB-21-2017](#) dated the 14<sup>th</sup> of November, 2017, on the announcement of results of this tender, Comarch S.A.'s Management Board hereby informed that on the 2<sup>nd</sup> of March, 2018, the consortium of Comarch Polska S.A. with its registered office in Krakow and Comarch S.A. with its registered office in Krakow (hereinafter referred to as the "Consortium") signed the agreement with Zakład Ubezpieczeń Społecznych w Warszawie (hereinafter referred to as the "ZUS") on support, operation and maintenance services for Comprehensive IT System for ZUS (hereinafter referred to as the "Agreement"). Subject of this Agreement is providing the maintenance, integration and additional services by Consortium for KSI ZUS IT system within the scope and terms specified in the Agreement. The total amount of the remuneration due to Consortium shall not exceed the gross amount of PLN 242,033,004.00. 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. The Company announced details in current report no. [RB-4-2018](#), ENG: [RB-4-2018](#) dated the 2<sup>nd</sup> of March, 2018.

**e) Notification of Transactions Received Under Article 19 of the MAR**

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

**f) Conclusion of a Settlement with The Agency for Restructuring and Modernisation of Agriculture**

Referring to current report no. [RB-14-2014](#), ENG: [RB-14-2014](#), dated the 19<sup>th</sup> of May, 2014 (regarding receipt of an accounting note from the Agency for Restructuring and Modernization of Agriculture (hereinafter referred to as the "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 zlotys 28/100) in connection with the implementation by Comarch S.A. of the agreement of the 29<sup>th</sup> of April, 2013 (hereinafter referred to as the "OFSA Agreement") and current report no. [RB-4-2015](#), ENG [RB-4-2015](#) of the 15<sup>th</sup> of January, 2015 informing on the delivery to Comarch S.A. on the 14<sup>th</sup> of January, 2015 lawsuit to pay PLN 34,493,717.28 (thirty-four million four hundred ninety-three thousand seven hundred seventeen zlotys and 28/100) - brought against Comarch S.A. by ARMA to the Regional Court in Warsaw The Third Civil Department - for contractual penalties calculated by ARMA, the Management Board of Comarch S.A. informed in the current report no. [RB-6-2018](#), ENG: [RB-6-2018](#), that on the 23<sup>rd</sup> of April, 2018, a settlement was reached between Comarch S.A. and ARMA before a 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 Agreement amount to PLN 3,478,473.60 (in words: three million four hundred seventy eight thousand four hundred seventy three zlotys and 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 zlotys and 24/100) - due to lost profits resulting from ARMA's failure to conclude contracts with consortium of Comarch S.A. and Comarch Polska S.A. for

"Maintenance and development of the IT Information System of the Agency - SIA (ZSZiK, IACSplus, GIS, SIZ, PZSIPplus, PA)" (hereinafter referred to as 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 seventy five zlotys and 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 eighty two and 40/100). At the same time, as part of the aforementioned settlement, ARMA has waived further claims for 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. The Management Board of Comarch S.A. informed that he has taken action to approve the above-mentioned settlement by the competent court.

#### g) Forward Contracts Concluded after the Balance Sheet Date

Between the 1<sup>st</sup> of January, 2018 and the 27<sup>th</sup> of April, 2018, the Comarch Group concluded forward contracts for the sales of EUR 4,000 thousand and USD 1,000 thousand. The total net value of open forward contracts as of the 27<sup>th</sup> of April, 2018, amounted to EUR 20,477 thousand and USD 3,115 thousand. The open forward contracts as of the 27<sup>th</sup> of April, 2018, were valued at plus PLN 7,763 thousand. The contracts will be settled within 25 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 of Comarch Group, in which the remuneration is set in a foreign currency.

#### h) Transaction on change of IRS

None present.

#### Note 44

##### CHANGES IN APPLIED ACCOUNTING PRINCIPLES

In 2017, 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
<b>2017</b>			
<b>BDO Sp. z o.o.</b>			
1.	Obligatory audit of annual financial statements for 2017	PLN 40,000.00	PLN 60,000.00
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	-	-
<b>2016</b>			
<b>BDO Sp. o.o.</b>			

1. Other services for Comarch S.A.	PLN 2,150.00	-
<b>Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k.</b>		
1. Obligatory audit of annual financial statements for 2016	PLN 135,000.00	-
2. Review of half-year financial statement for H1 2016 and agreed additional costs related to consolidation process	PLN 80,000.00	-
3. Other services for Comarch S.A.	PLN 8,000.00	-

#### 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**

2017	Short-term	Long-term	Total
<b>Assets</b>			
Loans	602	3,372	3,974
Other accruals	42,888	3,191	46,079
Other financial assets	8,539	2,837	11,376

<b>Equity</b>			
Loans	2,307	30,077	32,384
Credits	21,250	123,878	145,128
Financial liabilities	509	736	1,245

2016	Short-term	Long-term	Total
<b>Assets</b>			
Loans	522	8,763	9,285
Other accruals	37,309	1,093	38,402
Other financial assets	1,182	492	1,674

<b>equity</b>			
Loans	1,898	24,836	26,734
Credits	17,157	93,789	110,946
Financial liabilities	2,324	2,538	4,862

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



Krakow, 27<sup>th</sup> of April, 2018

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. The Company has achieved development and financial goals established for the year 2017, despite of difficult market conditions and despite of increased operating costs. In the past year, the revenues from sales increased by PLN 6.3 million compared to that achieved in 2016 and amounted to PLN 755.5 million. Operating profit amounted to PLN 40.5 million, while net profit was PLN 39.3 million. The Group's EBIT margin amounted to 5.4%, while the net margin to 5.2%.

In 2017, the Company expansion on development of new and improvement of existing IT products increased. Expenditure on research and development has now exceeded 19.1% of sales revenue, which has been financed mostly from Comarch's own resources. The Company intensively developed a new generation of loyalty systems and ERP systems, solutions related to the Smart City. The Company also continued R&D works in the field of IT solutions for medical industry (Telemedicine, including project "The City of Health" and HIS systems) and related to the development of proprietary solutions in the fields of hardware and services based thereon (Internet of Things). The Company also continued to improve the other products offered. In 2017, the Company focused on development of service-oriented IT solutions – Comarch is one of the market leaders in this field. In 2017, a private, unified and flexible computing cloud with the highest security standards of Comarch Enterprise Cloud Platform (IaaS and PaaS) was launched based on the Comarch Data Center infrastructure. Thanks to this solution, Comarch clients will be able to benefit from sharing IT infrastructure costs, increase efficiency, full control over their resources while optimizing the reliability of access to corporate data and maximizing the flexibility of their IT solutions.

Investment in human capital is an essential element for the further development of the Company. At the end of 2017, the Company hired 4,303 employees in Kraków and other branches in Poland and was the largest Polish employer among IT companies. The annual student internship program has brought particularly positive results, thanks to which the Comarch S.A. is perceived as one of the first choice employers on the domestic labor market in the IT industry. Thanks to the completion of subsequent infrastructural investments such as the construction of office building in Kraków, the Company could significantly increase the quality of offered workplaces in the past year.

With a wide and comprehensive range of modern IT solutions and high quality services, Comarch S.A. is now regarded as a first of the leading providers of IT products in Poland and one of the top software producer at the international markets. The Company is able to successfully acquire and implement the largest IT contracts, an example of which is the choice in the past year of Comarch for the contractor to provide support services, operation and maintenance of the Comprehensive Information System ZUS, that is The Polish Social Insurance Institution. In 2017, the Company successfully continued its growth strategy based on the diversification of its operations between various industry segments, development of its own products and their sale on the global market. The Management Board of Comarch S.A. emphasizes that the Company has been incurring significant expenditures in the development and maintenance of the global sales network (Global Business Center) for several years, thanks to which international brand recognition and Comarch offer are growing, which effectively supports offering the Comarch's solutions in new markets. In the previous year, the Comarch S.A. established new subsidiaries: Comarch Japan KK with its registered office in Tokyo and Comarch Saudi Arabia Co. with its registered office in Riyadh, as well as the acquired company Geopolis sp. z o.o., producer of GIS systems with its registered office in Toruń. Further equity investments are planned for 2018 both on the domestic and foreign markets.

The Company's Management Board shall make every effort to successfully implement the mission of selling Polish engineers' innovative technological ideas around the world. In addition to its core business, Comarch S.A. pursues a policy of corporate social responsibility and engages in activities for the protection and reconstruction of national heritage, actively supports non-governmental organizations and charity activities, is a patron of culture, art and sport. In 2017, Comarch S.A. became a co-founder of new organs and a project to revitalize the musical space at the St. Mary's Church in Krakow.

Comarch S.A. is in a perfect starting position to strengthen its market position in the following years as a global provider of IT solutions and thus achieve an increase in value for shareholders, customers, employees and the entire socio-economic environment.

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

**Comarch SA**      [www.comarch.pl](http://www.comarch.pl)   [www.comarch.de](http://www.comarch.de)   [www.comarch.ru](http://www.comarch.ru)   [comarch.com](http://comarch.com)  
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31-864 Kraków  
**tel.:** +48 12 64 61 000  
**fax:** +48 12 64 61 100  
**e-mail:** [info@comarch.pl](mailto:info@comarch.pl)

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 000057567. Wysokość kapitału zakładowego Spółki wynosi 8.133.349,00 zł. Kapitał zakładowy wpłacony w całości. NIP: 677-00-65-406



**COMARCH**



**REPORT OF  
COMARCH S.A.'s MANAGEMENT BOARD  
REGARDING THE ACTIVITIES IN 2017**

**Table of contents**

1.	Information about the Company .....	5
1.1.	Shareholders Holding at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A. ....	5
1.2.	Comarch S.A.'s Board of Supervisors and Management Board .....	6
2.	Basic Economics and Financial Values.....	8
2.1.	Selected Financial Data.....	8
2.2.	Employment and Production Capacity of Comarch S.A. ....	8
2.3.	Comarch S.A. Stock Price Performance.....	9
3.	Products and Services Offered by Comarch in 2017 .....	10
3.1.	Telecommunications Sector.....	10
3.2.	Finance, Banking and Insurance Sector .....	15
3.3.	ERP Sector .....	16
3.4.	Public Sector .....	17
3.5.	Services Sector .....	19
3.6.	Comarch e-Health .....	22
4.	Position of the Group in the IT Market and Information about Markets and Sources of Supply .....	23
5.	Sales Structure.....	23
5.1.	Revenues from Sales- Geographical Structure (in thousands of PLN) .....	23
5.2.	Revenues from Sales – Market Structure (in thousands of PLN).....	23
5.3.	Revenues from Sales – Products Structure (in thousands of PLN) .....	24
6.	Factors Essential for Development of the Issuer .....	25
6.1.	Internal Factors .....	25
6.2.	External Factors.....	25
7.	Other Significant Factors, including Risks and Threats.....	26
7.1.	Credit Risk.....	26
7.2.	Risk of Change in Interest Rates.....	26
7.3.	Risk of Fluctuation in the Exchange Rates .....	27
7.4.	Financial Liquidity Risk.....	27
8.	Perspectives of Development in the Company and Anticipated Financial Situation in 2018.....	27
9.	Financial Analysis .....	28
10.	Credits, Loans, Suretyships, Bank Guarantees .....	32
10.1.	Non-Revolving Credits .....	32
10.2.	Revolving credits.....	34
10.3.	Loans received.....	34
10.4.	Loans Granted by Comarch S.A. ....	35
10.5.	Suretyships .....	35
10.6.	Bank Guarantees.....	38
11.	The Most Important Events in 2017 and after the Balance-Sheet Date .....	38
11.1.	Contracts Significant for Issuers' Activities .....	38
11.2.	Others .....	40
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 .....	43
12.1.	Capital Investments .....	43
12.2.	Real Estates .....	43
13.	Resolutions of the AGM and the Board of Supervisors .....	43

13.1.	Corporate Governance Principles .....	43
13.2.	Annual General Meeting – 27 <sup>th</sup> of June, 2017.....	44
14.	Operations on Comarch S.A. Shares .....	46
14.1.	Purchase/Disposal Transactions on Comarch S.A. Shares .....	46
14.2.	Managerial Option Program for Members of the Management Board .....	46
15.	Other Events in 2017 and after the Balance Sheet Date .....	46
15.1.	Dates of Periodical Financial Reports in 2017 .....	46
15.2.	Correction of Basic Financial Data in the Report of the Auditor from the Audit of the Financial Statement of Comarch S.A. for 2016 .....	46
15.3.	The impact of Changes in Exchange Rates on Results of the Comarch Group in the first quarter of 2017.....	47
15.4.	Correction of Data in the Financial Statement of Comarch S.A. for 2016.....	47
15.5.	Dates of Periodical Financial Reports in 2018 .....	47
15.6.	Forward Contracts Concluded after the Balance Sheet Date .....	48
16.	Achievements within Research and Development .....	48
17.	Capital Affiliations of the Issuer .....	50
17.1.	Capital Structure of the Comarch Group .....	50
17.2.	Changes in Ownership and Organisational Structure in 2017 .....	51
17.3.	Changes in Ownership and Organisational Structure in Comarch Group after the Balance Sheet Date .....	51
18.	Branches of Comarch S.A. ....	52
19.	Non-Financial Data Report.....	52
20.	Transactions Concluded by the Issuer or its Subsidiary with Related Parties on Terms Different from Market Conditions.....	52
21.	Commentary on Differences between Financial Results Presented in Annual Report and Results Forecast for the Given Year Published Before.....	52
22.	Factors and Events of Unusual Nature that Affect the Issuer Activities and the Achieved Results, as well as Their Appraisal.....	52
23.	Changes in Methods of Company Management and Its Capital Group Management .....	52
24.	Data Referring to the Agreement Signed with the Entity Entitled to Audit Financial Statements ....	52
25.	Systems that Control Employees Shares Programmes .....	53
26.	Description of Company's policy in the field of business sponsorship and charity .....	53
27.	Significant Legal, Arbitration or Administrative Proceedings .....	54
27.1.	Proceedings Related to Liabilities or Receivables of the Issuer or a Subsidiary, which Value Constitutes at least 10% of Equities.....	54
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.....	54



**PLN 40.5  
million of  
operating  
profit**

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

**PLN 755.5  
million of  
sales  
revenue**

**4,303  
professionals  
employed**

**52  
subsidiaries  
worldwide**

**PLN 1.5 billion  
of Comarch S.A.  
capitalisation  
on WSE  
(31.12.2017)**

**46% share of  
foreign sales in  
revenue from  
sales**

## 1. Information about the Company

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

### 1.1. Shareholders Holding at least 5% of the Total Number of Votes at the General Meeting of Comarch S.A.

Comarch S.A.'s share capital consists of 8,133,349 shares at total nominal value of PLN 8,133,349. According to the information possessed by Comarch S.A., as at 31<sup>st</sup> of December, 2017, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak and MetLife OFE.

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	91,622	1.13	129,222	0.85
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,880,142	47.71	3,880,142	25.65
<b>Total</b>	<b>8,133,349</b>	<b>100.00</b>	<b>15,126,949</b>	<b>100.00</b>

#### AT THE 27<sup>TH</sup> OF APRIL, 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*	84,146	1.04	121,746	0.80
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,887,618	47.80	3,887,618	25.70
<b>Total</b>	<b>8,133,349</b>	<b>100.00</b>	<b>15,126,949</b>	<b>100.00</b>

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

Transactions below the limit of EUR 5,000.

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

### a) Members of Comarch S.A.'s Board of Supervisors as at 31<sup>st</sup> of December, 2017:

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

### AT THE 27<sup>TH</sup> OF APRIL, 2018

Without changes.

### b) Members of Comarch S.A.'s Management Board as at 31<sup>st</sup> of December, 2017:

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	37,539	PLN 37,539
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-
Zbigniew Rymarczyk	Vice-President of the Management Board	32,867	PLN 32,867
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 27<sup>TH</sup> OF APRIL, 2018

Name and surname	Position	Number of Comarch S.A. shares	Nominal value in PLN
Janusz Filipiak	President of the Management Board	1,997,027	PLN 1,997,027
Marcin Dąbrowski	Vice-President of the Management Board	-	-

Paweł Prokop	Vice-President of the Management Board	30,000*	PLN 30,000
Andrzej Przewięźlikowski	Vice-President of the Management Board	-	-
Zbigniew Rymarczyk	Vice-President of the Management Board	32,930**	PLN 32,930
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 12<sup>th</sup> of February, 2018, the Management Board of Comarch S.A. received from Paweł Prokop, a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a disposal on the 8<sup>th</sup> of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50. The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#), ENG: [RB-5-2018](#) and [RB-5-2018/K](#), dated the 12<sup>th</sup> of March, 2018.

\*\* ) Transactions below the limit of EUR 5,000.

Michał Bajcar, Dariusz Duralek, 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**

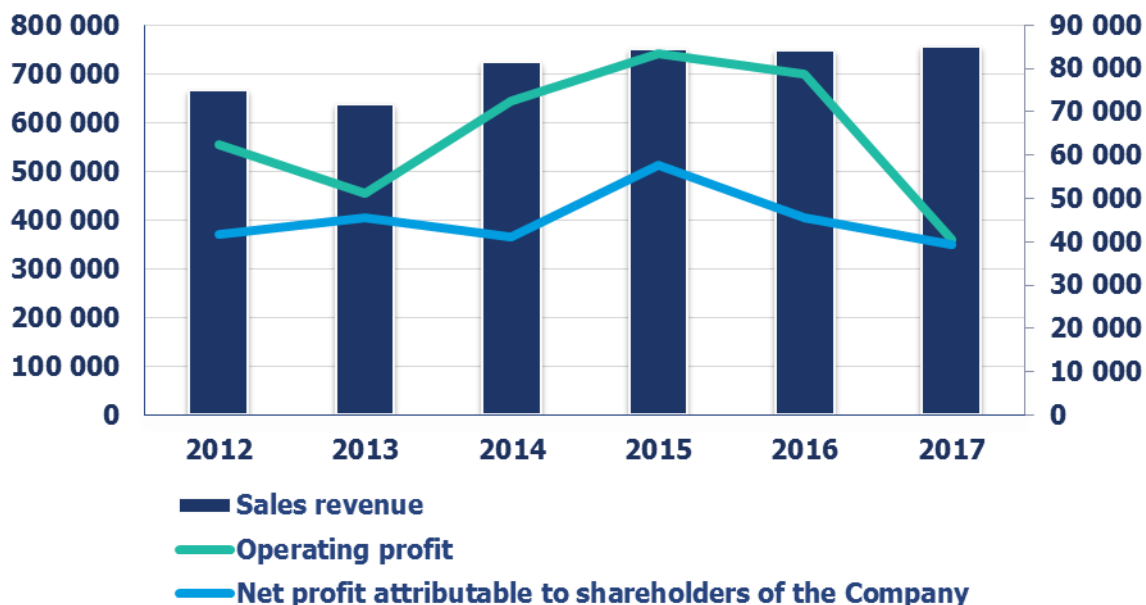
None present.

## 2. Basic Economics and Financial Values

### 2.1. Selected Financial Data

	2017	2016	2015	2014	2013
Revenues from sales	755,517	749,213	749,556	724,825	637,692
Revenues from sales of proprietary IT solutions	730,197	720,021	677,941	638,094	537,902
Operating profit	40,533	78,834	83,377	72,508	51,305
EBITDA	78,585	114,135	114,881	102,044	80,162
Net profit	39,338	45,588	57,683	41,049	45,584
Profit per share (in PLN)	4.84	5.61	7.09	5.06	5.66
Assets	1,247,206	1,162,245	1,117,308	1,041,911	1,009,603
Book value	796,984	771,742	731,905	677,089	661,046
Book value per share (in PLN)	97.99	94.89	89.99	83.33	82.10

In 2017, the revenues from sales increased by PLN 6.3 million, i.e. 0.8% compared to that in 2016. Operating profit amounted to PLN 40.5 million and was lower by 48.6% compared to that achieved in 2016, while net profit in 2017 was lower by PLN 6.3 million, i.e. by 13.7%.



In 2017, EBIT margin was 5.4%, while net margin was 5.2%.

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

As at 31<sup>st</sup> of December, 2017, in Comarch S.A. there were 4,303 employees compared to 4,276 persons as at 31<sup>st</sup> of December, 2016.

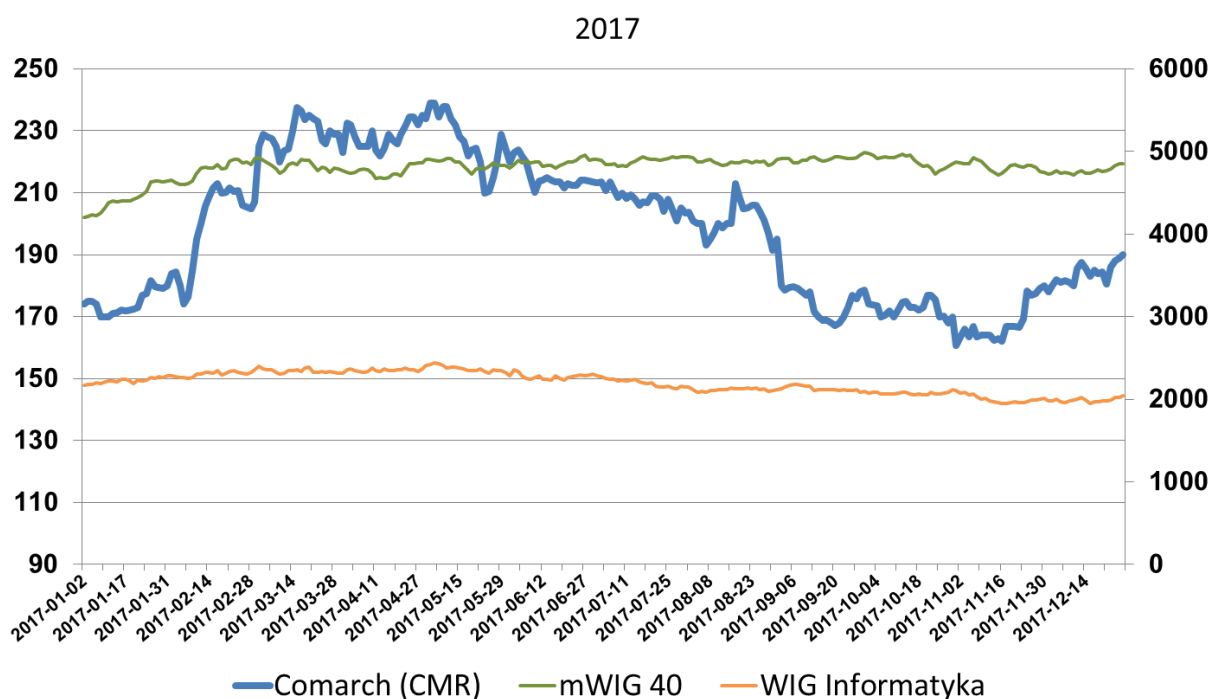
Average employment in Comarch S.A. from 2014 to 2017 is presented in tables below:

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

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

Most of production by Comarch consists in production of company's own, versatile software products and in production of computer software on the basis of customer orders. The basic factor limiting the production capacity is human resources. As the company makes active investments in new products and technologies, it strives to provide appropriately wide range of competencies for all its employees. The company flexibly manages teams of employees through continuous optimisation of placements for current commercial projects and internal R&D projects (developing new products and updating the existing ones, which are not directly connected to contractual requirements), using proprietary IT solutions for this target. In effect, there are almost no unused resources. The Group diversifies the risk of limitations in availability of human resources by conducting business in 15 branches located in urban centres in Poland. As at 31<sup>st</sup> of December, 2017, 2,677 employees were employed in Krakow, 1,626 in other cities in Poland.

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



Period	The highest	The lowest
I quarter of 2017	237.50	169.80
II quarter of 2017	239.00	210.00
III quarter of 2017	213.50	167.00
IV quarter of 2017	190.00	160.60

In 2017, the closing rate of Comarch S.A. shares between the 2<sup>nd</sup> of January, 2017, and 29<sup>st</sup> of December, 2017, increased by 9.2% from PLN 174.00 to PLN 190.00. During the year, the maximum closing rate amounted to PLN 239.00.

<i>Data in PLN</i>	12 months ended 31 December 2017 / 31 December 2017	12 months ended 31 December 2016 / 31 December 2016
Closing rate at the balance sheet date	190.00	174.00
Average price during the reporting period	198.17	149.82
MIN price during the reporting period	160.60	103.70
MAX price during the reporting period	239.00	190.00
Average volume during the reporting period	4,592	6,314
Capitalization at the balance sheet date	1,545,336,310	1,415,202,726
Ratios for unconsolidated data		
P/E at the balance sheet date	39.28	31.04
P/BV at the balance sheet date	1.94	1.83
P/S at the balance sheet date	2.05	1.89

### 3. Products and Services Offered by Comarch in 2017

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, teleinformatic 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 Telefónica, Deutsche Telekom, Vodafone, KPN and Orange.

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).

## SALES & CUSTOMER MANAGEMENT

**Comarch Customer Management** helps communication service providers sell more services, get closer to their customers and significantly reduce customer churn. This flexible solution enables telecoms companies to benefit from a single customer view and gain a deeper understanding of their customer base, which translates into increased revenues and optimized customer service costs. By offering a seamless customer experience and providing a reliable 360-degree customer view, the solution also helps strengthen customer loyalty.

**Comarch Self Care** is a web self-service tool enabling communications service providers to provide their end customers with a convenient online self-management portal, where they can access and edit their profile data and service subscription information, without any help from a call centre agent. Comarch Self Care, integrated with major social media platforms, provides customers with telecom specific services around the clock and plays a crucial role in the Comarch Omni-Experience.

**Comarch Sales Channel Management** optimizes sales force efforts and helps service providers increase sales. The highly efficient Comarch Commission & Incentive module enables the implementation of innovative strategies and optimization of sales force compensation plans. Pre-integrated with the Comarch BSS suite, the tablet-based Comarch External Sales Mobile App lets your sales representatives check the most up to date customer data from any location at any time, verify service availability, and register new contracts. Comarch Logistics Management allows the verification, control and automation of replenishment of stock levels for selling points.

## BILLING & CHARGING

**Comarch Convergent Billing System** is a key module within the Comarch BSS suite, pre-integrated with other modules (e.g. Comarch Product Catalogue, Comarch BSS Mediation). Comarch CBS allows real-time charging for any service type and facilitates the development of new business models in cooperation with partners – a key element in elevating business in the digital world. This high capacity, flexible and scalable service-agnostic management system can be used by service providers to monetize services ranging from traditional telecommunications, through MVNO and M2M, to modern digital services. Comarch BSS tools are also featured in Gartner Magic Quadrant for Integrated Revenue and Customer Management.

**Comarch InterPartner Billing** allows service and content providers to exchange billing data and invoices and share revenue or cost information with partners. The system also 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 Comarch platform is easily scalable, ready to support today's newest services, and open to business evolution. The system can process 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. The Partner Management functionality supports the management of relationships with partners and suppliers, and can automate most tasks required for cooperating with them.

### **BSS TAILORED TO YOUR NEEDS**

**Comarch Smart BSS** is an all in one, compact BSS solution perfectly tailored to the needs of tier-2 and tier-3 telecoms companies, including Internet, cable and satellite TV providers, and MVNOs, thanks to fast deployment and low costs. The highly customizable system allows the management of all payment types, both pre-paid and post-paid, and the smooth creation of new product offers and specifications through the product catalogue engine, which directly reduces time to market. The system speeds up generating PIN codes and scratch cards, and makes managing them more efficient. The integrated CRM module helps collect info on clients and enhances the customer experience, with the additional benefit of preventing churn. Comarch Smart BSS comes with a user-friendly, personalized self-care portal and a built-in messaging functionality to simplify communication between companies and customers.

**Comarch B2B Solution** focuses on critical problems related to B2B relationships, such as providing distinct selling strategies to companies of varied size (small, medium-size and multi-national corporations – MNC's), delivering and supporting large numbers of customized products and services, managing service level agreements (SLA's) and handling of complex fulfilment processes. This solution also supports multiple billing scenarios such as split billing or billing on behalf.

**Comarch MVNO & MVNE Solutions** are tailored to MVNO (Mobile Virtual Network Operators) and MVNE (Mobile Virtual Service Enablers) business models. Offering cost-effective services that are often aimed at niche customer segments can become an additional source of revenue for your company, and Comarch solutions can help you easily manage relations with customers and business partners, the portfolio of offered services, and revenues. An end to end Comarch Solution for MVNEs is aimed at companies delivering services to MVNO operators. The solution performs tasks related strictly to telecommunications (e.g. integration with an MNO (Mobile Network Operator) network, product catalogue, CRM, SelfCare, managing a network of partners, and convergent billing), as well as those related to ERP.

### **FUTURE-PROOF OPERATIONS**

**Comarch NFV/SDN Solution** leads to network virtualization, reduces OPEX / CAPEX, and unleashes innovation in the service and application domain, resulting in better network monetization.

**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.

**Comarch SON Integration Box** - is a solution responsible mainly for integrating centralized SON (self-organizing network) tools with the existing OSS environment. As a central hub for the exchange of various types of data, it aggregates SON plans and dispatches them to different tools. It also provides physical network information to SON. Data is gathered from multiple external sources and pre-processed for SON usage.

**Comarch Customer-Centric OSS** enables the transformation of an OSS environment so that it reflects true customer needs. It thus enables switching the telecom operator's perspective from network resources to customer experience.

### **INTAGRATED ASSURANCE**

**Comarch Customer Experience Management** provides information on service quality by providing an insight into customer perception of services. This also brings the additional benefit of proactiveness, deriving from the ability to monitor the network and predict the impact of network faults on customer services.

**Comarch Service Quality Management (SQM)** transforms traditional network-centric performance management into customer-centric telco service quality management. The insight into customers'

perceptions of service quality enables the prioritization of network performance management based on the forecast influence on customer experience. Comarch SQM enables you to become proactive in managing service quality by preventing customers from experiencing service problems, thanks to trend analyses and prediction capabilities.

**Comarch Service Assurance** transforms traditional network-centric fault management into an assurance solution focused on customer service. The main purpose of the system is to enhance customer service proactiveness capabilities. This is possible because the system allows the early detection of network problems and the ability to predict and calculate customer service impact based on the service models from service catalogue and inventory systems. The solution is capable of monitoring digital services based on complex value chains, and of aggregating information from partners' systems and converged networks, including IT infrastructure, and fixed, mobile and cable access domains.

**Comarch OSS/BSS Data Analytics** processes data gathered from the telecommunications network (which is the key customer touchpoint for CSPs) in real time, combines it with information from external systems (Performance Management, Fault Management, Network Inventory, CRM, etc.) and aggregates it. By correlating data from all these sources, Comarch OSS/BSS Data Analytics can produce a comprehensive real-time analysis, providing an invaluable insight into the customers' perception of the services. Based on the aggregated data, the tool suggests specific actions that can be also carried out automatically. Comarch OSS/BSS Data Analytics effectively helps telecoms companies improve their overall Net Promoter Score (NPS) or Customer Satisfaction (CSAT), as it takes into account the real customer experience when using a given service provided by the network.

## RESOURCE PLANNING & INVENTORY

**Comarch Network Inventory Management** stores complete information about network resources management and presents live, historical and planning states of telecommunications/IT networks.

**Telecom Network Inventory** facilitates network resource management for multi-vendor, multi-domain networks. It manages RAN, transmission, core, fixed network domains and IT infrastructure.

**Comarch Network Planning** enables the Operator 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 more and more important in response to developing telecom opportunities. The solution simplifies the full use of your resources and adapts to changing demand in near real time.

**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, such as RAN, transmission, core and access. It is fully integrated with Inventory Planning & Design, which allows the planning and configuration loop to be closed and automates the whole end to end fulfilment process. Thanks to the reconciliation capability, configuration of the network is performed on the most up to date and accurate data from the live network.

**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

**Comarch Product Catalogue** is a single platform for managing telecom product catalogues and life cycles, thus simplifying the IT architecture and accelerating the launch of new products. As a central source of product and offer information, it ensures rapid new product and offer deployment, additionally accelerating the publication of content in sales channels without extra configuration of IT systems. Based on increased service reusability and automation, Comarch Product Catalogue enables marketing and product managers to build new services quickly and speed up their market launch. The system also allows partners' products and services to be incorporated smoothly into the product catalogue. The system allows product offers and specifications to be processed digitally, and product relationships for stand-alone and bundle offers to be defined. You can also create target customer pro-files with location data and other parameters. The Comarch Product Catalogue is pre-integrated with other Comarch products, such as Customer Management, SelfCare and the Convergent Billing System.

**Comarch Omnichannel Order Management** is a fully automated, end to end fulfilment solution operating from customer order capture through service, network provisioning and activation to customer billing. This fully catalogue-driven and highly configurable tool allows the introduction of new offers or bundles in a matter of days instead of months, as is currently often the case for many telecom operators. This is achieved by system architecture built around a pre-integrated central product catalogue and service catalogue, which serve as a single product definition database.

**Comarch Service Fulfilment** supports the complete telecom service fulfilment process, by creating the customer's service, modelling it and then orchestrating network operations. It helps CSPs automate telecom service fulfilment and delivery, and reduce time to market thanks to the catalogue-driven fulfilment concept.

The solution assumes building services from pre-defined components managed in the service catalogue, thus enabling CSPs to reduce time to market for new offers and maintain a high level of innovation of their product portfolio. Thanks to catalogue-driven orchestration, NGSF enables the quick introduction of traditional and digital services delivered in sophisticated value chains. The fulfilment process is realized on top of existing technological silos, which allows for step by step transformation programs without the need for huge up-front investments.

**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** enables management of the network from the service perspective. The system can be pre-integrated with Comarch Service Catalogue to describe the services according to the TMF SID model (Customer Facing Services (CFS) and Resource Facing Services (RFS)). When integrated with Product Inventory (through the north-bound interface) and with Network Inventory (through the south-bound interface), telecom Service Inventory provides an end to end view of the network, services and products.

## 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.

## 3.2. Finance, Banking and Insurance Sector

**Finance, Banking and Insurance Sector** for over 20 years, has been creating and implementing state-of-the-art IT solutions and services in financial institutions on the banking, insurance and capital markets. Our customer portfolio includes companies in over 30 countries. These include, among others: Raiffeisen, ING, TMB Bank, Alior Bank, Pekao, AXA, Allianz, UniCredit.

### PRODUCTS

**Comarch Corporate Banking** is an omnichannel platform designed for the specific needs of large and medium-sized companies, and offered to banks providing services to such 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 also supports corporates in managing accounts of different types, buying currencies, making local and international payments, or consolidating balances across the world.

**Comarch Wealth Management** is an integrated, multi-module platform dedicated to retail, affluent and private banking client segments. The system supports different recipients: relationship managers - in advisory and financial planning processes, end-clients – in self-driven robo-advisory processes and bank-client communication with the use of newest technologies, wealth managers - in discretionary portfolio management in line with regulations and investment mandates, and analysts - in running performance and risk calculations to assess client portfolio efficiency.

**Comarch Loan Origination** enables more efficient control of credit risk and allows for a significant reduction of time needed to grant a loan. The system automates the work of client advisors managing the credit-granting process at its every stage. It allows banks to optimize the most vital elements of credit management: loan simulation, application verification, analysis of customer financial situation (including database checks), decision making and fund disbursement.

**Comarch Digital Insurance** is, on one hand, a system dedicated to insurance agents, brokers or intermediaries. It helps them not only 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 smoothly purchase a policy online and manage their insurance product portfolio.

**Comarch Identity and Access Management (IAM)** 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.

**Comarch tPro ECC** is an innovative USB token for digital signature. The token is driverless, OS-agnostic and browser-independent thanks to a connectivity mechanism that is unique in the market. Furthermore, the presence of a built-in button that the user has to press and release in order to authorize transactions makes tPro ECC an extremely effective device in countering remote attacks.

**Comarch tPro Mobile** is a mobile solution for strong customer authentication and transaction authorization based on two factors: what the user has – a mobile phone with an app; and what the user knows – a PIN or pattern. The application also supports biometry on mobile devices with a fingerprint scanner.

### 3.3. ERP Sector

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

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

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

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

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

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

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

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

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

**Comarch IBARD** - An easy to use, multifunctional tool for, amongst others, automatic backup, file synchronization between devices and team work on documents. Comarch IBARD service allows users



to have constant access to company data from any device and place 24/7. A huge advantage of the application is the high level of security of the stored data: double encoding and their storage in a certified Comarch Data Centre in Poland. Comarch IBARD is available in four languages (Polish, English, German and French). It can be sold in Whitelabel model.

**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 ERP e-Pracownik** - 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 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.

**Comarch TNA** (Time and Attendance) is an innovative system for tracking and monitoring working time based on the cooperation of an original mobile application with **Comarch TNA Gateway** devices. The solution can function as a stand-alone system or cooperate with other Comarch systems. It is also easily integrated with third party solutions.

### 3.4. Public Sector

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

#### Comarch ERGO

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

#### Comarch EZD

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

**Comarch e-Office**

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

**Comarch ERP Egeria**

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

**Comarch Security Platform**

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

**Comarch Smart City Platform**

Comarch Smart City Platform is a comprehensive solution dedicated to cities and urban matters. The platform centre - Comarch Smart City Engine combines all platform elements with the existing municipal systems and infrastructure (including Internet of Things). The Platform is composed of: Comarch Partners Market, mobile applications, dedicated Comarch City Portal, Comarch Developers Platform and Comarch Smart City Console.

**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 and business information, manages documents and their flow within the company and sales process management using support systems and mobile applications. The offer also includes a comprehensive range of IT infrastructure management for services companies.

Services Sector implements projects on five continents in 35 countries. Among our clients are BP Global, Carlsberg, Heathrow Airport, Accor Hotels, JetBlue Airways, Metro Group, OMV, Diageo (producer of such brands as Johnnie Walker, Smirnoff and Baileys), Red Bull, Leroy Merlin, Unilever, BIC, Nivea and Tesco.

#### Comarch CRM&Marketing

The offer is addressed to large enterprises. It involves a comprehensive set of IT services that helps build and manage loyalty programs, create customer relations, automate marketing processes and increase profits. Furthermore, we develop tools for Big Data analysis and gamification-based systems for building engagement, increasing profits and strengthening the relationships between clients, partners and the brand.

#### 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) that supports 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 Campaign Management** – simplifies the integration and automation of marketing activities in order to accelerate campaign launches and increase revenues. The tool enables multi-channel communication with clients, gives better insight into costs and marketing budget, and allows campaign results to be measured via reports.

**Comarch Customer Engagement** – a solution that manages the engagement and loyalty of clients, and enables the definition of diverse tasks (educational, social and entertainment) for which users are awarded with badges, higher level or ranking position.

**Comarch Business Intelligence** – supports companies that want to build loyalty strategies through in-depth analysis of a large amount of collected data and provide a detailed picture of purchase patterns, shopping cart values, campaign effectiveness and statistics related to the program.

**Comarch Social Mining** – an application extending the scope of the loyalty program for social media: based on defined criteria and data sources, it allows social media to be monitored, additional behavioural data based on users' profiles to be obtained, personalized communication to be defined and customers to be rewarded.

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

**Creative Services** – creative services based on measurable strategies, advanced solutions and unconventional thinking: engagement strategies, engaging mechanisms, unique graphic designs (mobile application, www, TV spots, leaflets and posters), managing the engagement program.

**Management Services** - support in all processes: program organization, creation and selection of marketing service providers, management of relations with strategic partners, current application



administration, performance reporting, detection and prevention of fraud, communication management, etc.

**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.

**Comarch Enterprise Engagement Platform** - a solution for managing motivation, involvement 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 better ranking position.

**Comarch Location Based Services** – innovational technological platform that enables a highly personalized marketing communication directed through mobile application channels towards people, clients, inhabitants or passengers at certain locations. The solution uses geo-localization and micro-localization and sends notifications through native iOS or Android applications. The platform contains a navigational module which enables the user to find their way in a building, which is helpful in large facilities such as shopping malls, hospitals and government offices. The platform is integrated with beacons produced by Comarch and the micro-localization is defined by Bluetooth.

The system has been adapted to the new EU regulation on personal data protection (GDPR). An important element is launching and expanding a distributed architecture, based on central integration and local system instances. Work in the field of multi-program support and redesign of Contact Centre, Member Portal and mobile application interfaces are in progress. Recently, a modern Comarch Location Based Services technology platform has been created, integrated with Comarch beacons that facilitate micro-location of the user via Bluetooth.

### Comarch e-Invoicing

The Comarch e-Invoicing portfolio enables automation of sales processes and the supply chain. A comprehensive approach to communication with global partners, covering the electronic exchange of product, retail, logistic and financial data, brings business benefits. In addition, the solutions allow more efficient document management and automation of business processes within the company. Apart from EDI (Electronic Data Interchange) and ECM (Electronic Content Management) solutions, we offer SFA mobile and web solutions (Sales Force Automation) designed to support and optimize sales-related processes.

Comarch e-Invoicing offers the following solutions:

**B2B Network** – a platform for secure and fast exchange of electronic documents between companies from around the world, regardless of the industry in which they operate. In addition, integration with mobile sales solutions and comprehensive reporting tools guarantee rapid access to reliable business data.

**Master Data Management** – a central product catalogue that allows you to manage product data with multiple clients using a single solution. Comarch Master Data Management is a certified GDSN catalogue that ensures rapid synchronization of product data with partners around the world.

**e-Invoicing** – a solution that ensures automation of the invoicing process in accordance with legal regulations. Multi-channel support allows the processing and validation of data in various formats, as well as archiving (for both sales and cost invoices).

**AP/AR Automation** – an innovative solution that provides full control over the entire invoice management process (Accounts Payable/Accounts Receivable). It allows you to reduce the workload associated with manual data processing, speed up the document acceptance process and ensure rapid access to data at every stage of the process.

**Procure-to-Pay** – a solution that comprehensively supports choosing a supplier of goods/services, contract management, placing orders, e-invoicing and managing and settling transactions within the

company. It provides effective cooperation with suppliers and between individual departments in the organization.

The integration of EDI and MDM class solutions is in progress, which ensures a significant improvement in the quality of transaction data (for example orders or invoices) and logistics. Comarch plans to create a global solution for mass e-invoice projects that ensure compliance with local legal conditions and support dedicated customer processes, including the acceptance of invoices within enterprises.

Due to the inclusion of SFA products in the B2B Network area, it is planned to develop towards the integration of selected systems, in order to use the synergy of individual applications and gain a competitive advantage over other e-Invoicing solution 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 data security.

### Comarch Data Centre Solutions

**Comarch Data Centre** – advanced technological centers with high availability and Tier III and Tier IV architecture. They are an alternative for clients having to possess their own IT infrastructure resources. Comarch S.A. owns four Data Centers and partners with 11 others around the world. Services are provided in the following models:

- **IaaS (Infrastructure as a Service)** – renting IT infrastructure (specific number of servers, computing power or disk space) depending on the company's current needs.
- **PaaS (Platform as a Service)** – a full hardware and system platform with a complete set of accompanying services necessary to support the client's application along with management, administration and 24/7 monitoring.
- **SaaS (Software as a Service)** – the most comprehensive solution, including the delivery of Comarch applications along with the necessary server infrastructure, PaaS hosting and additional services.

**Comarch Enterprise Cloud Platform** – a 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 located in the Comarch Data Centre.

**Disaster Recovery Centre** – an optional service for all the above-mentioned solutions. It 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.

### 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 the continuity of services 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), through LAN/WAN network administration, server and security infrastructure, to 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, through the supply of appropriate devices and software, to 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, or operating platform.

### IT Risk & 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 & Compliance** - services related to evaluation, processing and compliance with all security standards at regional and international levels. Regular data security audits can detect a potential threat and prevent it early enough to neutralize the risk. We provide a wide range of services related to conducting a detailed audit of IT security, customized to the market needs and customer expectations.

**IT Security Integration & 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 qualified network engineers and security specialists, and many years of security management experience, we are able to provide solutions tailored to our clients' needs.

In 2017, a private computing cloud Comarch Enterprise Cloud Platform (IaaS and PaaS) was launched at the CDC in Krakow. The solution consists of three layers: hardware (based on x86, SDS - Software Defined Storage and omni-path 100Gbe), application (for sharing resources, based on OpenStack open source cloud solution software - IaaS) and container (up to building applications based on microservice, implemented by OpenShift software - PaaS). The next step will be the expansion of the platform with new functionalities, as well as launching the platform in DC centres in Lille, Dresden and Chicago.

## 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
- Regionalny System Informacji Medycznej
- Podlaski System Informacji e-Zdrowie
- E-Zdrowie dla Mazowsza
- Małopolski System Informacji Medycznej

#### 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 2017, 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 2017, share of none of the product provider exceeded 10% of the value of Comarch S.A. sales.

#### 5. Sales Structure

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

	2017	%	2016	%	2015	%
Domestic	404,925	53.6	390,379	52.1	431,929	57.6
Export	350,592	46.4	358,834	47.9	317,627	42.4
<b>Total</b>	<b>755,517</b>	<b>100.0</b>	<b>749,213</b>	<b>100.0</b>	<b>749,556</b>	<b>100.0</b>

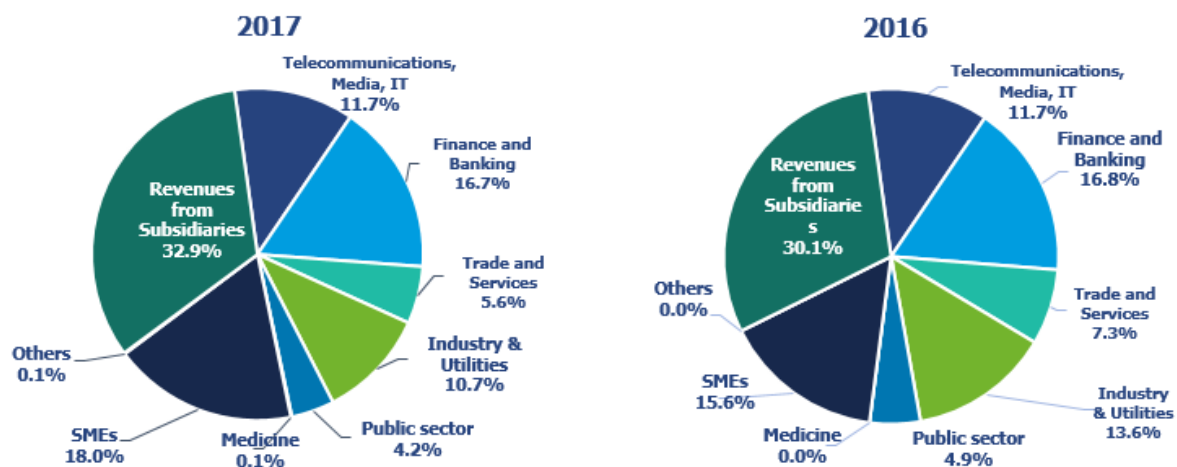
In 2017, revenues from the Company's sales increased by PLN 6.3 million, i.e. 0.8% compared to 2016. Export sales decreased slightly by PLN 8.2 million, i.e. 2.3%, mainly due to less favourable exchange rates of foreign currencies than in previous year. Revenues from domestic sales increased by PLN 14.5 million, i.e. by 3.7%, mainly as a result of improved sales in the SME sector. The geographical structure of sales remained stable during the financial year.

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

	2017	%	2016	%	2015	%
Telecommunication, Media, IT	88,762	11.7	87,693	11.7	100,793	13.4
Finance and Banking	126,518	16.7	125,752	16.8	136,099	18.2
Trade and Services	42,598	5.6	54,549	7.3	47,192	6.3
Industry & Utilities	80,675	10.7	101,664	13.6	87,020	11.6
Public Sector	31,522	4.2	36,470	4.9	27,196	3.6
Medical Sector	433	0.1	345	0.0	1,036	0.1
Small and Medium Enterprises	135,843	18.0	116,841	15.6	111,681	14.9
Others	604	0.1	500	0.0	407	0.1
Revenues from Subsidiaries	248,561	32.9	225,398	30.1	238,131	31.8

<b>Total</b>	<b>755,517</b>	<b>100.0</b>	<b>749,213</b>	<b>100.0</b>	<b>749,556</b>	<b>100.0</b>
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In the 12 months of 2017, a significant increase in sales revenues occurred in the case of SME sector clients (increase of PLN 19.0 million, i.e. 16.3%), their share in total sales is 18.0%. Sales to the Telecommunications, Media and IT sector increased by PLN 1.1 million, i.e. by 1.2%, and its share remained at a similar level as in 2016. A similar situation occurred in the case of clients from the Finance and Banking sector, sales revenues increased by PLN 0.8 million (i.e. 0.6%). In 2017, there was a continuation of the downward trend in sales to clients from the Public sector: the drop amounted to PLN 4.9 million, i.e. 13.6%, which is related to the reduction of purchases by customers in this sector, caused by a temporary limitation in access to financing from EU funds. The Public sector was responsible for 4.2% of Comarch S.A. revenues. Sales to the Medical sector recorded a slight increase, i.e. PLN 0.1 million. Decrease in revenues from direct sales Comarch S.A. to clients from the Trade and Services sector (by PLN 12 million, i.e. 21.9%) and Industry and Utilities (by PLN 21 million, i.e. by 20.6%) is related to the growing share of sales of these solutions by companies subsidiaries of the Comarch Group (increase by PLN 23.2 million, i.e. by 10.3%)



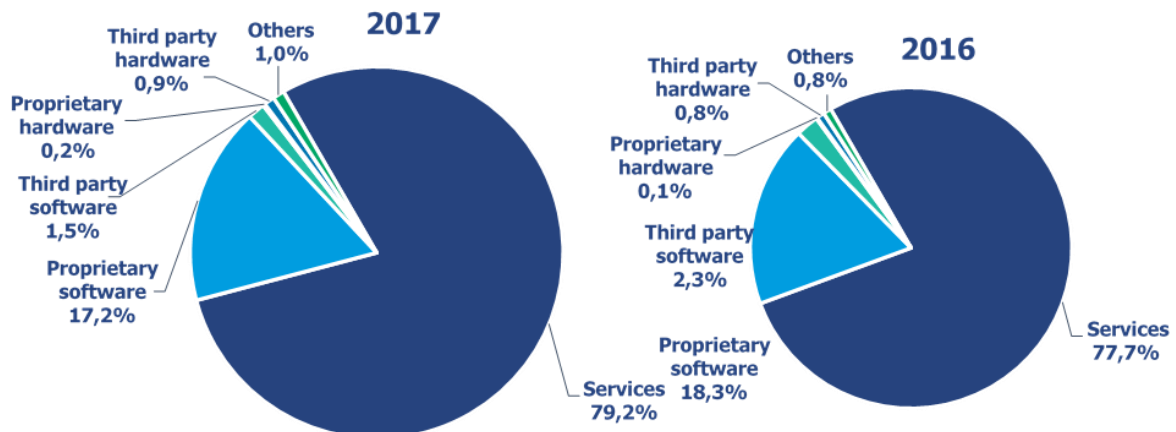
In each quarter of 2017, the structure of sales by customers remained stable.

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

	2017	%	2016	%	2015	%
Services	598,795	79.3	582,389	77.7	531,255	70.9
Proprietary Software	130,237	17.2	137,214	18.3	135,987	18.1
Third party Software	11,311	1.5	17,069	2.3	52,159	7.0
Finished goods	1,165	0.2	418	0.1	10,699	1.4
Hardware	6,807	0.9	5,963	0.8	8,356	1.1
Others	7,202	1.0	6,160	0.8	11,100	1.5
<b>Total</b>	<b>755,517</b>	<b>100.0</b>	<b>749,213</b>	<b>100.0</b>	<b>749,556</b>	<b>100.0</b>

Within 2017, products sales structure was characterized by increase in sales of services, which constitute an increasing share of sales revenues in Comarch S.A.: this is related, to the ongoing changes into business model of services in sales of IT solutions. Within 12 months of 2017, total sales of services significantly grew by PLN 16.4 million, i.e. 2.8% and sales of proprietary software increased by PLN 7.0 million, i.e. 5.1%. Total share of sales of services and proprietary software in total sales amounted to 96.5%. Total sales of third-party software decreased by PLN 5.8 million, i.e. 33.7% and sales of computer hardware increased by PLN 0.8 million, i.e. 14.2%. In total it accounted 2.4% of total sales.

The sales of finished goods was higher than in 2016 (an increase of PLN 0.7 million, i.e. 178.6%), mainly as the result of increased supply of proprietary software to customers from Public sector.



Over the whole 2017, sales structure by products remained stable.

## 6. Factors Essential for Development of the Issuer

### 6.1. Internal Factors

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

### 6.2. External Factors

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



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

## **7. Other Significant Factors, including Risks and Threats**

The Company 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 2018

In 2017, the demand for IT services and IT products remained stable, with changes in its structure. The company observed an increase in demand for solutions for the SME sector, an increase in sales by subsidiaries of the Comarch Group and a drop in demand for IT solutions for clients from the public and medical sectors. The Company's order 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 2018. 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 employees 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 2017	%	31 December 2016	%	2017/2016	%
<b>I. Non-current assets</b>	<b>756,155</b>	<b>60.6</b>	<b>701,603</b>	<b>60.4</b>	<b>54,552</b>	<b>7.8</b>
Intangible assets	14,628	1.2	8,506	0.7	6,122	72.0
Property, plant and equipment	346,398	27.8	296,496	25.5	49,902	16.8
Long-term investment	386,122	31.0	388,998	33.5	-2,876	-0.7
Non-current prepayments	9,007	0.7	7,603	0.7	1,404	18.5
<b>II. Current assets</b>	<b>491,051</b>	<b>39.4</b>	<b>460,642</b>	<b>39.6</b>	<b>30,409</b>	<b>7.6</b>
Inventories	78,120	6.3	43,273	3.7	34,847	80.5
Current receivables	312,373	25.0	324,572	27.9	-12,199	-3.8
Short-term investment	57,670	4.6	55,488	4.8	2,182	3.9
Current prepayments	42,888	3.4	37,309	3.2	5,579	15.0
<b>TOTAL ASSETS</b>	<b>1,247,206</b>	<b>100.0</b>	<b>1,162,245</b>	<b>100.0</b>	<b>84,961</b>	<b>7.3</b>

As of the end of 2017, the value of the Company's assets increased by 7.3% compared to 2016, i.e. from PLN 1,162.2 million to PLN 1,247.2 million, as a result of an increase of current assets and partly also non-current assets. There was an increase of non-current assets of PLN 54.6 million compared to the previous year and this is mostly a consequence of increase in value property, plant and equipment of PLN 49.9 million, and the decrease in long-term investment of PLN 2.9 million. A decrease in the value of long-term investments is the result of repayment of granted loans and revaluation of investments in Comarch's Group subsidiaries. The increase in property, plant and equipment from PLN 296.5 million to PLN 346.4 million results from the expansion of the Company's infrastructure (building SSE7 in Krakow in the Special Economic Zone in Krakow). The increase of PLN 30.4 million in current assets is mostly a consequence of an increase of 80.5% in inventories from PLN 43.3 million to PLN 78.1 million. An increase in the value of inventories by PLN 34.8 million is mainly the result of an increase in rough products and products in progress in reference to implemented projects. The value of current prepayments increased by PLN 5.6 million compared to December 2016. A decrease in short-term investment of 3.9% is a result of changes in forward contracts. Current receivables decreased by PLN 12.2 million, i.e. 3.8% compared to the previous year.

	31 December 2017	%	31 December 2016	%	2017/2016	%
<b>I. Equity</b>	<b>796,984</b>	<b>63.9</b>	<b>771,742</b>	<b>66.4</b>	<b>25,242</b>	<b>3.3</b>
Share capital	8,133	0.7	8,133	0.7	0	0.0
Supplementary capital	653,363	52.4	619,975	53.3	33,388	5.4
Revaluation reserve	95,405	7.6	97,301	8.4	-1,896	-1.9
Other reserve capitals	745	0.1	745	0.1	-	-

Previous years' profit (loss)	-	-	-	-	-	-
Net profit (loss)	39,338	3.2	45,588	3.9	-6,250	-13.7
<b>II. Liabilities and provisions for liabilities</b>	<b>450,222</b>	<b>36.1</b>	<b>390,503</b>	<b>33.6</b>	<b>59,719</b>	<b>15.3</b>
Provisions for liabilities	122,701	9.8	124,646	10.7	-1,945	-1.6
Non-current liabilities	154,762	12.4	121,363	10.5	33,399	27.5
Current liabilities	155,174	12.4	126,800	10.9	28,374	22.4
Accruals	17,585	1.4	17,694	1.5	-109	-0.6
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,247,206</b>	<b>100.0</b>	<b>1,162,245</b>	<b>100.0</b>	<b>84,961</b>	<b>7.3</b>

The value of equity increased in 2017 by 3.3% and its share in the liabilities structure is slightly lower than last year (63.9% compared to 66.4% in 2016). Liabilities and provisions for liabilities constituted 36.1% of liabilities compared to 33.6% in the previous year. In 2017, the balance of short-term liabilities amounted to PLN 155.2 million and was higher by PLN 28.4 million compared to that in 2016. The value of long-term liabilities increased by PLN 33.4 million, mainly as a result of the increase in the value of bank loans related to infrastructure investments carried out by Comarch S.A.. Other items of total equity and liabilities did not change significantly.

	2017	%	2016	%	2017/2016	%
I. Net revenues from sales of products, finished goods and materials	755,517	100.0	749,213	100.0	6,304	0.8
II. Cost of products, finished goods and materials sold	576,096	76.3	529,985	70.7	46,111	8.7
III. Gross profit (loss) from sales (I-II)	179,421	23.7	219,228	29.3	-39,807	-18.2
IV. Costs of sales	72,449	9.6	67,002	8.9	5,447	8.1
V. Administrative costs	53,971	7.1	55,719	7.5	-1,748	-3.1
VI. Profit (loss) on sales (III-IV-V)	53,001	7.0	96,507	12.9	-43,506	-45.1
VII. Other operating revenues	1,280	0.2	1,318	0.2	-38	-2.9
VIII. Other operating costs	13,748	1.8	18,991	2.6	-5,243	-27.6
IX. Profit (loss) on operating activities (VI+VII-VIII)	40,533	5.4	78,834	10.5	-38,301	-48.6
X. Financial revenues	26,971	3.6	6,398	0.9	20,573	321.6
XI. Finance costs	23,260	3.1	28,686	3.9	-5,426	-18.9
XII. Profit (loss) on business activities (IX+X-XI)	44,244	5.9	56,546	7.5	-12,302	-21.8
XIII. Gross profit (loss) (XII)	44,244	5.9	56,546	7.5	-12,302	-21.8
XIV. Income tax	4,906	0.6	10,958	1.5	-6,052	-55.2
XV. Net profit (loss) (XIII-XIV)	39,338	5.2%	45,588	6.1	-6,250	-13.7

In 2017, revenues from the Company's sales increased by PLN 6.3 million compared to 2016. Operating profit reached PLN 40.5 million and decreased by 48.6% compared to operating profit in 2016. Net profit decreased by 13.7% compared to that in the previous year.

Profitability Analysis	2017	2016	2015	2014	2013
Margin on sales	23.7%	29.3%	30.1%	30.6%	24.6%
EBIT margin	5.4%	10.5%	11.1%	10.0%	8.0%
Gross margin	5.9%	7.5%	8.9%	7.4%	7.6%
Net margin	5.2%	6.1%	7.7%	5.7%	7.1%
Return on assets	3.2%	3.9%	5.2%	3.9%	4.5%
Return on equity	5.2%	6.3%	8.6%	6.5%	7.4%

The margin on sales decreased from 29.3% to 23.7%, mainly due to the increase in the operating costs of Comarch S.A. and adverse changes in exchange rates during 2017. The other ratios have also slightly decreased. EBIT margin in 2017 decreased from 10.5% to 5.4% and net margin decreased from 6.1% to 5.2%. Despite the small decline, EBIT margin and net margin remained satisfactory.

Liquidity analysis	2017	2016	2015	2014	2013
Current ratio	2.8	3.2	3.0	3.1	2.5
Quick ratio	2.1	2.6	2.5	2.7	2.1
Cash to current liabilities ratio	0.3	0.4	0.5	0.7	0.3

As in previous years, also in 2017 the Company was characterized by very good financial liquidity. The decrease in ratios compared to that in 2016 was due to lower level of current receivables, and at the same time, lower level of short-term liabilities. 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	2017	2016	2015	2014	2013
Current asset turnover ratio	1.6	1.6	1.8	1.8	1.6
Receivables turnover ratio (days)	149	156	140	131	167
Inventories turnover ratio (days)	40	24	15	12	16
Liabilities turnover ratio (days)	159	137	128	130	148
Liabilities turnover excluding liabilities due to investment credit ratio (days)	80	70	72	69	97

Turnover ratios confirm the effective use of the Company's funds. In 2017, the inventories turnover ratio, liabilities turnover ratio, and liabilities turnover excluding liabilities due to investment credit ratio were extended, while receivables turnover ratio was slightly shortened. Rotation of current assets once again decreased slightly.

Debt analysis	2017	2016	2015	2014	2013
Debt ratio	36.1%	33.6%	34.5%	35.0%	34.5%
Debt ratio due to non-current credits	12.4%	10.4%	9.1%	10.0%	8.3%
Debt/equity ratio	56.5%	50.6%	52.7%	53.9%	52.7%

Due to the significant increase in value of liabilities, most of debt ratios in 2017 were improved compared to the previous year, but remain at a safe level. Debt to equity ratio grew from 50,6% to 56.5%, while the debt ratio due to non-current credits grew from 10.4% to 12.4%. 63.9% of the Company's funds come from internal financing and 36.1% 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

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

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

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

$$\text{liabilities turnover ratio (days)} = - \frac{(\text{liabilities} - \text{liabilities due to Long-term contracts}) * 360}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products, Services, Goods and Materials}}$$

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

## 10. Credits, Loans, Suretyships, Bank Guarantees

### 10.1. Non-Revolving Credits

As at the 31<sup>st</sup> of December, 2017, Comarch S.A. had liabilities due to credits and loans in the amount of PLN 145,127 thousand.

In 2017, 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	Financial Institution	Purpose	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	BGŻ BNP Paribas Bank Polska S.A	office buildings SSE4 in Krakow	44,000	PLN	4,182 (4,802 as at the 31 <sup>st</sup> of December, 2016)	EUR	17,444 (21,244 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 29 <sup>th</sup> of July, 2024	29 <sup>th</sup> of July, 2024	The real estate mortgage, cession of rights in the insurance policy, the promissory note and declaration of

											submission to enforcement
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	office buildings SSE5 in Krakow - refinancing	4,126	EUR	1,977 (2,493 as at the 31 <sup>st</sup> of December, 2016)	EUR	8,246 (11,028 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 31 <sup>st</sup> of October, 2018	29 <sup>th</sup> of September, 2021	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA	Bank Zachodni WBK S.A.	nonrevolving operating credit	7,400	EUR	2,944 (3,899 as at the 31 <sup>st</sup> of December, 2016)	EUR	12,280 (17,249 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 28 <sup>th</sup> of June, 2019	31 <sup>st</sup> of December, 2020	The real estate mortgage, cession of rights in the insurance policy, declaration of submission to enforcement
Comarch SA	Bank Polska Kasa Opieki S.A.	office buildings SSE6 in Krakow	13,323	EUR	9,854 (11,519 as at the 31 <sup>st</sup> of December, 2016)	EUR	41,098 (50,960 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 30 <sup>th</sup> of November, 2023	30 <sup>th</sup> of November, 2023	The real estate mortgage, cession of rights in the building insurance policy, cession of rights in the bank guarantee for 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	Bank Handlowy w Warszawie S.A.	office buildings SSE7 in Krakow	13,333	EUR	11,286 (0 as at the 31 <sup>st</sup> of December, 2016)	EUR	47,075 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 29 <sup>th</sup> of February, 2028	15 <sup>th</sup> of May, 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	Bank Handlowy w Warszawie S.A.	Nonrevolving, long-term credit	2,508	EUR	2,508 (2,365 as at the 31 <sup>st</sup> of December, 2016)	EUR	10,461 (10,465 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin IRS till the 30 <sup>th</sup> of September, 2019	16 <sup>th</sup> of December, 2019	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	DNB Bank Polska S.A.	Non-current assets - equipment of Internet of Things laboratory in Krakow	2,531	EUR	2,130 (0 as at the 31 <sup>st</sup> of December, 2016)	EUR	8,885 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	EURIBOR1M + bank margin	30 <sup>th</sup> of December, 2023	Registered pledge on devices which are the subject of financing, cession of rights under the insurance contract of devices, power of attorney to manage Comarch S.A. bank accounts in DNB Bank Polska S.A., declaration of submission to enforcement

## 10.2. Revolving credits

As at the 31<sup>st</sup> of December, 2017, Comarch S.A. had liabilities due to current credit lines in the amount of PLN 50,000 thousand.

In 2017, 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	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	12 <sup>th</sup> of December, 2018	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	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	0 (0 as at the 31 <sup>st</sup> of December, 2016)	PLN	WIBOR1M + bank margin	30 <sup>th</sup> of June, 2018	An authorization to manage Comarch S.A.'s accounts in bank Pekao S.A. and a declaration of submission to enforcement

## 10.3. Loans received

### a) Loans Taken by Comarch S.A. from unrelated entities

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency	Value	PLN			
Comarch SA	IBM Global Financing Polska Sp. z o.o.	delivery of IBM hardware in relation to an IT project performed by the Comarch Group	12,980	PLN			9,983 (10,415 as at the 31 <sup>st</sup> of December, 2016)	PLN	fixed	01.03.2022	None

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

As at 31<sup>st</sup> of December, 2017, Comarch S.A. held liabilities due to loans from related entities in the amount of PLN 22,401 thousand.

Company	Due date	The loan amount remaining to be repaid (does not include the valuation of interest as at the balance sheet date)	Currency	Interest conditions	Value in PLN
Comarch Sistemas LTDA	2019-08-31	1,200	EUR	LIBOR 1Y EUR +margin	5,005
MKS Cracovia SSA	2022-12-22	1,750	EUR	EURIBOR 1Y +margin	7,299
CA Consulting SSA	2022-12-20	4,900	PLN	WIBOR 12M +margin	4,900
Comarch Infrastruktura S.A.	2022-12-20	1,300	PLN	WIBOR 12M +margin	1,300
Comarch Pointshub S.A.	2022-12-20	1,000	PLN	WIBOR 12M +margin	1,000

Comarch Technologies Sp. z o.o.	2022-12-20	2,200	PLN	WIBOR 12M +margin	2,200
Comarch S.R.O.	2022-12-20	500	PLN	WIBOR 12M +margin	500
<b>Total</b>					<b>22,204</b>

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

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

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

Company	Due date	Value	Currency	Interest conditions	Value in PLN
Bonus Development Sp. z o.o. SK-A	2029-01-31	3,564	PLN	WIBOR3M + margin	3,564
Comarch Yazilim A.S.	2023-12-31	263	EUR	fixed	1,097
SoInteractive S.A.	2019-12-31	410	PLN	WIBOR6M +margin	410
<b>Total</b>					<b>5,071</b>

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

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

None present.

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

As at 31<sup>st</sup> of December, 2017, there are no unpaid loans as well as there are no guarantees nor suretyships granted by Comarch S.A. to members of the Management Board and members of the Supervisory Board and their relatives.

## 10.5. Suretyships

- Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28<sup>th</sup> of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11<sup>th</sup> of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1<sup>st</sup> of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31<sup>st</sup> of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the



aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.

- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,682 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- Due to granting a subsidy to Comarch AG, a subsidiary of Comarch S.A., for construction of an infrastructure in Dresden from Sachsische AufbauBank, Comarch S.A. took on a debt in the event of a liability of Comarch AG to return the granted means. Maximum liability of Comarch S.A. in relation to taking the debt shall not exceed EUR 263 thousand increased by interest for the period from the granting of the subsidy to its return. Taking the debt is valid till the 30<sup>th</sup> of August, 2018.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15<sup>th</sup> of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15<sup>th</sup> of May, 2020.
- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31<sup>st</sup> of May, 2018.
- Due to conclusion of a contract for SLA services, signed by branch of Comarch S.A. in Albany, Comarch S.A. granted a surety for the liabilities of the branch resulting from the project. The surety was granted up to the amount of the signed agreement, i.e. approximately EUR 10 thousand monthly and expired at the 31<sup>st</sup> of December, 2017.
- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of

Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.

- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31<sup>st</sup> of May, 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 28<sup>th</sup> of June, 2030.
- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 30<sup>th</sup> of August, 2018.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14<sup>th</sup> of September, 2019.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety

was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.

- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of by Thanks Again LLC, an associate of Comarch S.A., an agreement to rent office with a client, a surety for Thanks Again LLC was granted to the amount of USD 544 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch SAS was granted to the amount of EUR 2,414 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- Due to granting the credit line for Geopolis Sp. z o.o., a surety for liabilities of Geopolis sp. z o.o. was granted to the amount of PLN 160 thousand and expired on the 31<sup>st</sup> of December, 2017.
- 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

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

## 10.6. Bank Guarantees

On the 31<sup>st</sup> of December, 2017, 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 65,876 thousand, whereas it was PLN 37,671 thousand on the 31<sup>st</sup> of December, 2016.

Comarch S.A. granted letters of comfort for its subsidiaries: Comarch Healthcare S.A. (valid till the 30<sup>th</sup> of June, 2019), Comarch Malaysia SDN. BHD. (valid till the 31<sup>st</sup> of December, 2018 and without time limit), Comarch Argentina S.A. (without time limit) and Comarch R&D S.à r.l. (without time limit).

## 11. The Most Important Events in 2017 and after the Balance-Sheet Date

### 11.1. Contracts Significant for Issuers' Activities

The most important contracts signed in 2017 are:

#### 11.1.1. Acquisition of Shares in Geopolis Sp. z o.o.

On the 17<sup>th</sup> of March, 2017, the Management Board of Comarch S.A. announced about signing the letters of intent with Geopolis sp. z o.o. and it's shareholders aimed at setting conditions to carry out the following transactions:

- Comarch S.A. acquired 100% of shares in Geopolis sp. z o.o.,
- Comarch S.A. acquired the whole copyrights to the ERGO software which belonged to the Geopolis sp. z o.o.,
- Comarch S.A. agreed to the recapitalize of Geopolis sp. z o.o.

The above-mentioned transactions will be carried out once the relevant conditions set out in the letters of intent have been fulfilled and the agreement on others terms has been reached until 31<sup>st</sup> of March, 2017. On the 31<sup>st</sup> of March, 2017, the Company informed that the parties agreed to postpone the deadline for fulfilment of the conditions to 3<sup>rd</sup> April, 2017. On the 3<sup>rd</sup> of April, 2017, the conditions set out in letters of intent have been fulfilled and mentioned transactions were realized.

The total value of the transactions amounts to PLN 8.05 million.

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. Acquiring of Geopolis sp. z o.o. will allow Comarch Group to expand the product portfolio dedicated to the public sector.

Comarch S.A. announced details in current reports no. [RB-2-2017](#) (ENG: [RB-2-2017](#)) dated the 17<sup>th</sup> of March, 2017, no. [RB-4-2017](#) (ENG: [RB-4-2017](#)) dated the 31<sup>st</sup> of March, 2017 and no. [RB-5-2017](#) (ENG: [RB-5-2017](#)) dated the 4<sup>th</sup> of April, 2017.

#### **11.1.2. 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)**

In relation to the current report no. [RB-3-2016](#), ENG: [RB-3-2016](#) dated the 18<sup>th</sup> of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, the Management Board of Comarch S.A. announced in the current report no. [RB-20-2017](#), ENG: [RB-20-2017](#), that on the 30<sup>th</sup> of October, 2017, they signed amendment to the above-mentioned contract. As a consequence, the planned completion date of this investment has been extended to the 31<sup>st</sup> of December, 2017.

#### **11.1.3. Limited Offering for "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS"**

Comarch S.A.'s Management Board informed, that on the 12<sup>th</sup> of September, 2017, 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), were opened. Thus, the Comarch S.A. presented the most advantageous offer by price. The total value of the offer presented by the Company amounted to PLN 242,033,004 gross. The Company announced details in current report no. [RB-17-2017](#), ENG: [RB-17-2017](#) dated the 12<sup>th</sup> of September, 2017.

Comarch S.A.'s Management Board informed in current report no. [RB-21-2017](#), ENG: [RB-21-2017](#), dated the 14<sup>th</sup> of November, 2017, that on 14<sup>th</sup> of November, 2017, the results of the limited offering were announced 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). The Issuer's offer of the total value of PLN 242,033,004 gross was scored the most points and was selected as the most advantageous one.

#### **11.1.4. Signing the Agreement on "Delivery and Implementation of the System for Digital Registration of Court Proceedings in Common Courts"**

The Management Board of Comarch S.A. informed in current report no. [RB-18-2017](#), ENG: [RB-18-2017](#) dated the 20<sup>th</sup> of October, 2017, that as a result of resolution of public procurement procedure on the 20<sup>th</sup> of October, 2017, the Consortium of Comarch Polska S.A. (a subsidiary of Comarch S.A.) as a Leader of the Consortium and MAXTO Sp. z o.o. S.K.A. as a Member of the Consortium (the "Consortium") signed the agreement with the Treasury represented by the Minister of Justice on delivery and implementation of the system for digital registration of court proceedings in common courts (the "Agreement"). The delivery, installation, configuration, implementation and launch of the system will be completed not later than by 31<sup>st</sup> of August, 2018, while services and technical support will be carried out for 48 months from the first day of the full month after signing by the Ministry of Justice the final protocol without reservation. The maximum remuneration payable the Consortium for the performance of the Agreement shall not exceed PLN 137,805,711.72 gross.

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

##### **11.1.5. 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)**

In relation to the current report no. [RB-3-2016](#), ENG: [RB-3-2016](#) dated the 18<sup>th</sup> of March, 2016, on signing the contract with Budimex S.A. for the realization of the sixth construction stage of the investment in the Special Economic Zone in Krakow, and the current report no. [RB-20-2017](#), ENG: [RB-20-2017](#) dated the 30<sup>th</sup> of October, 2017, on signing the amendment to the above-mentioned contract, the Management Board of Comarch S.A. informed in the current report no. [RB-3-2018](#), ENG: [RB-3-2018](#), that works covered by the initial scope of the agreement were performed until the 31<sup>st</sup> of December, 2017, and on the 25<sup>th</sup> of January, 2018, an amendment to the above-mentioned contract was signed, which established additional works to be performed by the Contractor in relation to the SSE7 building. As a consequence, the contract value was increased by PLN 2,721,000 and planned completion date of the works comprised by the amendment has been extended to the 30<sup>th</sup> of June, 2018.

##### **11.1.6. Signing the Agreement on "Providing Support, Operation and Maintenance Services for Comprehensive IT System for ZUS"**

Comarch S.A.'s Management Board informed in current report No. [RB-4-2018](#), ENG: [RB-4-2018](#), dated 2<sup>nd</sup> of March, 2018, about signing on 2<sup>nd</sup> of March, 2018, by a consortium of Comarch Polska S.A. with its headquarters in Krakow and Comarch S.A. with its registered office in Krakow (hereinafter: "Consortium") with Zakład Ubezpieczeń Społecznych (The Polish Social Insurance Institution) with its registered office in Warsaw (hereinafter "ZUS") contracts for the providing support, operation and maintenance services for comprehensive IT system for ZUS (hereinafter: "the Agreement"). The subject matter of the Agreement is the provision by the Consortium to ZUS of maintenance, servicing and additional services for the KSI ZUS system and acting as an integrator of the ZSI Social Insurance Institution to the extent and under the terms of the Agreement. The total remuneration due to the Consortium for the implementation of the subject of the Agreement will not exceed gross amount of PLN 242,033.004.00 (in words: PLN two hundred forty two million thirty three thousand four 00/100), including: net amount of 196,774,800, PLN (in words: PLN one hundred ninety six million seven hundred seventy four thousand eight hundred and 00/100) and value added tax (VAT) at a rate of 23% of PLN 45 258 204.00 (in words: forty five million two hundred fifty eight thousand two hundred four 00/100). The term of execution of the subject of the Agreement is 48 months, however, it starts from the day of commencement of service provision, i.e. not later than within 12 months from the date of conclusion of the Agreement, after prior notification by the Consortium in writing of readiness to take over maintenance services and signing by both parties to the maintenance service transfer protocol, unless the parties agree otherwise in writing. The contract expires also when the limit of gross remuneration due to the Consortium has been exhausted.

## **11.2. Others**



### **11.2.1. Request of Bank Pekao S.A. for PLN 100 million from CA Consulting S.A. Due to Improper Performance of an Agreement**

The Management Board of Comarch S.A. announced on 23<sup>rd</sup> of March, 2017 that, CA Consulting S.A., a subsidiary of Comarch S.A., received the request for payment from Bank Pekao S.A. In the issued letter, the Bank called on CA Consulting S.A. to pay the amount of PLN 100 million resulting from improper performance of the Comprehensive Comarch Internet Banking Agreement (CIB) of 23<sup>rd</sup> of December, 2005. According to the Bank's letter the improper performance of the Agreement consists in the failure to meet by CA Consulting S.A. the parameters defined in SLA.

In the opinion of the Issuer the request directed to CA Consulting S.A. has neither justification nor grounds in the provisions of the Agreement of 2005. According to the Issuer, exceeding the parameters of the SLA results from the reasons attributable to the Bank which are beyond the control of CA Consulting S.A., including in particular the fact that the volume of transactions processed by the System repeatedly exceeded the project assumptions set out in the Agreement, as well as the lack of sufficient Bank investment in the modernization of the infrastructure, necessary for the functioning of the CIB System over the last nine years. The large part of currently existing infrastructure comes from 2008 and it has the same computing power as at that time, which is currently not enough for proper operation of the System. CA Consulting S.A. has repeatedly informed the Bank about this fact, including in writing, informing about necessity of revitalization and modernization work aimed at increasing initial performance benchmarks, as well as performing works adjusting the System to the number of processed transactions, among others in the letter of January 2017 from the Management Board of Comarch S.A. to the Management Board of Pekao S.A., as well as from the Management Board of CA Consulting S.A. to the managers of Pekao S.A.

In accordance with the provisions of the Agreement, total liability limit of CA Consulting S.A. in any given calendar year will not exceed 100% of the remuneration due to services specified in the Agreement and received by CA Consulting S.A. in the given calendar year. The amount of request exceeds several dozen times the above mention limit and is not justified in any way in the letter.

Comarch S.A. announces that CA Consulting S.A. rejected the bank claim in its entirety as unfounded. The Company also informs that the Comarch Group still provides services under the Agreement concluded with the Bank.

According to the Management Board of Comarch S.A. this situation will not have significant impact on the operations and financial standing of the Comarch Group.

The Company announced details in the current report no. [RB-3-2017](#), ENG: [RB-3-2017](#) dated the 23<sup>rd</sup> of March, 2017.

### **11.2.2. Debit Note from Tauron Dystrybucja S.A.**

The Management Board of Comarch S.A. announced in the current report no. [RB-19-2017](#), ENG: [RB-19-2017](#), that on the 24<sup>th</sup> of October, 2017, Comarch S.A. as the Leader of the Consortium including: 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. In accordance with its content, the subjective debit note was issued by Tauron in reference to contractual penalties for delay in performance of the agreement dated the 15<sup>th</sup> of June, 2012, on delivery and implementation of the IT system enabling the management of network assets in Tauron, concluded between Tauron and Consortium (the “Agreement”).

Comarch S.A. announced that, according to the regulations binding within the Consortium, each member of the Consortium is responsible for the proper performance of their tasks and responsibilities, bearing the relevant liability for the contractual penalties.

The amount of contractual penalty indicated in the debit note consists of:

- a) contractual penalty in the amount of PLN 22,149,507.94 for the delay in delivery of the passporting system, where the individual members of the Consortium were responsible for the performance in respect of their obligations under the Agreement,
- b) contractual penalty in the amount of PLN 2,469,063.87 for the delay in delivery of Stage 2 of the Agreement, where Apator Rector sp. z o.o. is responsible for the performance,
- c) contractual penalty in the amount of PLN 5,627,499.80 for the delay in delivery of Stage 3 of the Agreement, where Apator Rector sp. z o.o. is responsible for the performance,

In the opinion of Comarch S.A., contractual penalty in amount of PLN 22,149,507.94, which was charged for the delay in delivery of the passporting system, is completely groundless both the basics and the amount, in particular due to the lack of a contractual basis for the charge. The other above-mentioned penalties should also be considered as unreasonable, in particular due to the Tauron's failure to take account of circumstances which affect timeliness of the implementation of the Agreement and are attributable to Tauron.

Comarch S.A. announced that will take the necessary legal steps to confirm that there is no obligation to pay the penalties resulting from the debit note issued by Tauron. At the same time, given the circumstances described, in the opinion of the Management Board, there is currently no need to create the provision for potential claims arising from the contractual penalties specified in the debit note.

### **11.2.3. Amendment to the agreement with Bank Pekao S.A for providing Comprehensive Comarch Internet Banking (CIB)**

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

### **11.2.4. Conclusion of a settlement with the Agency for Restructuring and Modernization of Agriculture (ARMA)**

With reference to current report no. [RB-14-2014](#), ENG: [RB-14-2014](#), dated 19<sup>th</sup> of May, 2014, (regarding receiving an accounting note from the Agency for Restructuring and Modernization of Agriculture (hereinafter: "ARMA") covering a contractual penalty in the amount of PLN 32 455 497.28 (in words: thirty two million four hundred fifty-five thousand four hundred ninety-seven 28/100) in connection with the implementation by Comarch S.A. of the agreement of 29<sup>th</sup> of April, 2013, ("OFSA Agreement") and current report no. [RB-4-2015](#), ENG: [RB-4-2015](#), dated 15<sup>th</sup> of January, 2015, informing about the delivery of a claim to Comarch S.A. on 14<sup>th</sup> of January, 2015 for the payment of PLN 34 493 717.28 (in words: thirty-four million four hundred ninety-three thousand seven hundred seventeen 28/100) - brought against Comarch S.A. by ARMA to the District Court in Warsaw, 3<sup>rd</sup> Civil Department - for contractual penalties charged by ARMA. Comarch S.A.'s Management Board informed in the current report no. [RB-6-2018](#), ENG: [RB-6-2018](#), about the settlement on the 23<sup>rd</sup> of April, 2018, between Comarch S.A. and ARMA in front of the court mediator. As part of this settlement - making mutual concessions - the Parties agreed that the contractual penalties due to ARMA due to improper performance by Comarch S.A. OFSA agreements amount to PLN 3,478,473.60 (in words: three million four hundred seventy eight thousand four hundred seventy three 60/100) and that they will be settled with due Comarch S.A. from ARMA compensation, the amount of which, as part of mutual concessions, was set at PLN 1,478,098.24 (in words: one million four hundred seventy eight thousand ninety eight

24/100) - due to lost profits resulting from ARMA's failure to consortium from Comarch S.A. and Comarch Polska S.A. contracts for "Maintenance and development of the IT Information System of the Agency - SIA (ZSZiK, IACSpus, GIS, SIZ, PZSIPplus, PA)" ("the SIA Agreement") - as a result of concluding this agreement with another contractor. As a result of the settlement, the total value of the contractual penalty to be paid by Comarch S.A. will amount to PLN 2,000,375,36 (in words: two million three hundred and seventy five 36/100), which is in the reserve established by Comarch S.A. in 2014 in the amount of PLN 2,276,882.40 (in words: two million two hundred seventy six thousand eight hundred and eighty two 40/100). At the same time, as part of the settlement, ARMA waived further claims arising from contractual penalties related to the performance of the OFSA Agreement, and Comarch S.A. waived all further claims related to the failure to sign the SIA Agreement. Comarch S.A.'s Management Board informs that he has taken action to approve the above-mentioned settlement by the competent court.

## **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**

Wszystkie inwestycje kapitałowe zostały opisane w punkcie [17.2.](#)

### **12.2. Real Estates**

On the basis of an agreement made between Comarch S.A. and Budimex S.A. on the 18<sup>th</sup> of March, 2016, the Group completed the sixth stage of the investment in the Special Economic Zone in Krakow (SSE7). The subject of the contract was construction of an office building with road and technical infrastructure and a delivery of necessary materials and equipment. The total area of the building is 27,736 m<sup>2</sup>. On the 30<sup>th</sup> of October, 2017, amendments to the aforementioned agreement were signed (current report no. [RB-20-2017](#), ENG: [RB-20-2017](#)), where completion date was extended to 31<sup>st</sup> of December, 2017. Works covered by the initial scope of the agreement were performed until the 31<sup>st</sup> of December, 2017, and on the 25<sup>th</sup> of January, 2018, an amendment to the above-mentioned contract was signed (current report no. [RB-3-2018](#), ENG: [RB-3-2018](#)), 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 up to PLN 69,999 thousand and planned completion date of the works comprised by the amendment has been extended to the 30<sup>th</sup> of June, 2018. Investment expenditures incurred in connection with the above-mentioned agreement until the 31<sup>st</sup> of December, 2017, amounted to PLN 65,673 thousand.

In 2017, there were no purchases of land properties.

## **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 announced in EBI current report no. [EBI-2-2017](#), ENG: [EBI-2-2017](#), that on the 29<sup>th</sup> of May, 2017, Supervisory Board of Comarch S.A. passed the resolution no. 10/5/2017 in which projects of the resolutions at the AGM, to be held on the 27<sup>th</sup> of June, 2017, are given positive opinions.

Pursuant to the detailed principle number II.Z.10 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board conveyed in EBI current report no. [EBI-1-2017](#), ENG: [EBI-1-2017](#), the report on the activities of the Supervisory Board of Comarch S.A., an assessment of the Company's situation in 2016 including assessment of the Company's internal system control and risk management in the Company, an assessment of the Company's compliance with the disclosure obligations concerning compliance with the corporate governance principles, as well as the report on the sponsorship or charity activities carry out of the Company.

## 13.2. Annual General Meeting – 27<sup>th</sup> of June, 2017

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

On the 27<sup>th</sup> of May, 2017, 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 11:00 o'clock on the 27<sup>th</sup> of June, 2017, at ul. Prof. Michała Życzkowskiego 23 in Krakow, Poland. Agenda of the meeting and projects of resolutions to be presented on AGM, and their grounds, were also published on that day. Pursuant to art. 402 with index 2 of the Code of Commercial Companies and Partnerships, the Company's Management Board has presented information on participation in the Company's General Meeting, including:

- Shareholder's right to demand the inclusion of specific issues in the agenda of the nearest General Meeting,
- A shareholder's right to introduce projects of resolutions,
- Method of exercising the right to vote by proxy,
- The possibility and the method of participating in the General Meeting using means of electronic communication,
- The method of giving one's opinion during the General Meeting using means of electronic communication,
- The method of exercising a voting right in by correspondence or by using means of electronic communication,
- Date of registration for participation in the General Meeting: 30<sup>th</sup> of May, 2016,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address.

The Company announced details in current report no. [RB-10-2017](#), ENG: [RB-10-2017](#), dated the 29<sup>th</sup> of May, 2017.

### 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 1.01.2016 - 31.12.2016;
- approving the report of the Management Board regarding the activities of the Company in 2016;

- approving the financial statement of the Capital Group for the fiscal year 1.01.2016 - 31.12.2016;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2016;
- approving the activity report of the Company's Board of Supervisors for the fiscal year 2016, including assessment of the Company's situation;
- distribution of the Company's net profit for the fiscal year 1.01.2016 - 31.12.2016;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2016 - 31.12.2016;
- changes in the Rules for the Supervisory Board of Comarch S.A.;
- changes in the Company's Statute. On the 27<sup>th</sup> of June, 2017 General Meeting of Comarch S.A. changes the Company's Articles of Association by adding a new letter d) in art. 8 sec. 4: „d) disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law ("Structure") controlled, within the meaning of art. 8 sec 5 of the company's articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure ("Contributing Shareholder") or (jointly) controlled only by the Contributing Shareholder's relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned above ("Related Person or Related Persons") and the Contributing Shareholder jointly ("Controlled Structure") and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure." (current report no. [RB-13-2017](#), ENG: [RB-13-2017](#) dated the 27<sup>th</sup> of June, 2017). On the 23<sup>th</sup> of August, 2017, changes in the company's articles of association were registered in the National Court (current report no. [RB-16-2017](#), ENG: [RB-16-2017](#) dated at 31<sup>st</sup> of August, 2017).

The full content of the resolutions was published on in the current report no. [RB-13-2017](#), ENG: [RB-13-2017](#) dated the 27<sup>th</sup> of June, 2017.

### c) Resolution of the AGM Regarding Dividend for 2016

The General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2016 - 31 December 2016. The General Shareholder's Meeting decided that net profit in the amount of PLN 45,588,464.11 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 31<sup>st</sup> of July, 2017, will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares.
2. The remaining part of the net profit in the amount of PLN 33,388,440.61 (thirty-three million three hundred eighty-eight thousand four hundred forty zlotys and 61/100) will be passed to supplementary capital.

Dividend was paid at the 11<sup>th</sup> of August, 2017.

The Company announced details in current report [RB-14-2017](#) (ENG: [RB-14-2017](#)) dated the 27<sup>th</sup> of June, 2017.

On the 8<sup>th</sup> of May, 2017, in current report no. [RB-6-2017](#) (ENG: [RB-6-2017](#)) The Management Board of Comarch S.A. announced, that they shall recommend to the company's General Shareholders' Meeting the following distribution of the net profit of PLN 45,588,464.11 achieved by Comarch S.A. as was presented above. On the 15<sup>th</sup> of May, 2017, the Supervisory Board of Comarch S.A. gave a positive opinion (current report no. [RB-8-2017](#), ENG: [RB-8-2017](#) of the 15<sup>th</sup> of May, 2017) on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2016.

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

Accordingly, to the list of shareholders participating the Annual General Meeting of Comarch S.A. on the 27<sup>th</sup> of June, 2017, Elżbieta Filipiak and Janusz Filipiak held at least 5% of the total number of votes represented at this Meeting:

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

The total number of votes from all issued Comarch S.A. shares is 15,126,949. Shareholders participating the Annual General Shareholders Meeting of Comarch S.A. on the 27<sup>th</sup> of June, 2017, held shares giving 9,306,334 votes, which constituted 61.52% of the total number of votes. The Company announced details in current report no. [RB-15-2017](#), ENG: [RB-15-2017](#) dated the 27<sup>th</sup> of June, 2017.

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

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

None present.

#### AFTER THE BALANCE SHEET DATE

On the 12<sup>th</sup> of February, 2018, the Management Board of Comarch S.A. received from a person acting as a managing person, a notification of transactions referred to in Article 19 par. 1 of the Regulation of the European Parliament and the EU Council No. 596/2014 dated the 16<sup>th</sup> of April, 2014, on market abuse. This transaction concerned a disposal on the 8<sup>th</sup> of March, 2018, of 7,539 ordinary bearer shares on regulated market at the weighted average price of PLN 145.50 per 1 share. The value of the transaction amounted to PLN 1,096,924.50.

The Company announced details in current report no. [RB-5-2018](#) and [RB-5-2018/K](#), ENG: [RB-5-2018](#) and [RB-5-2018/K](#), dated the 12<sup>th</sup> of March, 2018.

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

None present.

## 15. Other Events in 2017 and after the Balance Sheet Date

### 15.1. Dates of Periodical Financial Reports in 2017

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19<sup>th</sup> of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, with current report no. [RB-1-2017](#), ENG: [RB-1-2017](#) dated the 5<sup>th</sup> of January, 2017, Comarch S.A.'s Management Board presented terms of periodical financial reports in 2017.

### 15.2. Correction of Basic Financial Data in the Report of the Auditor from the Audit of the Financial Statement of Comarch S.A. for 2016

On the 8<sup>th</sup> of May, 2017, in current report no. [RB-7-2017](#) (ENG: [RB-7-2017](#)) The Management Board of Comarch S.A. published corrected annual report of Comarch S.A. for 2016.

Editorial errors are corrected regarding to basic financial data in the report of the auditor from the audit of the financial statement of Comarch SA for 2016:

1. Table entitled 'Basic data from the balance sheet date' (part 2, page 8 of the report from the audit).  
Inventories- it was: 43,274, it should be: 43,273;  
Total assets- it was: 1,162,522, it should be: 1,162,245;

Current liabilities (including: current provisions for liabilities and accruals)-it was: 246,222, it should be: 245,310;

Current liabilities due to deliveries and services-it was: 16,595; it should be: 53,915;

Liabilities and provisions for liabilities- it was: 391,415, it should be: 390,503.

2. 'Information on Audited Financial Statement' (part 3, page 9 of the Report from the audit).

It was:

The audited financial statement was prepared as at 31<sup>st</sup> of December, 2016 and includes:

- introduction to the financial statement,
- balance sheet as at 31<sup>st</sup> of December, 2016, with total assets and total equity and liabilities amounting to PLN 1,162,522,003.55,
- income statement for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, with net profit for the year amounting to PLN 44,953,007.89,
- changes in equity for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, presenting an increase in equity in the amount of PLN 39,201,703.72,
- cash flow statement for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, presenting a decrease in cash in the amount of PLN 16,602,272.10,
- additional information and commentary.

It should be:

The audited financial statement was prepared as at 31<sup>st</sup> of December, 2016 and includes:

- introduction to the financial statement,
- balance sheet as at 31<sup>st</sup> of December, 2016, with total assets and total equity and liabilities amounting to PLN 1,162,245 thousand,
- income statement for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, with net profit for the year amounting to PLN 45,588 thousand,
- changes in equity for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, presenting an increase in equity in the amount of PLN 39,837 thousand,
- cash flow statement for the period from 1<sup>st</sup> of January, 2016 to 31<sup>st</sup> of December, 2016, presenting a decrease in cash in the amount of PLN 16,640 thousand,
- additional information and commentary.

### **15.3. The impact of Changes in Exchange Rates on Results of the Comarch Group in the first quarter of 2017**

On the 16<sup>th</sup> of May, 2017, in current report [RB-9-2017](#) (ENG: [RB-9-2017](#)) The Management Board of Comarch S.A. announced, that events of unusual nature, i.e. exchange rate differences and valuation of financial instruments based on the exchange rate will have a significant impact on the results of the Comarch Group in the first quarter of 2017. Exchange rate differences was a result of a strengthening of the Polish zloty against the main currencies (especially EUR and USD) between the 31<sup>st</sup> of December, 2016 and the 31<sup>st</sup> of March, 2017.

### **15.4. Correction of Data in the Financial Statement of Comarch S.A. for 2016**

On the 16<sup>th</sup> of June, 2017, in current report no. [RB-12-2017](#) (ENG: [RB-12-2017](#)) The Management Board of Comarch S.A. published corrected annual report of Comarch S.A. for 2016. Editorial errors are corrected in notes: Note 3d INTEREST OR SHARES IN RELATED UNITS and note 3e INTEREST OR SHARES IN RELATED PARTIES. The Company announced details in erratum attached to the report.

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

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

In the current report no. [RB-1-2018](#) (ENG: [RB-1-2018](#)) dated the 2<sup>nd</sup> of January, 2018, Comarch S.A.'s Management Board set the following dates of periodical financial reports in 2018:

- Q4 2017 - on 1<sup>st</sup> of March, 2018
- Q1 2018 - on 18<sup>th</sup> of May, 2018
- Q3 2018 - on 16<sup>th</sup> of November, 2018
- Consolidated half-year report which include condensed consolidated financial statement and condensed financial statement for the first half of 2018 - on 31<sup>st</sup> of August, 2018
- Annual report for 2017 - on 27<sup>th</sup> of April, 2018
- Consolidated annual report for 2017 - on 27<sup>th</sup> of April, 2018

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

Between the 1<sup>st</sup> of January, 2018 and 27<sup>th</sup> of April, 2018, the Comarch Group concluded forward contracts for the sale of EUR 4,000 thousand and USD 2,000 thousand. The total net value of open forward contracts as on the 27<sup>th</sup> of April, 2018 amounted to PLN 20,477 thousand and USD 5,615 thousand. The open forward contracts as of the 27<sup>th</sup> of April, 2018, were valued at plus PLN 7,837 thousand. The contracts will be settled within 25 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 of 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 144.1 million, thus reached 19.1% of revenue in 2017. Comarch allocated their internal funds as well as acquired actively European funds.

### Comarch S.A.

In 2017, as part of Measure 1.1 of the **Intelligent Development Operational Program 2014-2020** co-financed by the European Regional Development Fund, a contract was signed for co-financing the project "Production of technology" IoT Mesh "and supporting tools".

Under the Measure 1.1 "R&D projects of enterprises", Sub-Measure 1.1.2 "R&D works for the production of pilot/demonstration plant", the "City of health" project was implemented.

Whereas under the Measure 2.1 Support for investment of R&D infrastructure of enterprises, it was implemented the project: "Research and development facility for Internet of Things".



**Fundusze Europejskie**  
Inteligentny Rozwój

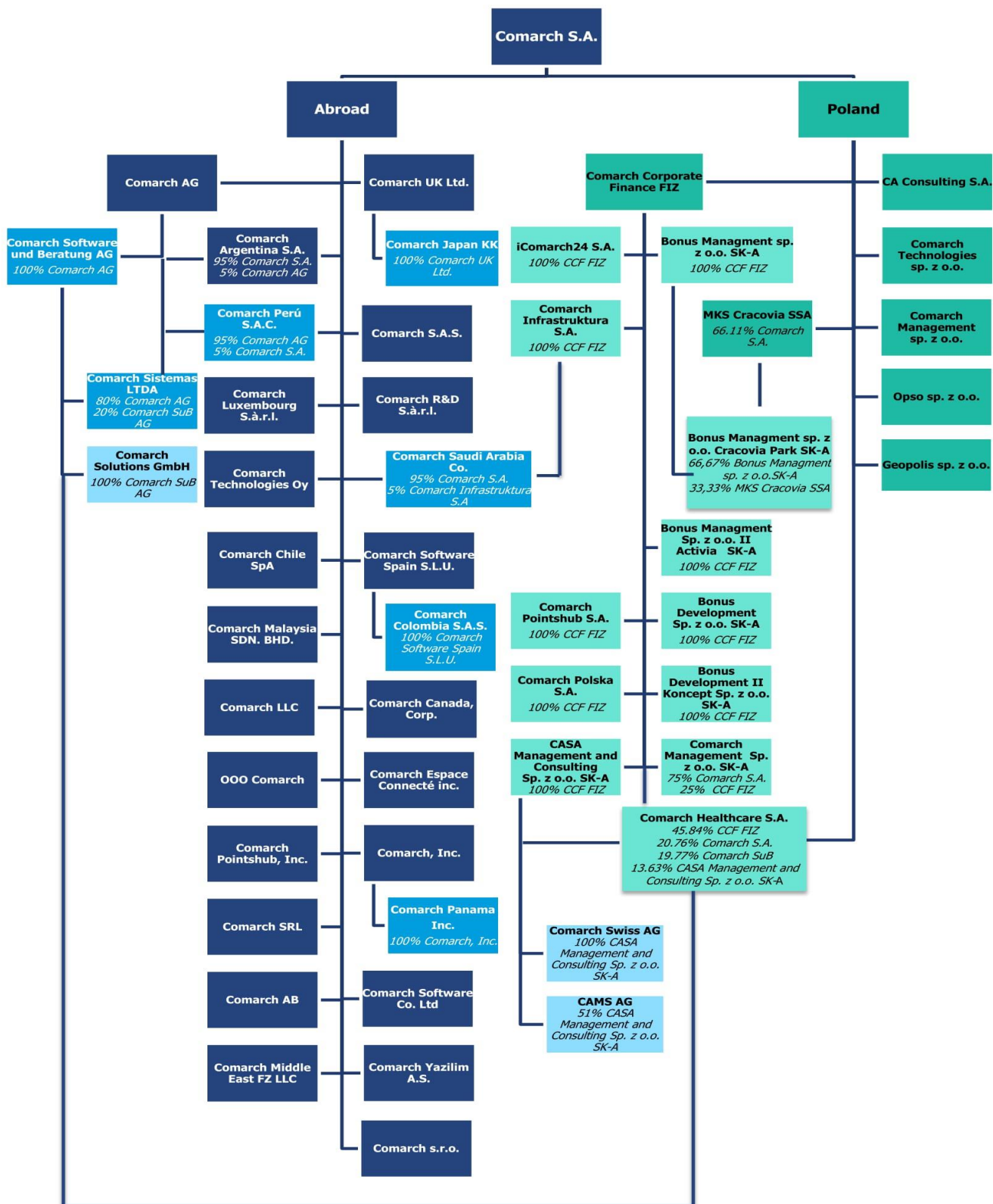
**Unia Europejska**  
Europejski Fundusz  
Rozwoju Regionalnego





## 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 2017

On the 19<sup>th</sup> March, 2017, a company Comarch Saudi Arabia Co. headquartered in Riyadh, was registered. The share capital of the company amounts to SAR 1 million and consists of 1,000 shares with a nominal value of SAR 1,000 each. Comarch S.A. owns a 95% of shares, while Comarch Infrastruktura S.A. owns 5% of shares of Comarch Saudi Arabia Co.

On the 27<sup>th</sup> of March, 2017, 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 8,114.806 thousand to PLN 10,114.806 thousand. Comarch Software und Beratung AG acquired in its entirety a new share issue, i.e. 2 million shares with a nominal value of PLN 1.00 and an issue price of PLN 10.00 per share. On the 24<sup>th</sup> of July, 2017, a mentioned share capital increase was registered in the National Court.

On 3<sup>rd</sup> of April, 2017 Comarch S.A. acquired 100% of shares of Geopolis sp. z o.o., acquired the whole copyrights to the ERGO software which belongs to the Geopolis sp. z o.o. and committed itself to recapitalization of Geopolis sp. z o.o. by PLN 4 million, what took place in April. The total value of the transactions amounted to PLN 8.05 million. 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. Acquiring of Geopolis sp. z o.o. will allow Comarch Group to expand the product portfolio dedicated to the public sector. Comarch S.A. announced details in current reports no. [RB-2-2017](#) (ENG: [RB-2-2017](#)) dated the 17<sup>th</sup> of March, 2017, no. [RB-4-2017](#) (ENG: [RB-4-2017](#)) dated the 31<sup>st</sup> of March, 2017 and no. [RB-5-2017](#) (ENG: [RB-5-2017](#)) dated the 4<sup>th</sup> of April, 2017. On the 10<sup>th</sup> of April, 2017, the Extraordinary General Shareholders Meeting of Geopolis Sp. z o.o. adopted a resolution on the increase of share capital from PLN 50,000 to PLN 450,000 through the issue of 800 new interests with a nominal value of PLN 500 each. New interests were acquired in full by Comarch S.A., the only shareholder of Geopolis Sp. z o.o.. On the 31<sup>st</sup> of August, 2017, the capital increase was registered. The share capital consists of 900 shares and is worth PLN 450,000.

On the 5<sup>th</sup> of July 2017, Comarch S.A. paid EUR 600 thousand in the form of the capital increases in Comarch Software Spain S.L.U.

On the 7<sup>th</sup> July, 2017, a company Comarch Japan KK headquartered in Tokyo was registered. The share capital of the company amounts to JPY 5 million and consists of 100 shares with a nominal value of JPY 50,000 each. Comarch UK owns a 100% of shares and votes.

On the 10<sup>th</sup> of October, 2017, a share capital increase of Comarch Argentina S.A. from the amount to ARS 100,000 to ARS 3,298,195 was registered.

On the 18<sup>th</sup> of October, 2017, the Extraordinary General Shareholders Meeting of Comarch Management Sp. z o.o. adopted a resolution on the increase of share capital from PLN 300,000 to PLN 400,000 through the issue of 1,000 new interests with a nominal value of PLN 100 each. New interests were acquired and paid in full by Comarch S.A in the amount of PLN 100,000. Until the date of publication of this report the capital increase has not been registered.

On the 27<sup>th</sup> of October, 2017, Comarch SRL has adopted a resolution about the increase of the share capital to the amount of EUR 900,000. The increase of share capital in amount of EUR 200,000 was paid by Comarch S.A., the only shareholder of the company. The surplus of shares sold above their nominal value in the amount of EUR 853,386.50 was allocated to covering the losses of Comarch SRL for the previous years.

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

On the 22<sup>nd</sup> of March, 2018, the Extraordinary General Shareholders 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 to PLN 12,114,806. 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. Until the date of publication of this report the capital increase has not been registered.

## 18. Branches of Comarch S.A.

As at the 31<sup>st</sup> of December, 2017, 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, Wrocław.

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

## 19. Non-Financial Data Report

On 27<sup>th</sup> of April, 2018, the Company has published on the website <https://www.comarch.pl/relacje-inwestorskie/raporty-okresowe/2017/> Consolidated Non-Financial Data Report for 2017.

## 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 2017.

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

None present.

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

None present.

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

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

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

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

Details of the remuneration of entities authorized to audit financial statements have been included in note 46 of the financial statement.

## 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

#### Cooperation of Comarch S.A. and the St. Mary's church in Kraków under the project of revitalizing the musical space in the church.

Comarch S.A. has also made a significant donation for the renovation of organs in the St. Mary's church in Kraków and will be a co-founder of the new instrument and the entire project of revitalizing the musical space in the church.

*- Comarch is increasingly implementing the policy of corporate social responsibility and is involved in activities for the protection and reconstruction of national heritage. We are a company from Krakow and we want this city to develop as a meeting place for lovers of broadly understood culture from around the world. That is why for several years we have been supporting organ music concerts in the St. Mary's Church, which gather crowds of music lovers. The basilica is the heart and symbol of Krakow, and the bugle call played from the St. Mary's tower is heard every day by residents from all over Poland and beyond. It's time that the sound of the organs would sound with perfection due to this place - says prof. Janusz Filipiak, founder and president of Comarch S.A.*

Another year in a row Comarch S.A. sponsored an event which became a part of Krakow's cultural calendar - the concert of Last Night of the Proms, and also another edition of the St. Mary's Organ Festival. The Krakow company has sponsored this musical event from the very beginning of its existence.

### COMARCH CARES GRANT COMPETITION

Two editions of the #ComarchCares grant competition were held in 2017. Teams of employees of Comarch S.A. together with the selected institution could submit competition projects supporting local communities and contributing to solving problems in such areas as: new technologies, ecology and animal protection, culture, education, sport, addiction prevention, activities for the disabled, children and youth socially excluded, seniors. Last year, four projects received grants in the amount of PLN 2,500.

### CHRISTMAS COLLECTIONS FOR LOCAL COMMUNITIES

In 2017, as in 2016, employees from Polish Comarch companies in branches throughout Poland joined the organization of holiday collections for people in need.

### HELP FOR ANIMALS

During annual charity campaigns, employees of Polish Comarch Capital Group companies also remember about homeless animals. In 2017, were held once again, in the headquarters of the company in Krakow

and several branches in Poland, material collections for shelters or foundations to help quadrupeds. In 2017, 11 institutions throughout Poland received support.

### **WE MADE KRAKÓW GREEN**

250 seedlings of yews were planted by Comarch S.A. employees together with their families in the Florianka Garden in the Planty Park in Krakow. The campaign organized together with the Municipal Greenery Management will be continued in the future.

### **PULARIZATION OF SCIENCE**

From the beginning of its activity, the 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 2017 the 15<sup>th</sup> edition of the summer internship for students of IT and related fields was held. In addition, Comarch S.A., for the third time, joined the organization of the Małopolska Noc Naukowców.

### **SPORT AND HEALTHY LIFESTYLE**

The Polish companies of the Comarch Capital Group have been involved in the promotion of sport among young people and residents of the Małopolska province for almost 25 years, mainly through the sponsorship of the Cracovia Sport Club by Comarch S.A. It also promotes a healthy and active lifestyle among its employees.

In Poland, Comarch encourages employees to come by bicycle to work, 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. During the annual, large outdoor event for company employees and their families, sports competitions are organized. Many sporting events are also accompanied by sports activities. The Comarch Capital Group also encourages its employees to participate in outdoor sports events. Income from many of them is transferred for social purposes.

In 2017, the employees of the Comarch Capital Group companies in Poland participated in several running events in Poland, as well as volleyball and football competitions. Once again they tried their strength during Dragon Boat training.

In the summer of 2017, employees of the Comarch Capital Group companies in Poland have been able to face the training challenges of the ComarchONrun cross-country races, the ComarchONbike and ComarchONmove cycling competition for the third time.

The Comarch Recreation Centre is at the disposal of employees of the Comarch Capital Group companies in Krakow 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, 27<sup>th</sup> of April, 2018

<b>Name and surname</b>	<b>Position</b>	<b>Signature</b>
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 independent auditor

The Management Board of Comarch S.A. states that the entity entitled to audit financial statements, that audited the annual financial statement for the year 2017 was selected compliant with the law and that the entity and expert auditors who audited this statement perform under conditions to provide an unbiased and independent opinion on the audited annual consolidated financial statement, compliant with the binding law and professional standards.

Kraków, 27<sup>th</sup> of April, 2018

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 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 2017 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, 27<sup>th</sup> of April, 2018

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 REGARDING THE ACCEPTANCE OF CORPORATE GOVERNANCE PRINCIPLES IN COMARCH S.A. IN 2017**



## Table of contest

- 1. Corporate Governance Principles that Apply to an Issuer.....3
- 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.....3
- 3. Shareholders Holding Directly or Indirectly Significant Shares in Votes at the General Shareholders Meeting as at 28<sup>th</sup> of April, 2018 .....5
- 4. Owners of Securities Entitling them to Special Control Rights as well as a Description of these Rights.....5
- 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.....5
- 6. All Restrictions Regarding Transferring the Holding Rights of an Issuer’s Securities.....5
- 7. Principles for the Appointing and Dismissing of Management and their Rights, notably the Right for Decision Making on Shares Issue or Buyout .....6
- 8. Description of Principles for Changes in Articles of Association.....6
- 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.....6
- 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 .....8
- 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 ..... 16

Statement of the Management Board of Comarch S.A. on the application in the Company of corporate governance rules in accordance with § 91 section 5 point 4 of the Regulation issued by the Minister of Finance on the 19<sup>th</sup> of February, 2009, concerning current and periodical information pertaining to companies 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.

## 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 13<sup>th</sup> 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/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.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.

Pursuant to § 29, section 5 of the Rules of the Warsaw Stock Exchange, the Management Board of Comarch S.A. presented declaration of the Management Board regarding the acceptance of the corporate governance principles in the Company in 2015 as attachment to the annual statement published on 29<sup>th</sup> of April, 2016.

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

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

### a) Recommendations for Best Practices of Listed Companies

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

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

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

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

## **b) Detailed Principles for Best Practices of Listed Companies**

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

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

In terms of disclosures of remuneration the Company applies generally applicable laws. The Company complies with the principle VI.Z.4 partially. Comarch S.A. 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 28<sup>th</sup> of April, 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 Board	91,622	1.13	129,222	0.85
MetLife OFE	841,097	10.34	841,097	5.56
Other shareholders	3,880,142	47.71	3,880,142	25.65
<b>Total</b>	<b>8,133,349</b>	<b>100.00</b>	<b>15,126,949</b>	<b>100.00</b>

### 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 presented.

### 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) Zasady powoływania i odwoływania**

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 28<sup>th</sup> 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) Rada Nadzorcza wg stanu na dzień 31 grudnia 2017 r.:

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

The Supervisory Board shall undertake constant supervision of all areas of the Company's operations. The Supervisory Board shall operate according to the regulations of the Polish Commercial Companies Code, the Company's Articles of Association, the Corporate Governance Principles in force at the Company and the Rules for the Supervisory Board dated the 30<sup>th</sup> 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.
  - 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 2017, the Audit Committee (equivalent of the Audit Committee within the meaning of Annex I to the European Commission Recommendation of the 15<sup>th</sup> 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. According to the information available to the Company, two member of the Audit Committee fulfilled the conditions for independence and at least one of them had qualifications in accounting or auditing.

On 27<sup>th</sup> of November, 2017, by Resolution no. 2/11/2017, the Audit Committee of Comarch S.A. adopted the Regulations of the Audit Committee of the Supervisory Board of Comarch S.A.

## **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 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.
2. Most members of the Audit Committee, including the Chairman, are independent of the Company, i.e. they meet the independence criteria.
3. At least one member of the Audit Committee possesses knowledge and skills in accounting or auditing.
4. 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.
5. The Committee performs its functions jointly.
6. The Committee's meetings shall be held at the registered office of the Company or other place indicated by the person convening the meeting.
7. 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.
8. 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.
9. 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.

10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. A member of the Audit Committee should make every effort to participate in the meetings of the Audit Committee.

As at 31<sup>st</sup> of December, 2017, the Supervisory Board of Comarch S.A. did not set up a nomination committee and a remuneration committee.

## e) Members of Comarch S.A.'s Management Board as at 31<sup>st</sup> December , 2017:

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, Best Practices of WSE

Listed Companies binding in the Company, resolutions of the Supervisory Board, resolutions of the Annual General Shareholders' Meeting, the Rules for the Management Board dated the 15<sup>th</sup> of September, 2017 and to the generally binding legal regulations. The detailed operations of the Management Board were presented in the above-mentioned documents.

## **f) Główne zapisy Regulaminu Zarządu Comarch S.A.:**

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 2017, 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 or other place indicated by the person convening the meeting.
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 29<sup>th</sup> of September, 1994 (consolidated text, Journal of Laws from 2016, pos. 1,047 with subsequent changes) and compliant with the Regulation issued by the Minister of Finance on 19<sup>th</sup> 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 (consolidated text, Journal of Laws from 2014, pos. 133 with subsequent changes).

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 29<sup>th</sup> 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.