

FINANCIAL SUPERVISION AUTHORITY

CONSOLIDATED HALF-YEAR REPORT PSr 2020

year

(pursuant to &60 sec.2 and &62 sec. 3 of the Regulation issued by the Minister of Finance on 29th of March, 2018)
for issuers of securities managing production, construction, trade and services activities

for first half of financial year 2020 from	2020-01-01 to 2020-06-30
including consolidated annual financial statement according to	International Financial Reporting Standards
in currency	PLN
and condensed financial statement according to	Act on Accounting
in currency	PLN
date of publication	2020-08-28

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

(An auditor entitled to audit financial statements)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EUR	
	H1 2020	H1 2019	H1 2020	H1 2019
DATA RELATED TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT				
I. Net revenues from sales	708,784	666,488	159,589	155,431
II. Operating profit (loss)	71,783	46,157	16,163	10,764
III. Profit before income tax	56,897	46,103	12,811	10,752
IV. Net profit attributable to shareholders	34,519	27,179	7,772	6,338
V. Cash flows from operating activities	124,317	69,485	27,991	16,205
VI. Cash flows from investing activities	-32,980	-15,213	-7,426	-3,548
VII. Cash flows from financing activities	-29,332	-27,817	-6,604	-6,487
VIII. Total net cash flows	62,005	26,455	13,961	6,170
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings per single share (PLN/EURO)	4.24	3.34	0.95	0.78
XI. Diluted earnings (losses) per single share (PLN/EURO)	4.24	3.34	0.95	0.78
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	449,037	447,398	101,105	104,337
XIII. Profit (loss) on operating activities	24,610	17,267	5,541	4,027
XIV. Gross profit (loss)	62,203	48,113	14,006	11,220
XV. Net profit (loss)	55,297	44,480	12,451	10,373
XVI. Cash flows from operating activities	52,339	12,928	11,785	3,015
XVII. Cash flows from investing activities	8,283	17,137	1,865	3,997
XVIII. Cash flows from financing activities	-24,737	-22,369	-5,570	-5,217

XIX. Total net cash flow	35,885	7,696	8,080	1,795
XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	8.42	10.47	1.90	2.44
XXII. Diluted earnings (losses) per single share (PLN/EURO)	8.42	10.47	1.90	2.44
XXIII. EQUITIES	30.06.2020	31.12.2019	30.06.2020	31.12.2019
XXIV. Equity attributable to shareholders (consolidated)	987,378	952,123	221,088	223,582
XXV. Equity (dominant unit)	929,406	881,540	208,107	207,007

Euro exchange rates used for calculation of the selected financial data:

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2020 to 30.06.2020: 4.4413;

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2019 to 30.06.2019: 4.288;

The balance sheet items were presented based on NBP average exchange rates as of the end of the period:

- 30.06.2020: 4.466;

- 31.12.2019: 4.2585.

Values of equities (positions XXIV, XXV) were presented as at the end of first six months of the current year and as at the end of the previous year.

When presenting selected financial data from the quarterly financial statement, it should be properly described.

Selected financial data from the consolidated balance sheet (consolidated statement regarding the financial situation) or from the balance sheet respectively (statement regarding the financial situation) is presented as of the end of the current half-year and as of the end of the previous year, and this should be properly described.

This report should be presented to the Financial Supervision Authority, the Warsaw Stock Exchange and press agency pursuant to the law.

REPORT INCLUDES:

File	Description
PSr 1 2020 separate.pdf	Condensed interim financial statement of Comarch S.A.
PSr 2020 consolidated.pdf	Condensed interim consolidated financial statement of Comarch Group
Report regarding activities.pdf	Report of the Management Board regarding activities
The Management Board's Statement regarding the Reliability of Financial Statement.pdf	The Management Board's Statement regarding the Reliability of Financial Statement
Report from review – separate.pdf	Report from review of condensed interim financial statement of Comarch S.A.
Report from review – consolidated.pdf	Report from review of condensed interim consolidated financial statement

SIGNATURES OF PERSONS REPRESENTING COMPANY

Date	Name and surname	Position	Signature
2020-08-28	Konrad Tarański	Vice-President of the Management Board	
2020-08-28	Maria Smolińska	Proxy	

Report of an Independent Expert Auditor of the Review of Condensed Interim Financial Statement

for the Shareholders and the Supervisory Board of COMARCH S.A.

Introduction

We have audited the attached condensed interim financial statement of Comarch S.A. ("Company") with its registered office at Krakow, al. Jana Pawła II 39a, which consists of: balance sheet as of the 30th of June 2020, profit and loss account for the period from the 1st of January to the 30th of June, 2020, changes in equity for the period from the 1st of January to 30th of June, 2020, cash flow for the period from the 1st of January to the 30th of June, 2020 and additional information and commentaries ("condensed interim financial statement").

The Company's management board is responsible for preparing and presenting the condensed interim financial statement in accordance with the Act on Accounting of the 29th of September, 1994 (Journal of Laws from 2019, pos. 351 with subsequent changes) hereinafter referred to as the "Accounting Act", secondary legislation issued on its basis and provisions of the Regulation of the Minister of Finance of the 29th of March, 2018 regarding current and periodical information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws from 2018, pos. 757 with subsequent changes).

We are responsible for formulating the conclusion regarding the condensed interim financial statements based on our review.

Scope of the Review

The review was conducted in accordance with the 2410 National Standards for Review Services in the wording of the 2410 International Standards for Review Services, *Review of Interim Financial Information Conducted by the Entity's Independent Auditor* adopted by a resolution of the National Council of Expert Auditors.

The review of financial statement consists in directing inquiries primarily to those responsible for financial and accounting matters, conducting analytical procedures and other review procedures.

A review has a significantly narrower scope than an audit conducted in accordance with the National Standards for Audit in the wording of the International Standards for Audit. As a result, the review is not sufficient to ensure that all relevant issues that would have been identified during the audit were disclosed. Therefore, we do not express our opinion on the audit of this condensed interim financial statement.

Conclusion

Based on the conducted review, we find that nothing has returned our attention, which would lead us to believe that the attached condensed interim consolidated financial statement has not been prepared in all important aspects in accordance with the Act on Accounting, issued in its basis and provisions of Regulation of the Minister of Finance of the 29th of March, 2018 regarding current and periodical information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws from 2018, pos. 757 with subsequent changes).

BDO spółka z ograniczoną odpowiedzialnością Sp. k., ") with its registered office at Warszawa

Entity entered on the list of audit firms under reference number 3355

on behalf of which the auditor reviewed the financial statements.

Marcin Krupa
Expert Auditor
Reference number 11142

dr André Helin
President of the Management Board
Expert Auditor, reference number 90004

Krakow, 28th of August, 2020

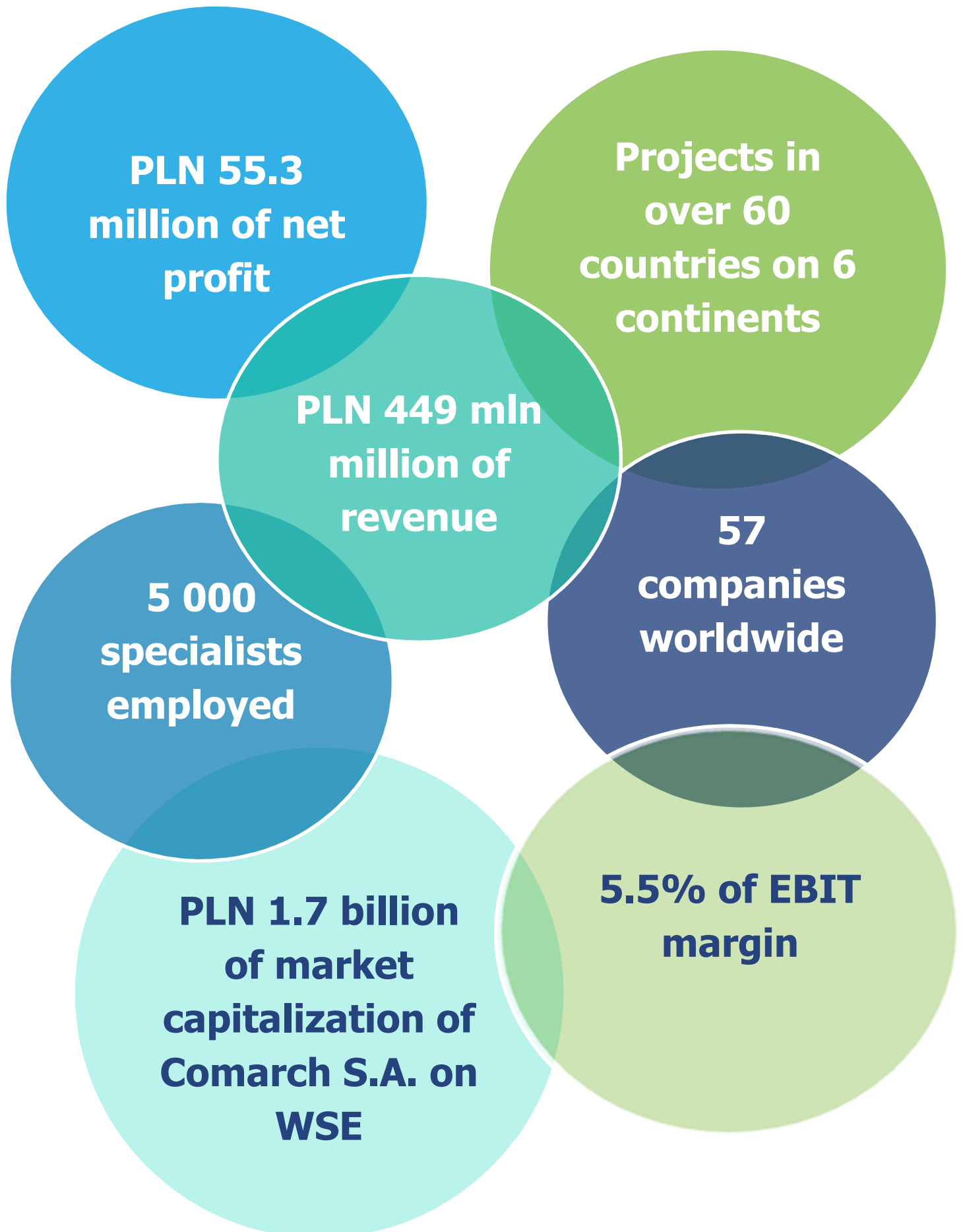
**Condensed Comarch S.A. Financial
Statement for the period
1 January 2020 – 30 June 2020**

Kraków, 28th of August 2020

Table of Content

COMARCH S.A. CONDENSED FINANCIAL STATEMENT FOR 6 MONTHS 2020.....	5
I. Balance Sheet	5
II. Income Statement	7
III. Statement of Changes in Equity	8
IV. Cash Flow Statement	9
V. Supplementary information.....	10
1. Adopted Accounting Policies	10
2. Information about Significant Changes in Estimated Values, Including Information about Corrections due to Provisions, Provision and Deferred Income Tax Assets Mentioned in the Act on Accounting and about Write-Offs that Revaluated Current Asset Items	11
3. Selected Notes to the Summary Financial Statement.....	12
3.1. Non-current Financial Assets.....	12
3.2. Changes in Non-current Financial Assets (Types)	12
3.3. Current Financial Assets	13
4. Brief Description of Significant Achievements or Failures of the Issuer during the Period Covered by the Report, Including a List of the Most Significant Events Related to Such Achievements or Failures	13
5. Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results	14
6. Discussion of Seasonality (Cyclical Nature) of the Issuer's Business in the Period Presented	14
7. Information about Write-Offs that Revaluated Inventories at the Net Realizable Value and Reversal Referred to Them.....	14
8. Information about Revaluating Write-Offs in Relation to Impairment of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and about Reversal Referred to Them	15
9. Information about Creation, Increasing, Using and Dissolution of Provisions.....	15
10. Information about Provisions and Assets in Reference to Deferred Income Tax	16
11. Information about Significant Transactions of Purchase and Sale of Property, Plant and Equipment	16
12. Information about Liability in Relation to Purchase of Property, Plant and Equipment or Non-current Financial Assets	16
13. Information about Significant Settlements in Reference to Court Proceedings.....	17
14. Correction of Mistakes from the Previous Periods.....	17
15. Information in Relation to Changes in Economic Situation and Conditions for Operation, which Have a Significant Effect on Fair Value of an Entity's Financial Assets and Financial Liabilities Regardless of whether the Assets and the Liabilities Are Recognised in Fair Value or in Adjusted Purchase Price (Depreciated Cost)	17
16. Information about Unpaid Credits or Loans, as well as Breach of Significant Provisions of the Credit or Loan Agreements which Were Not Subject to Corrective Measures as of the Reporting Period	17
17. Information about One or More Transactions Concluded by the Issuer or Its Subsidiary with Related Parties, if Individually or in Total are Significant and Concluded on Terms Different from Market Conditions.....	17

18.	In Case of Financial Instruments Valuated in Fair Value – Information about Changes in Method of Its Establishment	17
19.	Information Related to Changes in Classification of Financial Assets as a Result of Changes in Their Purpose or Using of These Assets	17
20.	Information on any Issue, Repurchase or Repayment of Debt and Equity Securities	17
21.	Information on any Dividend Paid Out or Declared, Including Its Total and per Share Value, Separately for Ordinary and Preference Shares.....	17
22.	Events that Occurred after the Date of Condensed Quarterly Financial Statement, which Are Not Included in the Financial Statement but May Significantly Affect the Future Performance of the Issuer	18
23.	Information on any Changes in Contingent Liabilities or Contingent Assets which Have Occurred since the End of the Last Financial Year	18
24.	Other Information with Significant Effects on the Financial Condition Assessment and the Achieved Financial Results of the Issuer	18
24.1.	Impact of SARS-CoV-2 Coronavirus and COVID-19 Incidents on the Company's Operations and Financial Results.....	18
24.2.	2CSI Shares Purchase Agreement.....	19
24.3.	Non-Revolving Credit Agreement with CaixaBank S.A. Branch in Poland.....	19
24.4.	Signing the Agreement on "Delivery of Software and Maintenance Services of IT Systems" for VFNZ	20



COMARCH S.A. CONDENSED FINANCIAL STATEMENT FOR 6 MONTHS 2020

I. Balance Sheet

ASSETS	30 June 2020	31 December 2019	30 June 2019
I. NON-CURRENT ASSETS	752,792	735,752	727,999
1. Intangible assets	8,612	10,770	13,241
2. Property, plant and equipment	323,034	331,755	341,125
3. Non-current investments	414,050	384,927	364,860
3.1 Non-current financial assets	393,935	364,443	344,786
a) in related parties	392,536	361,704	344,309
b) in other entities in which the Company holds equity interests	-	-	-
c) in other parties	1,399	2,739	477
3.2 Real estates	20,072	20,441	20,031
3.3 Other non-current investment	43	43	43
4. Non-current prepayments	7,096	8,300	8,773
4.1 Deferred income tax assets	5,529	6,082	6,342
4.2 Other accruals	1,567	2,218	2,431
II. CURRENT ASSETS	691,673	659,293	614,635
1. Inventories	71,326	62,751	69,094
2. Current receivables	375,198	395,319	339,147
2.1 from related parties	240,830	254,508	214,715
2.2 from other entities in which the Company holds equity interests	-	50	2
2.3 from other entities	134,368	140,761	124,430
3. Current investments	104,564	72,825	79,349
3.1 Current financial assets	104,564	72,825	79,349
a) in related parties	655	900	516
b) from other entities in which the Company holds equity interests	-	-	-
c) in other entities	1,225	4,923	4,153
- interest and shares	-	-	-
- granted loans	-	-	-
- other current financial assets	1,225	4,923	4,153
d) cash and cash equivalents	102,684	67,002	74,680
4. Short-term prepayments	140,585	128,398	127,045
TOTAL ASSETS	1,444,465	1,395,045	1,342,634

EQUITY AND LIABILITIES	30 June 2020	31 December 2019	30 June 2019
I. EQUITY	929,406	881,540	865,004
1. Share capital	8,133	8,133	8,133
2. Supplementary capital	763,377	717,950	717,950
3. Revaluation reserve	101,854	97,085	93,696
4. Other reserve capitals	745	745	745
5. Previous years' profit (loss)	-	-	-
6. Net profit (loss)	55,297	57,627	44,480
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	515,059	513,505	477,630
1. Provisions for liabilities	158,909	160,732	127,604
1.1 Provisions for deferred income tax	24,793	24,786	23,244
1.2 Other provisions	134,116	135,946	104,360
a) current	134,116	135,946	104,360
2. Non-current liabilities	103,716	120,946	129,095
2.1 to related parties	10,639	19,539	19,554
2.2 to other entities in which the Company holds equity interests	-	-	-
2.3 to other entities	93,077	101,407	109,541
3. Current liabilities	168,365	160,942	164,964
3.1 to related parties	35,388	29,077	31,825
3.2 to other entities in which the Company holds equity interests	350	-	20
3.3 to other entities	130,129	130,657	130,813
3.4 Special funds	2,498	1,208	2,306
4. Accruals	84,069	70,885	55,967
4.1 Other accruals	84,069	70,885	55,967
a) current	84,069	70,885	55,967
TOTAL EQUITY AND LIABILITIES	1,444,465	1,395,045	1,342,634
Book value	929,406	881,540	865,004
Number of shares	8,133,349	8,133,349	8,133,349
Book value per share (w PLN)	114.27	108.39	106.35
Diluted number of shares	8,133,349	8,133,349	8,133,349
Diluted book value per share (w PLN)	114.27	108.39	106.35

II. Income Statement

For the 6 months ended 30 June 2020 and the 6 months ended 30 June 2019	Q2 2020*	6 months ended 30 June 2020	Q2 2019*	6 months ended 30 June 2019
I. Net revenues from sales of products, goods and materials, including:	211,011	449,037	212,364	447,398
- revenues from related parties	77,361	152,861	75,394	130,415
1. Net revenue from sales of products	195,678	420,462	201,797	410,870
2. Net revenue from sales of goods and materials	15,333	28,575	10,567	36,528
II. Costs of products, goods and materials sold, including:	175,042	359,070	167,449	359,284
- to related parties	8,882	15,673	7,361	15,361
1. Manufacturing cost of products sold	161,075	333,450	157,765	325,646
2. Value of products, goods and materials sold	13,967	25,620	9,684	33,638
III. Gross profit (loss) on sales	35,969	89,967	44,915	88,114
IV. Costs of sales	16,389	29,998	16,143	29,315
V. Administrative expenses	15,826	30,150	17,080	30,087
VI. Profit (loss) on sales	3,754	29,819	11,692	28,712
VII. Other operating revenue	277	5,792	1,208	1,680
1. Profit on disposal of non-financial non-current assets	97	198	203	356
2. Other operating revenue	180	5,594	1,005	1,324
VIII. Other operating costs	7,765	11,001	11,932	13,125
1. Loss on disposal of non-financial non-current assets	-	-	-	-
2. Cost of works financed in part with subsidies	437	867	923	1,320
3. Revaluation of non-financial assets	-	-	-	-
4. Other operating costs	7,328	10,134	11,009	11,805
IX. Profit (loss) on operating activities	(3,734)	24,610	968	17,267
X. Financial revenue	35,869	48,069	36,418	39,635
1. interest, including:	362	823	314	663
- from related parties	310	635	207	393
2. Dividends and share in profits, including:	41,011	41,011	37,140	37,140
- from related parties	41,011	41,011	37,140	37,140
3. Profit on disposal of financial assets	(199)	-	1,017	1,832
4. Revaluation of financial assets	-	-	-	-
5. Other	(5,305)	6,235	(2,053)	-
XI. Financial costs	(7,298)	10,476	6,664	8,789
1. Interest	703	1,354	927	1,702
- from related parties	138	282	262	564
2. Revaluation of investments	188	188	5,900	5,900
3. Loss on disposal of financial assets	92	92	-	-
4. Other	(8,281)	8,842	(163)	1,187
XII. Profit (loss) on business activities	39,433	62,203	30,722	48,113
XIII. Gross profit (loss)	39,433	62,203	30,722	48,113
XIV. Income tax	5,151	6,906	2,155	3,633
XV. Net profit (loss)	34,282	55,297	28,567	44,480
Net profit (loss) (annualized)		68,444		85,145
Weighted average number of shares		8,133,349		8,133,349
01.07.2019 – 30.06.2020				
Earnings (losses) per single share (PLN)		8.42		10.47
Diluted weighted average number of shares		8,133,349		8,133,349

01.07.2019 – 30.06.2020

Diluted earnings (losses) per single share (PLN)

8.42

10.47

*) Data for the second quarter of 2020 and 2019 were calculated by subtraction of the data presented by the Group in the report for the first quarter of 2020 or 2019 from the data for the first half of 2020 or 2019 (reviewed).

III. Statement of Changes in Equity

	6 months ended 30 June 2020	12 months ended 31 December 2019	6 months ended 30 June 2019
I. Opening balance of equity	881,540	834,190	834,190
a) changes to adopted accounting principles (policies)	-	-	-
I.a Opening balance of equity after adjustments	881,540	834,190	834,190
1. Opening balance of share capital	8,133	8,133	8,133
1.1 Changes in share capital	-	-	-
a) increases (due to)	-	-	-
- shares issue	-	-	-
1.2 Closing balance of share capital	8,133	8,133	8,133
2. opening balance of supplementary capital	717,950	680,501	680,501
2.1 Changes in supplementary capital	45,427	37,449	37,449
a) increases (due to)	45,427	37,449	37,449
- profit-sharing for the previous years	45,427	37,449	37,449
2.2 Closing balance of supplementary capital	763,377	717,950	717,950
3. Opening balance of revaluation reserve	97,085	95,162	95,162
3.1 Changes in revaluation reserve	4,769	1,923	(1,466)
a) increases (due to)	5,888	2,374	344
- provision for deferred income tax due to certificates valuation	-	-	344
- balance sheet valuation of investment certificates	5,888	2,374	-
b) decreases (due to)	1,119	451	1,810
- balance sheet valuation of investment certificates	-	-	1,810
- A provision for deferred income tax related to valuation of investment certificates	1,119	451	-
3.2 Closing balance of revaluation reserve	101,854	97,085	93,696
4. Opening balance of capital from merger	-	-	-
4.1. Closing balance of capital from merger	-	-	-
5. Opening balance of other reserve capitals	745	745	745
5.1 Closing balance of other reserve capitals	745	745	745
6. Opening balance of previous years' profit	57,627	49,649	49,649
a) changes to adopted accounting principles (policies)	-	-	-
6.1 Opening balance of previous years' profit after adjustments	57,627	49,649	49,649
a) decreases (due to)	57,627	49,649	49,649

- transferring the result from the previous years to supplementary capital	45,427	37,449	37,449
- payment of dividend	12,200	12,200	12,200
6.2 Closing balance of previous years' profit	-	-	-
7. Net result	55,297	57,627	44,480
7.1 Net profit	55,297	57,627	44,480
II. Closing balance of equity	929,406	881,540	865,004
III. Equity including proposed profit-sharing (loss coverage)	929,406	881,540	865,004

IV. Cash Flow Statement

For the 6 months ended 30 June 2020 and the 6 months ended 30 June 2019	6 months ended 30 June 2020	6 months ended 30 June 2019
A. Cash flows from operating activities		
I. Net profit (loss)	55,297	44,480
II. Total adjustments	(2,958)	(31,552)
1. Depreciation	21,863	22,220
2. Profit (loss) from foreign exchange differences	204	1
3. Interest and profit sharing (dividends)	(40,557)	(36,210)
4. Profit (loss) on investing activities	(891)	5,849
5. Change in provisions	(2,941)	(16,361)
6. Change in inventories	(8,575)	(7,911)
7. Change in receivables	24,912	36,441
8. Change in current liabilities, excluding credits and loans	826	(7,466)
9. Change in prepayments and accruals	2,201	(28,115)
10. Change in revenues from future periods	-	-
11. Other adjustments	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	52,339	12,928
B. Cash flows from investing activities		
I. Inflows	45,580	41,692
1. Proceeds from sale of property, plant, equipment and intangible assets	482	2,181
2. Proceeds from financial assets, including:	45,098	39,511
a) in related parties	45,098	37,679
- repaid loans	3,292	166
- repaid interests on loans	795	-
- received loans	-	-
- received interests on loans	-	373
- received dividends	41,011	37,140
b) in other entities	-	1,832
- interests on loans	-	-
- dividends and profits in shares	-	-
- other proceeds from financial assets	-	1,832
3. Other investment proceeds	-	-
II. Outflows	(37,297)	(24,555)

1. Purchase of property, plant and equipment and intangible assets	(10,022)	(13,834)
2. Expenses for investment in real estates	(146)	(10)
3. Expenses for purchase of financial assets, including:	(27,129)	(10,711)
a) in related parties	(17,375)	(10,711)
- purchase of financial assets	(9,145)	(1,251)
- granted non-current loans	(8,230)	(9,460)
- repayment of loans	-	-
- repayment of interests on loans	-	-
b) in other entities	(9,754)	-
4. Other investment expenses	-	-
III. Net cash used in investing activities (I-II)	8,283	17,137
C. Cash flows from financing activities		
I. Inflows	2,762	1,814
1. Credits and loans	1,825	1,814
2. Proceeds from issuance of the shares and other instruments, as well as additional payment to capital	-	-
3. Loans repaid	-	-
4. Interest received on loan repayments	-	-
5. Other financial proceeds (received subsidies)	937	-
II. Outflows	(27,499)	(24,183)
1. Purchase of own shares (shares) + additional capital contributions	-	-
2. Dividends and other payments to owners	-	-
3. Repayment of loans and credits	(26,250)	(22,880)
4. Interest	(1,249)	(1,303)
5. Granted loans	-	-
6. Other financial expenses	-	-
III. Net cash (used in)/generated from financing activities (I-II)	(24,737)	(22,369)
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	35,885	7,696
E. Balance sheet change in cash and cash equivalents, including:	35,683	7,689
- change in cash and cash equivalents due to exchange differences	(202)	(7)
F. Cash and cash equivalents opening balance	67,001	66,989
G. Closing balance of cash and cash equivalents (F+/-E), including:	102,684	74,678
- limited disposal	1,961	1,525

V. Supplementary information

1. Adopted Accounting Policies

This financial statement was prepared according to the Act passed on the 29th of September, 1994, on Accounting (unified text - Journal of Laws 2019, pos. 351 and subsequent changes) and the requirements specified in the Regulation issued by the Minister of Finance on the 29th of March, 2018, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state (unified text - Journal of Laws, 2018, No. 757).

A complete description of the adopted accounting principles was presented in the last annual financial statement, i.e. for the period from the 1st of January, 2019, until the 31st of December, 2019. If this

financial statement for the 6 months ended the 30th of June, 2020, was prepared according to IFRS, the financial results would amount to PLN 53,339 thousand.

Profit according to the Act on Accounting	55,297
Depreciation of perpetual usufruct	(47)
Asset due to activity in the SEZ	(5,063)
Correction of revenue from the title of IFRS 15	7,116
Correction of revenue from the title of IFRS 16	(3,910)
Correction of revenue from the title of IFRS 9	(54)
Profit according to IFRS	53,339

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

Comarch S.A. created write-offs that revaluated goods and materials in the amount PLN 66 thousand as at the 30th of June, 2020. The Company resolved write-offs, which had been created in the previous years in the amount of PLN 77 thousand.

No hedges were made on inventories owned by the Company.

As at the 30th of June, 2020, due to payments of receivables, Comarch S.A. resolved revaluating write-offs, which had been created in the previous years and were worth PLN 1,358 thousand and created write-offs worth PLN 10,764 thousand that revaluated bad debts.

Due to the fact that the Company is taxed according to general principles and enjoys tax-exempt status, temporary differences in the tax yield may be realized 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 realized is established on the basis of the annual settlement of income tax, after the end of the fiscal year. In 2020, an asset due to temporary differences in income tax worth PLN 433 thousand was created and was resolved in the amount of PLN 986 thousand, a provision for deferred tax due to temporary differences was resolved in the amount of PLN 1,112 thousand. The total effect of these operations on the result of the first half of 2020 amounted to plus PLN 559 thousand.

A provision for deferred income tax related to valuation of investment certificates in CCF FIZ was decreased by PLN 1,119 thousand. This provision as well as certificates valuation are settled with revaluation reserve.

As at the 30th of June, 2020, Comarch S.A. has created write-offs due the loss of value of shares in subsidiaries in the amount of PLN 92 thousand.

3. Selected Notes to the Summary Financial Statement

3.1. Non-current Financial Assets

	30 June 2020	31 December 2019	30 June 2019
a) in related parties	392,536	361,704	344,309
- interest or shares	223,158	203,490	200,305
- granted loans	42,070	36,794	26,768
- other securities	127,308	121,420	117,236
- other non-current financial assets, including:	-	-	-
- interest on granted loans	-	-	-
b) in other entities in which the Company holds equity interests	-	-	-
- interests or shares	-	-	-
- granted loans	-	-	-
c) in other entities	1,399	2,739	477
- other non-current financial assets (by type)	1,399	2,739	477
- Forward contracts and IRS	1,399	2,739	477
Total non-current financial assets	393,935	364,443	344,786

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

	6 months ended 30 June 2020	6 months ended 30 June 2019
a) Opening balance	364,443	343,518
- interests or shares	203,490	204,977
- granted loans	36,794	18,560
- other securities	121,420	119,046
- other non-current assets (interest on granted loans)	-	-
- others	2,739	935
b) increases (due to)	34,216	10,728
- purchases of shares in subsidiaries	19,597	1,251
- loans granted to subsidiaries	8,230	9,460
- change of the nature of loans on long-term from entities in which the Company holds equity interests	80	-
- write-off revaluating long-term loans	258	-
- write-off revaluating long-term loans	-	17
- valuation of forwards	-	-
- valuation of participation units in CCF FIZ	5,888	-
- balance sheet valuation of shares	163	-
c) decreases (due to)	4,724	9,460
- repayment of subsidiaries' loans	3,292	166
- repayment of interest on subsidiaries' loans	-	-
- balance sheet valuation of loans	-	28
- valuation of participation units in CCF FIZ	-	1,810
- valuation of forwards	1,340	458

- balance sheet valuation of shares		23
- revaluation of shares	92	5,900
- creating write-offs revaluating interest on loans	-	-
- change of the nature of loans on short-term	-	1,075
d) Closing balance	393,935	344,786

3.3. Current Financial Assets

	30 June 2020	31 December 2019	30 June 2019
a) in related parties	655	900	516
- granted loans	322	402	321
- other financial assets	333	498	195
b) in other entities in which the Company holds equity interests	-	-	-
- granted loans	-	-	-
- other financial assets	-	-	-
c) in other entities	1,225	4,923	4,153
- interest or shares	-	-	-
- granted loans	-	-	-
- other current financial assets, including:	1,225	4,923	4,153
- forward contracts	1,225	4,923	4,153
d) cash and cash equivalents	102,684	67,002	74,680
- cash in hand and at banks	102,684	67,001	74,678
- other monetary assets	-	1	2
Total current financial assets	104,564	72,825	79,349

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

In the first half of 2020, Comarch S.A. achieved very good financial results. Revenue from sales were PLN 1,639 thousand higher than in the previous year (PLN 449,037 thousand compared to PLN 447,398 thousand). Net sales of products constituted 93.6% of the total Company's sales and were higher by PLN 9,592 thousand than those from the previous year. In the first half of 2020, the Company generated operating profit in the amount of PLN 24,610 thousand and net profit was PLN 55,297 thousand. EBIT margin reached level of 5.5% and net margin was 12.3%.

In the second quarter of 2020, Comarch S.A. achieved PLN 211,011 thousand from sales (a decrease of PLN 1,353 thousand, i.e. of 0.6% compared to the second quarter of 2019). Net revenue from sales of products constituted 92.7% of the total Company's sales and maintained at the same level as in a previous year (PLN 195,678 thousand in Q2 2020 compared to PLN 201,797 thousand in Q2 2019). At the same time, net revenue from sales of goods and materials increased (an increase of PLN 4,766 thousand, i.e. of 45.1%). The Company's operating profit in the second quarter of 2020 amounted to minus PLN 3,734 thousand and net profit was PLN 34,282 thousand. EBIT margin amounted to -1.8% and net margin was 16.2%.

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

Except for the ones described in [point 2](#) of this financial statement, currency exchange rate differences and financial instruments based on exchange rates have influence on the financial results. Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of June, 2020, increased revenue and operating profit of Comarch S.A. by PLN 10,076 thousand (while in 6 months of 2019 decreased by PLN 1,781 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 3,842 thousand (while in 6 months of 2019 increased by PLN 1,538 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision and asset for deferred income tax in reference to the valuation of the financial instruments decreased the Company's result by PLN 6,920 thousand (while in the corresponding period of 2019 increased it by PLN 1,230 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch S.A. in 6 months of 2020 amounted to minus PLN 686 thousand (plus PLN 987 thousand in 6 months of 2019).

As at the 30th of June, 2020, Comarch S.A. has created write-offs due the loss of value of shares in subsidiaries in the amount of 92 thousand.

Significant impact on the result of Comarch S.A. in the period January - June 2020 had dividends in the total amount of PLN 41,011 thousand received in this period from subsidiaries: Comarch UK Ltd. PLN 10,315 thousand, OOO Comarch (Russia) PLN 13,433 thousand, Comarch Canada, Corp. PLN 7,263 thousand, Comarch Technologies sp. z o.o. PLN 5,000 thousand and CA Consulting SA PLN 5,000 thousand.

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

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

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

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

As at the 30th of June, 2020, Comarch S.A. created write-offs that revaluated goods in the amount PLN 66 thousand. A Write-offs that revaluated materials and finish goods have not been created. The Company resolved write-offs revaluated goods and materials, which had been created in the previous years in the amount of PLN 77 thousand.

8. Information about Revaluating Write-Offs in Relation to Impairment of Financial Assets, Property, Plant and Equipment, Intangible Assets or Other Assets and about Reversal Referred to Them

Revaluating write-offs in relation to impairment	Financial assets	Property, plant and equipment	Intangible assets	Other assets	Total
Balance at 1 January 2019	121,034	-	-	-	121,034
Change:	5,900	-	-	-	5,900
- creation	5,900	-	-	-	5,900
- dissolution	-	-	-	-	-
Balance at 30 June 2019	126,934	-	-	-	126,934
Balance at 1 January 2019	121,034	-	-	-	121,034
Change:	7,845	-	-	-	7,845
- creation	7,845	-	-	-	7,845
- dissolution	-	-	-	-	-
Balance at 31 December 2019	128,879	-	-	-	128,879
Balance at 1 January 2020	128,879	-	-	-	128,879
Change:	92	-	-	-	92
- creation	92	-	-	-	92
- dissolution	-	-	-	-	-
Balance at 30 June 2020	128,971	-	-	-	128,971

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

Current	Provisions for contracts costs	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for cash rewards	Total
Balance at 1 January 2019	11,931	21,990	20,654	66,002	120,577
Change:	(1,254)	(897)	7,461	(21,527)	(16,217)
- creation	1,879	76	12,302	22,586	36,843
- dissolution	(3,133)	(973)	(4,841)	(44,113)	(53,060)
Balance at 30 June 2019	10,677	21,093	28,115	44,475	104,360
Balance at 1 January 2019	11,931	21,990	20,654	66,002	120,577
Change:	1,954	(13,667)	3,352	23,730	15,369
- creation	8,899	2,181	17,310	97,012	125,402
- dissolution	(6,945)	(15,848)	(13,958)	(73,282)	(110,033)
Balance at 31 December 2019	13,885	8,323	24,006	89,732	135,946

Balance at 1 January 2020	13,885	8,323	24,006	89,732	135,946
Change:	(2,637)	(5,132)	11,943	(6,004)	(1,830)
- creation	2,298	285	14,782	26,114	43,479
- dissolution	(4,935)	(5,417)	(2,839)	(32,118)	(45,309)
Balance at 30 June 2020	11,248	3,191	35,949	83,728	134,116

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

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

	Asset due to deferred income tax	Provision due to deferred income tax
Balance at 1 January 2019	6,204	23,732
Creation in H1 2019	140	19
Dissolution in H1 2019	(2)	(507)
Balance at 30 June 2019	6,342	23,244
Balance at 1 January 2019	6,204	23,732
Creation in 2019	228	1,098
Dissolution in 2019	(350)	(44)
Balance at 31 December 2019	6,082	24,786
Balance at 1 January 2020	6,082	24,786
Creation in H1 2020	433	1,119
Dissolution in H1 2020	(986)	(1,112)
Balance at 30 June 2020	5,529	24,793

11. Information about Significant Transactions of Purchase and Sale of Property, Plant and Equipment

In reporting period Comarch S.A. purchased computer hardware for amount of PLN 7,802 thousand, technical devices for the amount PLN 83 thousand and intangible assets for the amount of PLN 1,187 thousand.

In reporting period, revenue from sales of property, plant and equipment of office building in the amount of PLN 151 thousand.

12. Information about Liability in Relation to Purchase of Property, Plant and Equipment or Non-current Financial Assets

As at 30th of June, 2020, Comarch S.A. has liabilities due to purchase of computer hardware in the amount of PLN 1,475 thousand, investment liabilities in the amount of PLN 156 thousand as well as liabilities due to purchase of intangible assets in the amount of PLN 79 thousand.

The company has liabilities related to the acquisition of 2CSI Company in France in the amount of PLN 888 thousand.

Comarch S.A. has also liabilities due to acquisition of shares in increased share capital of subsidiary, Comarch Pointshub Inc., in the amount of PLN 3,543 thousand.

13. Information about Significant Settlements in Reference to Court Proceedings

None present.

14. Correction of Mistakes from the Previous Periods

None present.

15. Information in Relation to Changes in Economic Situation and Conditions for Operation, which Have a Significant Effect on Fair Value of an Entity's Financial Assets and Financial Liabilities Regardless of whether the Assets and the Liabilities Are Recognised in Fair Value or in Adjusted Purchase Price (Depreciated Cost)

None present.

16. Information about Unpaid Credits or Loans, as well as Breach of Significant Provisions of the Credit or Loan Agreements which Were Not Subject to Corrective Measures as of the Reporting Period

None present.

17. Information about One or More Transactions Concluded by the Issuer or Its Subsidiary with Related Parties, if Individually or in Total are Significant and Concluded on Terms Different from Market Conditions

None present.

18. In Case of Financial Instruments Valuated in Fair Value – Information about Changes in Method of Its Establishment

None present.

19. Information Related to Changes in Classification of Financial Assets as a Result of Changes in Their Purpose or Using of These Assets

None present.

20. Information on any Issue, Repurchase or Repayment of Debt and Equity Securities

None present.

21. Information on any Dividend Paid Out or Declared, Including Its Total and per Share Value, Separately for Ordinary and Preference Shares

On the 26th of May, 2020, in current report no. [RB-7-2020](#) (ENG: [RB-7-2020](#)) the Management Board of Comarch S.A. announced, that the Supervisory Board of Comarch S.A., by virtue of Resolution No. 09/05/2020 of the 26th of May, 2020, gave a positive opinion on recommendation of the Management Board of Comarch S.A. regarding distribution of the net profit for 2019 in financial year from the 1st of January, 2019 to the 31st of December, 2019 in the amount of PLN 57,627,263.86 as follows:

- 1) part of the net profit of PLN 12,200,033.50 will be used to pay dividend in the amount of PLN 1.50 per share;
- 2) the remaining part of the net profit in the amount of PLN 45,427,240 will be transferred to supplementary capital.

On the 24th of June, 2020, the General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2019 - 31 December 2019 (current report no. [RB-10-2020](#), ENG: [RB-10-2020](#), of the 24th of June, 2020). Dividend was paid on the 16th of July, 2020.

22. Events that Occurred after the Date of Condensed Quarterly Financial Statement, which Are Not Included in the Financial Statement but May Significantly Affect the Future Performance of the Issuer

None present.

23. Information on any Changes in Contingent Liabilities or Contingent Assets which Have Occurred since the End of the Last Financial Year

As at the 30th of June, 2020, 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 85,880 thousand, whereas it was PLN 90,725 thousand as at the 31st of December, 2019.

Comarch S.A. is the defendant in legal proceedings in which the potential total amount of third party claims is PLN 13,992 thousand of which PLN 1,174 thousand is covered by provisions included in the balance sheet at the 30th of June, 2020. In 2020 Comarch S.A. created provisions for claims related to the legal proceedings in the amount of PLN 122 thousand and resolved provisions in this respect for the amount of PLN 5,294 thousand.

The Comarch S.A. is a party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 3,524 thousand of which PLN 2,018 thousand is covered by provisions included in the balance sheet at the 30th of June, 2020. In 2020, Comarch S.A. created provisions for matters in disputes, but not legal proceedings in the amount of PLN 163 thousand and resolved provisions in this respect for the amount of PLN 123 thousand.

Due to the legal proceedings, in 2020 the Comarch S.A. did not created write-offs that revalue receivables. Due to the matters in disputes, but not legal proceedings, in 2020 the Comarch Group created write-offs that revalue receivables in the amount PLN 915 thousand.

As at 30th of June, 2020, the Comarch Group has a contractual obligation to purchase a fixed asset in the amount of PLN 22,355 thousand. The planned date of the transaction realization is the fourth quarter of this year.

24. Other Information with Significant Effects on the Financial Condition Assessment and the Achieved Financial Results of the Issuer

24.1. Impact of SARS-CoV-2 Coronavirus and COVID-19 Incidents on the Company's Operations and Financial Results

In reference to the recommendations of the European Securities and Markets Authority and the Polish Financial Supervision Authority of the 12th of March, 2020, the Management Board of Comarch S.A. in

the current report no. [RB-5-2020](#) (ENG: [RB-5-2020](#)) dated on the 19th of March, 2020, provided information on the possible impact of the SARS-CoV-2 coronavirus spread and COVID-19 incidence on the Company's operations and financial results.

The Group's Management Board monitors on an ongoing basis the development of the situation related to the continuing effects of the spread of SARS-CoV-2 coronavirus and COVID-19 incidence and their impact on the Group's operations. The Comarch Group companies implemented all guidelines recommended by the Chief Sanitary Inspectorate and other state institutions in the countries of the Group's operational activity, with particular regard to employee's safety, health and hygiene recommendations. Business trips to countries identified by the Chief Sanitary Inspectorate as high risk countries were suspended, direct contacts of employees within the organization were limited, and the remote work mode of office workers was launched on a large scale. Remote communication methods are commonly used in business contacts. The Management Board of the Group notes that the activities of the Comarch Group are very well diversified in terms of industry, products and geography, and the effects of a pandemic do not currently pose a threat to the financial stability of the company. At present, the Management Board of the Comarch Group has not diagnosed significant disruptions in the implementation of existing contracts or significant disruptions in the supply chains of products and materials necessary for the Group's operations.

In the second quarter of 2020, i.e. in the initial period of the epidemic, there was no decrease in revenues from sales of services and products offered by the Comarch Group. The financial results achieved in the coming periods will be influenced by factors such as: the duration of the epidemic, further administrative restrictions in the functioning of states and entrepreneurs, restrictions in the movement of workers, the possibility of using aid packages launched by individual countries, as well as, the volatility of exchange rates occurring in connection with the pandemic.

24.2. 2CSI Shares Purchase Agreement

The Management Board of Comarch S.A. informed in current report no. [RB-6-2020](#) (ENG: [RB-6-2020](#)) dated on the 23rd of April, 2020, about the signing on the 23rd of April, 2020 the purchase agreement by Comarch S.A. of 100% shares in the company CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. with its registered office in Cergy, France (hereinafter referred to as the "2CSI"), providing IT solutions and services for medical entities on the French market. As part of the transaction, Comarch S.A. acquired 500,000 2CSI shares from the company's existing shareholders with a nominal value of EUR 1 each. 2CSI shares were acquired at a unit price of EUR 4.20 (four euros and twenty cents), i.e. PLN 19.09 per share, and the total value of the transaction is EUR 2,100,000 (two million, one hundred thousand euros), i.e. PLN 9,543,240.

The information provided has been recognized by the Management Board of Comarch S.A. as confidential information due to the fact that the transaction of taking over another entity is beyond the scope of typical transactions concluded by the Company, and thanks to it the Comarch Group will gain significant strengthening of its competitive position in the area of IT services in the e-Health sector on the European market.

24.3. Non-Revolving Credit Agreement with CaixaBank S.A. Branch in Poland

The Management Board of Comarch S.A. informed in current report no. [RB-12-2020](#) (ENG: [RB-12-2020](#)) dated on the 30th of June, 2020, about the signing on the 30th of June, 2020 the non-revolving credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance general corporate expenditures. The credit amounts to EUR 2,300,000.00, i.e. PLN 10,271,800.00 according to the euro exchange rate as of the date of signing the agreement. The crediting period lasts until the 30th of June, 2025, the interest rate on the credit is based on the variable rate. The credit should be used until the 30th of June, 2021.

The credit collaterals:

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

24.4. Signing the Agreement on "Delivery of Software and Maintenance Services of IT Systems" for VFNZ

On the 17th of August, 2020, Comarch S.A. signed the framework agreement with Vodafone New Zealand Limited. The subject of the Agreement is delivery of software and maintenance services of IT systems, on the terms specified in the Agreement. Total expected amount of the remuneration due to Comarch S.A. shall not be lower than to NZD 122,013,649.00 (that is PLN 295,382,842.86) for the 10 years run period after the delivery. Expected delivery date is the second quarter of 2022. The company announced about details in the current report no. [RB-13-2020](#) (ENG: [RB-13-2020](#)) dated on the 17th of August, 2020.

28th of August, 2020

SIGNATURES OF MANAGEMENT BOARD MEMBERS

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

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

Name and surname	Position	Signature
Maria Smolińska	Head Accountant	

Comarch S.A.

Al. Jana Pawła II 39a

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Report of an Independent Expert Auditor of the Review of Condensed Interim Consolidated Financial Statement

for the Shareholders and the Supervisory Board of COMARCH S.A.

Introduction

We have audited the attached condensed interim consolidated financial statement of Comarch S.A.'s Capital Group, in which the parent company is Comarch S.A. ("Company") with its registered office at Krakow, al. Jana Pawła II 39a, which consists of: consolidated balance sheet as the 30th of June 2020, consolidated profit and loss account for the period from the 1st of January to the 30th of June, 2020, consolidated total income statement for the period from the 1st of January to the 30th of June, 2020, consolidated changes in equity for the period from the 1st of January to the 30th of June, 2020, consolidated cash flow for the period from the 1st of January to the 30th of June, 2020 and additional information and commentaries ("condensed interim financial statement").

The Company's management is responsible for preparing and presenting the condensed interim consolidated financial statements in accordance with the requirements of the International Accounting Standard 34 *Interim Financial Reporting*, announced in the form of regulations of the European Commission.

We are responsible for formulating the conclusion regarding to the condensed interim consolidated financial statement based on our review.

Scope of the Review

The review was conducted in accordance with the 2410 National Standards for Review Services in the wording of the 2410 International Standards for Review Services, *Review of Interim Financial Information Conducted by the Entity's Independent Auditor* adopted by a resolution of the National Council of Expert Auditors.

The review of financial statement consists in directing inquiries primarily to those responsible for financial and accounting matters, conducting analytical procedures and other review procedures.

A review has a significantly narrower scope than an audit conducted in accordance with the National Standards for Audit in the wording of the International Standards for Audit. As a result, the review is not sufficient to ensure that all relevant issues that would have been identified during the audit were disclosed. Therefore, we do not express our opinion on the audit of this condensed interim consolidated financial statement.

Conclusion

Based on the conducted review, we find that nothing has returned our attention, which would lead us to believe that the attached condensed interim consolidated financial statement has not been prepared in all important aspects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting*, announced in the form of regulations of the European Commission.

BDO spółka z ograniczoną odpowiedzialnością Sp. k., ") with its registered office at Warszawa

Entity entered on the list of audit firms under reference number **3355**

on behalf of which the auditor reviewed the financial statements

Marcin Krupa
Expert Auditor
Reference number 11142

dr André Helin
President of the Management Board
Expert Auditor, reference number 90004

Krakow, 28th of August, 2020



Comarch Capital Group Consolidated Financial Statement for the period from 1 January 2020 – 30 June 2020

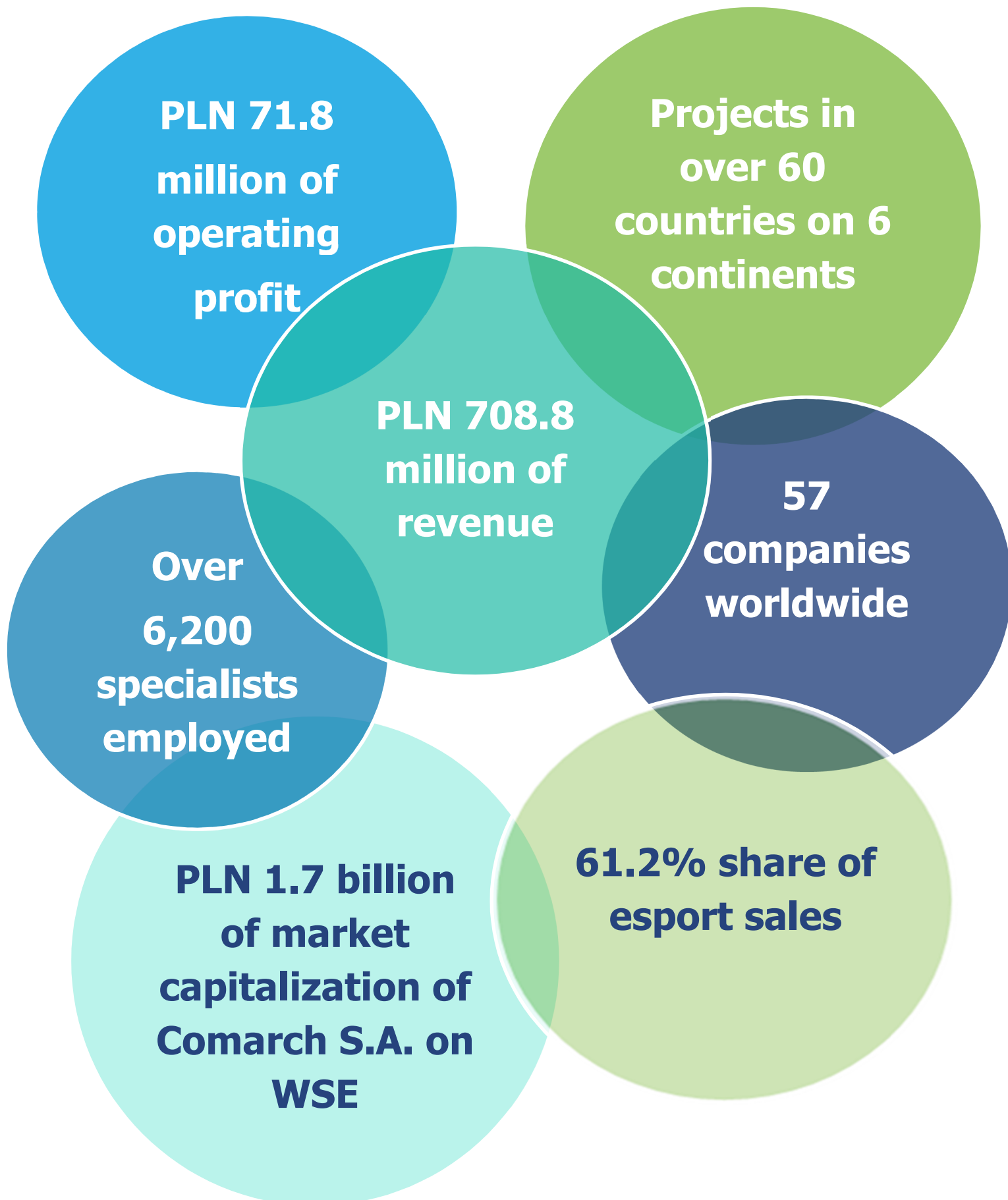
**Statement in accordance with the International Financial Reporting
Standards**

Kraków, 28th of August, 2020

Table of Content

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 6 MONTHS 2020	5
I. Consolidated Balance Sheet.....	5
II. Consolidated Income Statement.....	7
III. Total Income Consolidated Statement.....	8
IV. Consolidated Statement of Changes in Shareholders' Equity	9
V. Consolidated Cash Flow Statement.....	10
VI. Supplementary information.....	11
1. Information about Group Structure and Activities.....	11
1.1. Organizational Structure of Comarch Group.....	12
1.2. Activities Structure in the Comarch Group	13
1.3. Changes in Ownership and Organisational Structure in H1 2020	14
1.4. Changes in Ownership and Organisational Structure after the Balance Sheet Date.....	14
2. Description of the Applied Accounting Principles	15
3. Notes to the Consolidated Financial Statement	21
3.1. Reporting by Segments for 6 Months 2020	22
3.2. Property, Plant and Equipment.....	27
3.3. Asset due to the Right of Use	27
3.4. Investment Real Estate	28
3.5. Goodwill	28
3.6. Others Intangible Assets.....	29
3.7. Investment in Associates	29
3.8. Derivative Financial Instruments	30
3.9. Deferred Income Tax	31
3.10. Inventories	32
3.11. Trade and Other Receivables	33
3.12. Long-term Contracts.....	34
3.13. Share Capital	35
3.14. Credits and Loans.....	36
3.15. Liabilities due to Lease.....	41
3.16. Other Financial Liabilities	41

3.17.	Provisions for Other Liabilities and Charges	42
3.18.	Trade and Other Payables.....	42
3.19.	Contingent Liabilities	43
3.20.	Managerial Option Program for Members of the Management Board and Other Key Employees 44	
3.21.	Related-Party Transactions	44
3.22.	Earnings per Share	46
4.	Additional Notes	47
4.1.	Factors and Events of Unusual Nature with Significant Effects on the Achieved Financial Results 47	
4.2.	Events after the Balance Sheet Date Not Included in the Financial Statement	48
4.3.	Other Information Significant for the Assessment of Means and Employees, Financial Rating, Financial Results and Their Changes and Information Significant for the Assessment of the Possibility of the Execution of Obligations by the Issuer	48
4.3.1.	Impact of SARS-CoV-2 Coronavirus and COVID-19 Incidents on the Company's Operations and Financial Results.....	49
4.3.2.	2CSI Shares Purchase Agreement.....	49
4.3.3.	Non-Revolving Credit Agreement with CaixaBank S.A. Branch in Poland.....	49
4.3.4.	Signing the Agreement on Delivery of Software and Maintenance Services of IT Systems for VFNZ	50



COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 6 MONTHS 2020

I. Consolidated Balance Sheet

ASSETS	Note	At 30 June 2020	At 31 December 2019
NON-CURRENT ASSETS			
Property, plant and equipment	3.2	548,140	539,635
Right-of-use assets	3.3	87,052	73,636
Investment in real estates	3.4	40,744	36,631
Goodwill	3.5	45,774	40,735
Other intangible assets	3.6	54,839	56,311
Non-current prepayments		1,768	2,486
Investments in associates	3.7	-	570
Other assets at fair value	3.8a	1,399	2,739
Other investments		217	211
Deferred income tax assets	3.9	29,679	35,002
Other non-current receivables		8,902	8,782
		818,514	796,738
CURRENT ASSETS			
Inventories	3.10	107,652	90,741
Trade and other receivables	3.11	395,748	430,182
Current income tax receivables		1,866	3,554
Long-term contracts receivables	3.12	212,756	193,865
Available-for-sale financial assets		-	-
Other financial assets at fair value – derivative financial instruments	3.8a	1,225	4,923
Interest and shares		-	-
Cash and cash equivalents		387,250	322,708
		1,106,497	1,045,973
Assets qualified for sale		-	-
TOTAL ASSETS		1,925,011	1,842,711

EQUITY AND LIABILITIES	Note	At 30 June 2020	At 31 December 2019
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.13	8,133	8,133
Reserve capital from sales of shares above the nominal value		84,446	84,446
Other capitals		58,595	58,595
Exchange differences		23,104	10,168
Retained earnings and net profit for the current period		813,100	790,781
		987,378	952,123
Equities attributable to non-controlling interests		18,233	18,633
TOTAL EQUITY		1,005,611	970,756
LIABILITIES			
Non-current liabilities			
Credit and loans	3.14	129,824	141,718
Other liabilities		4,160	4,998
Lease liabilities	3.15	70,909	59,001
Financial liabilities at fair value – derivative financial instruments	3.8b	4,106	2,909
Other financial liabilities		-	-
Provision for deferred income tax	3.9	48,351	48,725
Provisions for other liabilities and charges	3.17	-	-
		257,350	257,351
Current liabilities			
Trade and other payables	3.18	224,142	191,770
Current income tax liabilities		10,477	8,765
Long-term contracts liabilities	3.12	170,107	172,831
Credit and loans	3.14	43,576	41,091
Lease liabilities	3.15	19,787	15,730
Financial liabilities at fair value – derivative financial instruments	3.8b	1,180	-
Other financial liabilities	3.16	17,328	4,009
Provisions for other liabilities and charges	3.17	175,453	180,408
		662,050	614,604
TOTAL LIABILITIES		919,400	871,955
TOTAL EQUITY AND LIABILITIES		1,925,011	1,842,711

II. Consolidated Income Statement

	Note	Q2 2020*	6 months ended 30 June 2020	Q2 2019	6 months ended 30 June 2019
Revenue		330,966	708,784	327,800	666,488
Cost of sales		(245,836)	(514,716)	(235,602)	(493,767)
Gross profit		85,130	194,068	92,198	172,721
Other operating income		8,252	14,618	9,955	19,915
Sales and marketing costs		(31,815)	(61,502)	(36,936)	(65,390)
Administrative expenses		(29,225)	(57,418)	(31,034)	(57,502)
Other operating expenses		(5,423)	(17,983)	(8,970)	(23,587)
Operating profit / (loss)		26,919	71,783	25,213	46,157
Finance revenue / (costs) - net		9,049	(14,886)	1,536	(54)
Share of profit / (loss) of associates		-	-	-	-
Profit before income tax		35,968	56,897	26,749	46,103
Income tax expense		(15,597)	(22,776)	(6,905)	(17,336)
Net profit for the period		20,371	34,121	19,844	28,767
Attributable to:					
Shareholders of the parent company		20,344	34,519	20,224	27,179
<i>Interests not entitled to control</i>		<i>27</i>	<i>(398)</i>	<i>(380)</i>	<i>1,588</i>
		20,371	34,121	19,844	28,767
Earnings per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)					
– basic	3.22		4.24		3.34
– diluted	3.22		4.24		3.34

*) Data for the second quarter of 2020 were calculated by subtraction of the data presented by the Group in the report for the first quarter of 2020 from the data for the first half of 2020 (reviewed).

III. Total Income Consolidated Statement

	Q2 2020*	6 months ended 30 June 2020	Q2 2019	6 months ended 30 June 2019
Net profit for the period	20,371	34,121	19,844	28,767
Other total income				
Exchange differences from recalculation of subsidiaries	(3,068)	12,934	(2,307)	(1,184)
Total other total income	(3,068)	12,934	(2,307)	(1,184)
 Sum of total income for the period	 17,303	 47,055	 17,537	 27,583
Attributable to the parent company shareholders	17,275	47,455	15,949	25,995
Attributable to the interests not entitled to control	28	(400)	1,588	1,588

*) Data for the second quarter of 2020 were calculated by subtraction of the data presented by the Group in the report for the first quarter of 2020 from the data for the first half of 2020 (reviewed).

IV. Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the parent company					Capitals attributable to non-controlling interests	Total equity
	Share capital	Reserve capital from sales of shares above the nominal value	Other capitals	Exchange differences	Profit/(loss) from the previous years and net profit for the current period		
Balance at 1 January 2019	8,133	84,446	58,595	8,837	698,135	17,962	876,108
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	-	(1,184)	-	-	(1,184)
Profit for the period ⁽²⁾	-	-	-	-	27,179	1,588	28,767
Total income recognised in equity ⁽¹⁺²⁾	-	-	-	(1,184)	27,179	1,588	27,583
Balance at 30 June 2019	8,133	84,446	58,595	7,653	713,114	19,550	891,491
Balance at 1 January 2020	8,133	84,446	58,595	10,168	790,781	18,633	970,756
Dividend paid	-	-	-	-	(12,200)	-	(12,200)
Currency translation differences ⁽¹⁾	-	-	-	12,936	-	(2)	12,934
Profit for the period ⁽²⁾	-	-	-	-	34,519	(398)	34,121
Total income recognised in equity ⁽¹⁺²⁾	-	-	-	12,936	34,519	(400)	47,055
Balance at 30 June 2020	8,133	84,446	58,595	23,104	813,100	18,233	1,005,611

V. Consolidated Cash Flow Statement

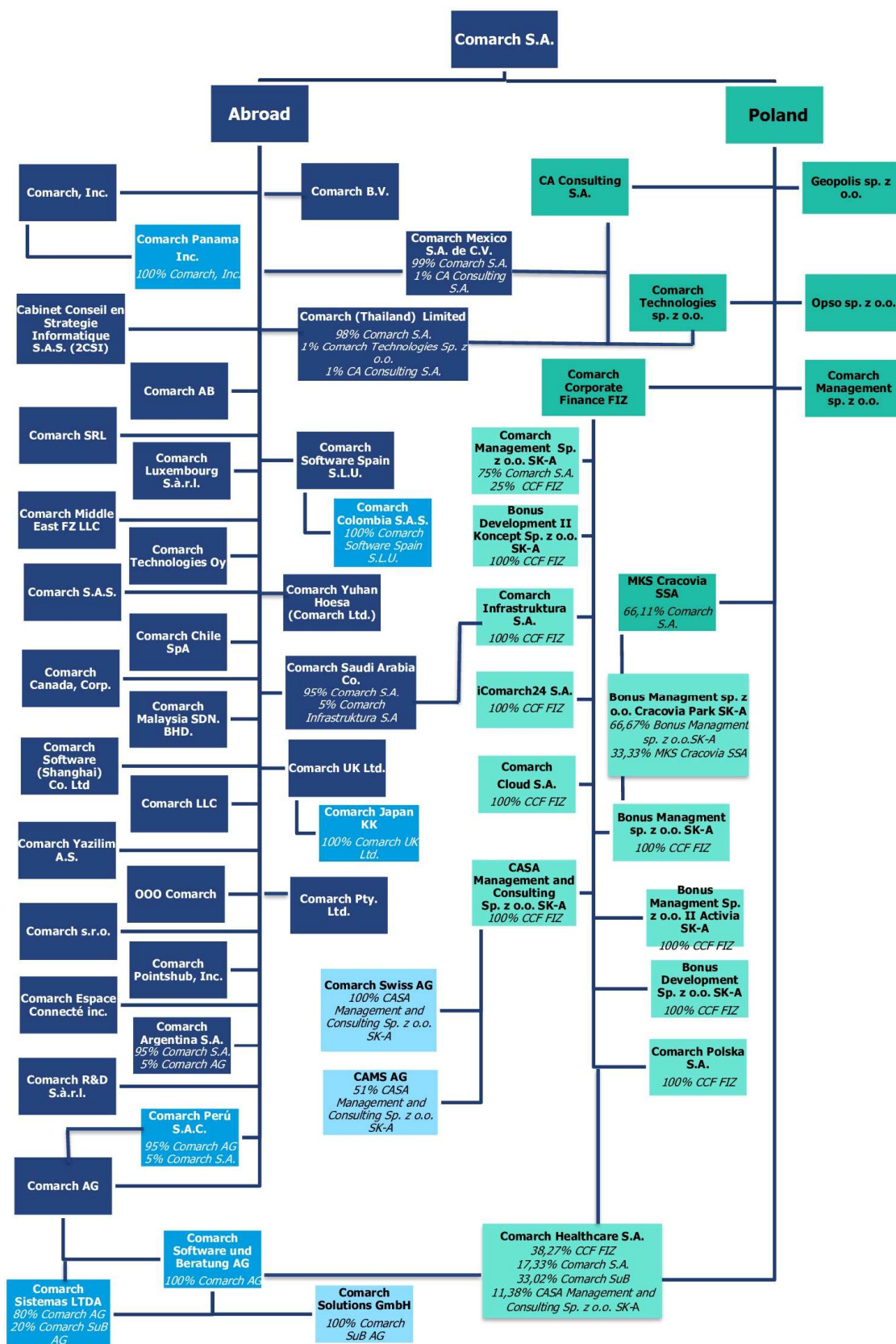
	6 months ended 30 June 2020	6 months ended 30 June 2019
Cash flows from operating activities		
Net profit	34,121	28,767
Total adjustments	102,726	57,250
<i>Depreciation</i>	46,457	40,155
<i>Profit (loss) from foreign exchange differences</i>	(7,097)	7,683
<i>Interest and profit sharing (dividends)</i>	1,675	985
<i>Profit (loss) on investing activities</i>	(142)	(7,250)
<i>Change in inventories</i>	(5,045)	(5,265)
<i>Change in receivables</i>	33,044	40,288
<i>Change in liabilities and provisions excluding credits and loans</i>	33,834	(19,346)
<i>Other adjustments</i>	-	-
Net profit less total adjustments	136,847	86,017
Income tax paid	(12,530)	(16,532)
Net cash generated (used) in operating activities	124,317	69,485
Cash flows from investing activities		
Purchases of property, plant and equipment	(25,405)	(12,879)
Proceeds from sale of property, plant and equipment	716	2,581
Purchases of intangible assets	(2,849)	(8,800)
Proceeds from disposal of investment in real estate and intangible assets	605	7,205
Expenses for investment in real estates	(4,046)	(698)
Expenses for purchase of financial assets	(9,565)	(4,854)
Paid loans	-	-
Proceeds from paid loans	7,152	290
Interest	600	110
Other expenses for financial assets	(188)	-
Other proceeds from financial assets	-	1,832
Net cash generated (used) in investing activities	(32,980)	(15,213)
Cash flows from financing activities		
Dividends and other payments to owners	-	-
Proceeds from credits and loans	2,360	1,814
Repayments of credits and loans	(21,710)	(19,549)
Interest on credit	(1,326)	(1,446)
Interest on received loans	-	-
Granted loans	-	1,650
Proceeds from repaid loans	-	58
Proceeds from interest on loans	(156)	(175)
Payment of liabilities under finance lease agreements	(10,437)	(10,169)
Other financial proceeds	1,937	-
Other financial expenses	-	-
Net cash generated (used) in financing activities	(29,332)	(27,817)
Net change in cash, cash equivalents and bank overdrafts	62,005	26,455
Cash, cash equivalents and bank overdrafts at beginning of the period	323,164	245,906
Positive (negative) exchange differences in cash and bank overdrafts	2,073	(1,437)
Cash, cash equivalents and bank overdrafts at end of the period	387,242	270,924
- including limited disposal	2,062	2,195

VI. Supplementary information

1. Information about Group Structure and Activities

The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is the parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, The Eleventh Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the parent company is not limited.

1.1. Organizational Structure of Comarch Group



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

On the 30th of June, 2020, associate of the parent company was:

- SoInteractive S.A. with its registered office in Krakow in Poland (16.10% votes held by CCF FIZ, 11.27% held by Bonus Management sp. z o.o. Activia SK-A).

On 18th of June, 2020, Metrum Capital S.A. was merged with an entity from outside the Comarch Group and is no longer an associate of the parent company.

The associated company is not consolidated. Shares are valued with equity method.

1.2. Activities Structure in the Comarch Group

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them,
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V., Comarch Pty. LTD and Comarch Software (Shanghai) Co. Ltd acquire IT contracts in foreign markets and execute them in their entirety or in part,
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG,
- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market,
- CABINET CONSEIL EN STRATEGIE INFORMATIQUE S. A. S. provides IT solutions and services for medical entities on the French market,
- Comarch Polska S.A. acquires IT contracts in domestic markets and executes them in their entirety or in part,
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software,
- CA Consulting S.A. specialises in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor,
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market,
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, CAMS AG, Bonus Management sp. z o.o. SK-A and Bonus Management sp. z o.o. II Activia SK-A, Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT,
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates,
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine
- Comarch Infrastruktura S.A. offers services related to Data Centre and IT services outsourcing,
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group,
- Geopolis sp. z o.o. produces and implements integrated GIS systems in public administration units,
- MKS Cracovia SSA conducts sports activities and promotes physical education;
- „Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością” Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation,

- Companies Opso sp. z o.o., Comarch s.r.o., Comarch Cloud S.A., Comarch Espace Connecté Inc. and CAMS AG are currently not operating.

1.3. Changes in Ownership and Organisational Structure in H1 2020

On the 10th of February, 2020, the share capital of Comarch Pty. Ltd. was increased from the amount of AUD 100,100 (i.e. PLN 261,281 according to the exchange rate on 10th of February, 2020) to AUD 1,300,100 (i.e. PLN 3,393,521 according to the exchange rate on 10th of February, 2020), i.e. by AUD 1,200,000 (i.e. PLN 3,132,240 according to the exchange rate on 10th of February, 2020).

On the 21st of February 2020, has been registered the capital increase in Comarch BV from the amount of EUR 200,000 (i.e. PLN 856,620 according to the exchange rate on 21st of February, 2020) to the amount of EUR 500, 00 (i.e. PLN 2,141,550 according to the exchange rate on 21st of February, 2020), i.e. by EUR 300,000 (i.e. PLN 1,284,930 according to the exchange rate on 21st of February, 2020).

On the 24th of February, 2020, a resolution was adopted to increase the share capital in Comarch SRL from the amount of EUR 900,000 (i.e. PLN 3,871,530 according to the exchange rate on 24th of February, 2020) to the amount EUR 2,000,000 (i.e. PLN 8,603,400 according to the exchange rate on 24th of February, 2020), i.e. by EUR 1,100,000 (i.e. PLN 4,731,870 according to the exchange rate on 24th of February, 2020). The share capital increase was registered on 16th of April, 2020.

On 18th of June, 2020, Metrum Capital S.A. was merged with an entity from outside the Comarch Group and is no longer an associate of the parent company.

The Management Board of Comarch S.A. informed in current report no. [RB-6-2020](#) (ENG: [RB-6-2020](#)) dated on the 23rd of April, 2020, about the signing on the 23rd of April, 2020 of the purchase agreement by Comarch S.A. of 100% shares in the company CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. with its registered office in Cergy, France (hereinafter referred to as the "2CSI"), providing IT solutions and services for medical entities on the French market. As part of the transaction, Comarch S.A. will acquire 500,000 2CSI shares from the company's existing shareholders with a nominal value of EUR 1 each. 2CSI shares will be acquired at a unit price of EUR 4.20 (four euros and twenty cents), i.e. PLN 19.09 per share, and the total value of the transaction is EUR 2,100,000 (two million, one hundred thousand euros), i.e. PLN 9,543,240.

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

None present.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 6 months ended the 30th of June, 2020, and comparable data (the "Interim Consolidated Financial Statement") are prepared in accordance with International Accounting Standard ("IAS") 34 and with all accounting standards applicable to interim financial reporting adopted by the European Union, issued and effective as at the date of preparing the Condensed Interim Consolidated Financial Statement.

This Interim Consolidated Financial Statement for the 6 months ended the 30th of June, 2020 does not include all information and disclosures that are obligatory in annual financial statements, therefore should be read in conjunction with the audited Comarch Capital Group IFRS Consolidated Financial Statement for the year ended the 31st of December, 2019 ("the IFRS Consolidated Financial Statement").

The scope of the accounting principles and calculation methods applied in the Interim Consolidated Financial Statement for the 6 months ended the 30th of June, 2020, does not differ from the accounting principles described in the audited Comarch Capital Group IFRS Consolidated Financial Statement for the year ended the 31st of December, 2019 (notes 2 and 3 of the Consolidated Financial Statement of the Comarch Group for the year ended the 31st of December, 2019).

The Interim Consolidated Financial Statement for the 6 months ended the 30th of June, 2020, includes the consolidated balance sheet, consolidated income statement, total income consolidated statement, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and selected explanatory notes.

Costs that arise unevenly during the year are anticipated or deferred in the interim financial statement, only if it would also be appropriate to anticipate or defer such costs at the end of the year.

This Interim Consolidated Financial Statement for the 6 months ended the 30th of June, 2020, is prepared in thousands of Polish zloty ("PLN") and was authorized for issuance by the Management Board on the 28th of August, 2020.

Interpretations to standards applied in 2019 for the first time and continued in 2020.

■ IFRS 16 Leasing

The IFRS 16 standard was published on the 13th of January, 2016, and is effective for annual periods beginning on or after 1st of January, 2019.

The Group plans to implement the application of the IFRS 16 standard retrospectively, with the combined effect of the first application of IFRS 16 recognized as at 1st of January, 2019, without restatement of comparative data.

The application of IFRS 16 required the Group to analyse data and make certain estimates and calculations that affect the measurement of lease liabilities and the valuation of assets with the right to use. These included identifying contracts subject to the application of IFRS 16, determining the duration of contracts and setting interest rates used to discount future cash flows.

In accordance with IFRS 16, the contract is a lease if the lessee has the right to exercise control, including economic benefits, over the use of the identified asset for a specified period of time in exchange for remuneration.

During the preparatory work, the Group analysed all contracts concluded in terms of meeting the criteria for considering them as leasing agreements by IFRS 16. For lease agreements subject to IFRS 16, the Group included rental agreements for buildings and office space, the right to perpetual usufruct of land, leasing of means of transport and leasing of computer equipment.

For contracts concluded for a definite period, the Group has adopted a lease period consistent with the lease agreement period, unless circumstances indicating the use of the option of extension or

termination were known. Contracts concluded for an indefinite period with a notice period shorter than 12 months are not subject to measurement according to IFRS 16 (except for the agreement for lease of the stadium in Krakow at street Kałuży 1, which was valued according to IFRS 16 due to the strategic nature of rented property, and for which the Comarch Group accepts a 5 years lease period). The estimated value of liabilities resulting from other agreements concluded for an indefinite period for a period of 12 months amounts to approx. PLN 1,600 thousand. Contracts of lease for an indefinite period with a notice period longer than 12 months the Group has not identified.

In accordance with the IFRS 16 Leasing standard, the Group has implemented uniform accounting principles that require lessees to recognize assets and liabilities for all lease agreements, taking into account the exceptions listed in the standard. The Group recognizes the right to use the asset together with an appropriate leasing liability determined in the amount of discounted future payments during the lease term. Instead of the previously included in the costs of the basic activity of fees for the use of leased assets, depreciation calculated on the value of the asset due to the right of use was introduced. Depreciation is allocated according to production costs, overheads or selling costs. Instead of the interest paid on the current leasing instalments included in the financial costs, interest accrued on the leasing liability was introduced. Assets due to the right of use are amortized on a straight-line basis, whereas lease liabilities settled by the effective interest rate (the lesser interest rate of the lessee).

The lessee's marginal interest rate for a given leasing contract was determined as the sum of the risk-free rate depending on the currency and leasing period, the credit margin adjustment and the specific adjustment for the leased asset. The level of marginal interest rates applied by the Group is between 1.3% and 7.8%.

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

- for lease contracts: approx. PLN 60,216 thousand,
- for the right of perpetual usufruct of land (for the period until 2089): approx. PLN 58,914 thousand,
- for leasing of means of transport and computer equipment: approx. PLN 1,290 thousand.

As a result of applying IFRS 16, the value of assets due to the right of use and leasing liabilities, and thus the value of the Group's balance sheet total as at 1st of January, 2019 was PLN 74,402 thousand:

- for lease contracts: approx. PLN 54,514 thousand,
- for the right of perpetual usufruct of land (for the period until 2089): approx. PLN 18,631 thousand,
- for leasing of means of transport and computer equipment: approx. PLN 1,257 thousand.

The implementation of IFRS 16 will have an impact on financial ratios calculated on the basis of the Group's financial statements, including those that are covenants in loan agreements concluded by the Group. The Group has excluded the impact of changes resulting from the implementation of IFRS 16 on the calculation of covenants in all loan agreements. The Management Board of the Group informs that it does not see any risk of exceeding the admissible values of covenants resulting from loan agreements concluded by the Group also in a situation when the data taking into account the application of IFRS 16 were used to calculate the value of covenants.

As at the balance sheet date, the 30th of June, 2020, the value of the right to use assets in the Group amounted to PLN 87,052 thousand and the value of lease liabilities PLN 90,696 thousand. The value of depreciation from the asset due to the right of use in first half of 2020 amounted to PLN 10,308 thousand. The value of interest on leasing liabilities in first half of 2020 amounted to PLN 1,201 thousand.

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

	At 30 June 2020- published data	At 30 June 2020- without IFRS 16
Impact on the balance sheet		
Total assets	1,925,011	1,838,287
Fixed assets	818,514	731,790
Asset due to the right of use	87,052	0
Liabilities Total	1,925,011	1,838,287
Total liabilities, including:	919,400	828,953
Long-term liabilities	257,350	186,507
Current liabilities	662,050	642,446
Lease liabilities, including:	90,696	0
Long-term liabilities	70,909	0
Current liabilities	19,787	0
Equity attributable to the Company's shareholders	987,378	990,427
Impact on the profit and loss account		
Depreciation, including:	46,457	36,318
Depreciation of the right to use	10,308	0
Net profit, including	34,121	37,170
Net profit attributable to the company's shareholders	34,519	37,568
Impact on the cash flow		
Cash flow together	62,005	62,005
Net cash flow from operating activities	124,317	114,089
Net cash flow from investing activities	(32,980)	(32,980)
Net cash flow from financing activities	(29,332)	(19,104)

Depreciation of assets under the right of use	6 months ended 30 June 2020
Leasing of means of transport and computer equipment	566
Rent	9,610
Perpetual usufruct	132
Depreciation of assets under the right of use	10,308

The Group uses two simplifications regarding classifying the contract as a lease agreement by IFRS 16. The Group excluded from the valuation by IFRS 16 short-term contracts, i.e. concluded for a period shorter than 12 months and agreements on low-value assets, i.e. with an initial value not exceeding 5,000 USD. The use of the above simplifications by the Company obliges it to apply them throughout the standard's validity period. The applied simplifications are documented with appropriate accounting policy provisions. The cost related to contracts for short-term leasing and leasing of low-value assets in first half of 2020 amounted to approx. PLN 1,080 thousand.

Interpretations to standards which will be applied in 2020 for the first time

■ Amendment to IFRS 3 Business Combinations

Amendment to IFRS 3 was published on the 22nd of October, 2018 and is effective for annual periods beginning on or after the 1st of January, 2020.

The purpose of the change was to clarify the definition of a business and to more easily distinguish acquisitions of "ventures" from groups of assets for the purpose of merger settlement.

■ Amendments to IAS 1 and IAS 8: Definition of the Term "Material"

Amendments to IAS 1 and IAS 8 were published on the 31st of October, 2018 and are effective for annual periods beginning on or after the 1st of January, 2020. The purpose of the changes was to clarify the definition of "materiality" and facilitate its practical application.

■ Reform of Reference Interest Rates (Reference Rates) - Amendments to IFRS 9, IAS 39 and IFRS 7

Amendments to IFRS 9, IAS 39 and IFRS 7 were published on the 26th of September, 2019 and are effective for annual periods beginning on or after the 1st of January, 2020.

The amendments modify the detailed requirements of hedge accounting to minimize (eliminate) the potential effects of uncertainty related to the reform of reference (inter-bank) interest rates. In addition, entities will be required to add additional disclosures about those hedging relationships that are directly affected by the uncertainty associated with the reform.

The above-mentioned changes to standards did not affect the Group's financial statements for the first half of 2020.

New standards and amendments to existing standards issued by the IASB, but not yet approved for use in the EU

- **IFRS 14 Regulatory Deferral Accounts** published on the 30th of January, 2014 (the process of adoption for use by EU countries suspended),
- **IFRS 17 Insurance contracts**, published on the 18th of May, 2017, together with changes of the 25th of June, 2020.
- **Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture**, published on the 11th of September, 2014 (the adoption process by EU countries suspended),
- **Amendment to IAS 1 Presentation of financial statements: Classification of liabilities as short- and long-term**, published on the 23rd of January, 2020. It is effective for annual periods beginning on or after the 1st of January, 2022.

- **Amendments to IFRS 3, IAS 16, IAS 37 and annual amendments to the standards 2018-2020** published on the 14th of May, 2020. They are effective for annual periods beginning on or after the 1st of January, 2022.
- **Amendments to IFRS 4 Insurance contracts – suspension of application IFRS 9** published on the 25th of June, 2020. It is effective for annual periods beginning on or after the 1st of January, 2023.

The Group will apply the changed standards on the dates of their entry into force.

According to the assessment as at the date of preparation of this report, these changes should not have a significant impact on the financial statements.

- **Amendment to IFRS 16 Leasing: reliefs related to Covid-19** published on the 28th of May, 2020. It is effective for annual periods beginning on or after the 1st of January, 2023.

If there are circumstances specified in this standard, the Group will apply the amended standard after it is approved for use by the European Commission.

The consolidated financial statement of the Comarch Group for the 6 months ended the 30th of June, 2020, comprises the financial statements of the following companies:

Company name	Relationship	Consolidation method	% held by Comarch S.A. in a subsidiary's share capital
Comarch S.A.	Parent company	Full	
Comarch AG	Subsidiary	Full	100%
Comarch Sistemas LTDA	Subsidiary	Full	80% held by Comarch AG, 20% held by Comarch Software und Beratung AG
Comarch Peru S.A.C.	Subsidiary	Full	95% held by Comarch AG, 5% held by Comarch S.A.
Comarch Software und Beratung AG	Subsidiary	Full	100% held by Comarch AG
Comarch Solutions GmbH	Subsidiary	Full	100% held by Comarch Software und Beratung AG
Comarch S.A.S.	Subsidiary	Full	100%
Comarch R&D S.à r.l.	Subsidiary	Full	100%
Comarch Luxembourg S.à r.l.	Subsidiary	Full	100%
Comarch Inc.	Subsidiary	Full	100%
Comarch Panama Inc.	Subsidiary	Full	100% held by Comarch Inc.
Comarch Canada. Corp.	Subsidiary	Full	100%

Comarch Espace Connecté Inc.	Subsidiary	Full	100%
Comarch Middle East FZ-LLC	Subsidiary	Full	100%
Comarch LLC	Subsidiary	Full	100%
OOO Comarch	Subsidiary	Full	100%
Comarch Software (Shanghai) Co. Ltd.	Subsidiary	Full	100%
Comarch Technologies Oy	Subsidiary	Full	100%
Comarch UK Ltd.	Subsidiary	Full	100%
Comarch Japan KK	Subsidiary	Full	100% held by Comarch UK Ltd.
Comarch Chile SpA	Subsidiary	Full	100%
Comarch Software Spain S.L.U.	Subsidiary	Full	100%
Comarch Colombia S.A.S.	Subsidiary	Full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	Subsidiary	Full	100%
Comarch SRL	Subsidiary	Full	100%
Comarch Malaysia SDN. BHD.	Subsidiary	Full	100%
Comarch s.r.o.	Subsidiary	Full	100%
Comarch Pointshub. Inc.	Subsidiary	Full	100%
Comarch AB	Subsidiary	Full	100%
Comarch Argentina S.A.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch Mexico S.A. de C.V.	Subsidiary	Full	99% held by Comarch S.A., 1% held by CA Consulting S.A.
Comarch Yuhan Hoesa (Comarch Ltd.)	Subsidiary	Full	100%
Comarch (Thailand) Limited	Subsidiary	Full	98% held by Comarch S.A., 1% held by CA Consulting S.A., 1% held by Comarch Technologies Sp. z o.o.
Comarch BV	Subsidiary	Full	100%
Comarch Pty. LTD	Subsidiary	Full	100%
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S.	Subsidiary	Full	100%
Comarch Technologies sp. z o.o.	Subsidiary	Full	100%
CA Consulting S.A.	Subsidiary	Full	100%
Geopolis sp. z o.o.	Subsidiary	Full	100%

Comarch Management sp. z o.o.	Subsidiary	Full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	Subsidiary	Full	100% of total number of investment certificates
Comarch Management sp. z o.o. SK-A	Subsidiary	Full	26.45% held by Comarch S.A., 8.82% held by CCF FIZ, 64.73% purchased by Comarch Management sp. z o.o. SK-A to be redeemed
Bonus Management sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o. Cracovia Park SK-A	Subsidiary	Full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Bonus Development sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Management sp. z o.o. II Activia SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Development sp. z o.o. II Koncept SK-A	Subsidiary	Full	100% held by CCF FIZ
Comarch Healthcare S.A.	Subsidiary	Full	38.27% held by CCF FIZ, 17.33% held by Comarch S.A., 33.02% held by Comarch Software und Beratung AG, 11.38% held by CASA Management and Consulting sp. z o.o. SKA
Comarch Polska S.A.	Subsidiary	Full	100% held by CCF FIZ
Comarch Cloud S.A. (previously Comarch Pointshub S.A.)	Subsidiary	Full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	Subsidiary	Full	100% held by CCF FIZ
iComarch24 S.A.	Subsidiary	Full	100% held by CCF FIZ
CASA Management and Consulting sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Comarch Swiss AG	Subsidiary	Full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	Subsidiary	Full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	Subsidiary	Full	100%
MKS Cracovia SSA	Subsidiary	Full	66.11%

3. Notes to the Consolidated Financial Statement

3.1. Reporting by Segments for 6 Months 2020

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

- the sale of IT systems and services, including production of software for medicine sector, as well as sales of IT hardware (hereinafter referred to as the "IT segment"),
- professional sports (hereinafter referred to as the "Sport segment"; MKS Cracovia SSA,
- investment activity on capital market and activity in relation with real estate investment, (hereinafter referred to as the "Investment segment"),
- activity in relation to medical services (hereinafter referred to as the "Medical segment").

IT Segment has a dominant share in sales revenues, profits and assets. IT Segment is divided into the DACH (Germany, Austria and Switzerland) market, Polish market and other markets according to the specific character of the activity in the segment.

Due to the geographical business division, the Comarch Group defines the following market segments: Poland, DACH region (Germany, Austria, and Switzerland) and other countries. The Sport Segment, Medicine Segment and Investment Segment operate exclusively on Polish territory. Due to the fact that only the IT Segment operates abroad and, at the same time, costs incurred in the IT segment are largely common for export and domestic sales, it is pointless to define separate results for export and domestic activities.

The Group's sales is highly diversified and there is no dependency on a single customer. Within 6 months of 2020 the share of none of the customer exceeded 10% of total sales of the Comarch Group.

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

6 months ended 30 June 2019	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenue per segment- sales to external clients	385,297	127,700	143,339	386	22,170	7,457	-	686,349
<i>including:</i>								
Revenue from sales	383,648	125,981	135,658	900	13,930	6,371	-	666,488
<i>To customers in Telecommunication, Media, IT sector</i>	88,571	31,912	40,345	-	-	-	-	160,828
<i>To customers in Finance and Banking sector</i>	66,544	18,366	3,229	-	-	-	-	88,139
<i>To customers in Trade and services sector</i>	28,683	11,806	71,451	-	-	-	-	111,940
<i>To customers in Industry & Utilities</i>	45,358	13,852	20,604	-	-	-	-	79,814
<i>To customers in Public sector</i>	63,963	5,256	-	-	-	-	-	69,219
<i>To customers in small and medium enterprises sector</i>	82,442	44,789	-	-	-	-	-	127,231
<i>To customers in Medicine sector</i>	7,321	-	-	-	-	6,371	-	13,692
<i>To other customers</i>	766	-	29	900	13,930	-	-	15,625
<i>Other operating revenue</i>	1,062	1,794	7,789	9	8,424	837	-	19,915
<i>Finance revenue</i>	587	(75)	(108)	(523)	(184)	249	-	(54)
Revenue per segment - sales to other segments	140,510	14,363	19,632	3,865	4,124	1,020	(183,514)	-
Revenue per segment - total*	525,807	142,063	162,971	4,251	26,294	8,477	(183,514)	686,349
Costs per segment relating to sales to external clients	358,722	118,852	137,878	988	17,644	6,162	-	640,246
Costs per segment relating to sales to other segments	140,509	14,363	19,632	3,865	4,125	1,020	(183,514)	-
Costs per segment - total*	499,231	133,215	157,510	4,853	21,769	7,182	(183,514)	640,246
Current taxes	(4,417)	(6,406)	(4,019)	(277)	(207)	-	-	(15,326)
Assets for the tax due to investment allowances and other tax relief	(2,063)	1,005	(1,224)	5	267	-	-	(2,010)
Share of segment in the result of parties valuated using the equity method of accounting	474	-	(474)	-	-	-	-	-
Net result	20,570	3,447	(256)	(874)	4,585	1,295	-	28,767
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	20,570	3,447	(256)	(872)	2,995	1,295	-	27,179
<i>Result attributable to minority interest</i>	-	-	-	(2)	1,590	-	-	1,588

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

Sales between specific segments are calculated based on market conditions.

The following table presents the assets and liabilities of particular segments as at the 30th of June, 2019, as well as investment expenditures and depreciation in during 6 months of 2019.

30 June 2019 / 6 months ended 30 June 2019

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH Region	Other countries				
Assets	981,069	237,454	282,660	148,212	73,893	5,784	1,729,072
Liabilities	555,929	96,724	118,560	43,091	22,774	503	837,581
Investment expenditures	14,566	1,311	7,569	1,825	1,741	219	27,231
Depreciation	28,651	2,537	4,801	1,624	2,234	308	40,155

6 months ended 30 June 2020	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenue per segment- sales to external clients	358,410	145,002	187,409	(635)	12,930	5,400	-	708,516
<i>including:</i>								
Revenue from sales	371,263	142,155	177,514	1,249	11,350	5,253	-	708,784
<i>To customers in Telecommunication, Media, IT sector</i>	<i>55,487</i>	<i>33,626</i>	<i>52,996</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>142,109</i>
<i>To customers in Finance and Banking sector</i>	<i>88,925</i>	<i>17,143</i>	<i>15,140</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>121,208</i>
<i>To customers in Trade and services sector</i>	<i>35,994</i>	<i>11,721</i>	<i>77,992</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>125,707</i>
<i>To customers in Industry & Utilities</i>	<i>42,648</i>	<i>15,964</i>	<i>27,395</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>86,007</i>
<i>To customers in Public sector</i>	<i>51,298</i>	<i>5,557</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>56,855</i>
<i>To customers in small and medium enterprises sector</i>	<i>86,171</i>	<i>58,144</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>144,315</i>
<i>To customers in Medicine sector</i>	<i>10,510</i>	<i>-</i>	<i>3,971</i>	<i>-</i>	<i>-</i>	<i>5,253</i>	<i>-</i>	<i>19,734</i>
<i>To other customers</i>	<i>230</i>	<i>-</i>	<i>20</i>	<i>1,249</i>	<i>11,350</i>	<i>-</i>	<i>-</i>	<i>12,849</i>
<i>Other operating revenue</i>	<i>2,929</i>	<i>4,658</i>	<i>5,185</i>	<i>133</i>	<i>1,580</i>	<i>133</i>	<i>-</i>	<i>14,618</i>
<i>Finance revenue</i>	<i>(15,782)</i>	<i>(1,811)</i>	<i>4,710</i>	<i>(2,017)</i>	<i>-</i>	<i>14</i>	<i>-</i>	<i>(14,886)</i>
Revenue per segment - sales to other segments	166,045	16,085	17,236	4,018	3,907	-	(207,291)	-
Revenue per segment - total*	524,455	161,087	204,645	3,383	16,837	5,400	(207,291)	708,516
Costs per segment relating to sales to external clients	319,407	133,908	176,496	1,492	14,138	6,178	-	651,619
Costs per segment relating to sales to other segments	166,045	16,085	17,236	4,018	3,907	-	(207,291)	-
Costs per segment - total*	485,452	149,993	193,732	5,510	18,045	6,178	(207,291)	651,619
Current taxes	(9,027)	(4,420)	(4,116)	(265)	-	-	-	(17,828)
Assets for the tax due to investment allowances and other tax relief	(3,715)	379	(1,742)	89	41	-	-	(4,948)
Share of segment in the result of parties valuated using the equity method of accounting	-	-	-	-	-	-	-	-
Net result	26,261	7,053	5,055	(2,303)	(1,167)	(778)	-	34,121
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	<i>26,261</i>	<i>7,053</i>	<i>5,055</i>	<i>(2,300)</i>	<i>(772)</i>	<i>(778)</i>	<i>-</i>	<i>34,519</i>
<i>Result attributable to minority interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(3)</i>	<i>(395)</i>	<i>-</i>	<i>-</i>	<i>(398)</i>

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 30th of June, 2020, as well as investment expenditures and depreciation in during 6 months of 2020:

30 June 2020 / 6 months ended 30 June 2020

	IT Segment			Investment Segment	Sport Segment	Medicine Segment Poland	Total
	Poland	DACH region	Other countries				
Assets	1,050,357	285,155	344,661	147,348	88,526	8,964	1,925,011
Liabilities	466,744	110,988	264,823	35,529	36,381	4,935	919,400
Investment expenditures	19,684	5,478	4,434	4,221	7,473	763	42,053
Depreciation	28,642	8,232	5,207	1,759	2,400	217	46,457

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

Revenue from basic sales - activities location

	6 months ended 30 June 2020		6 months ended 30 June 2019	
		%		%
Poland	389,115	54.9	404,849	60.7
DACH region	142,155	20.1	125,981	18.9
Other countries	177,514	25.0	135,658	20.4
Total	708,784	100.0	666,488	100.0

Assets - activities location

	6 months ended 30 June 2020		6 months ended 30 June 2019	
		%		%
Poland	1,295,175	67.3	1,264,693	68.6
DACH region	285,155	14.8	250,384	13.6
Other countries	344,681	17.9	327,634	17.8
Total	1,925,011	100.0	1,842,711	100.0

Investment expenditures – activities location

	6 months ended 30 June 2020	%	12 months ended 31 December 2019	%	6 months ended 30 June 2020	%
Poland	32,141	76.5	46,023	81.7	18,351	67.4
DACH region	5,478	13.0	2,672	4.7	1,311	4.8
Other countries	4,434	10.5	7,649	13.6	7,569	27.8
Total	42,053	100.0	56,344	100.0	27,231	100.0

3.2. Property, Plant and Equipment

	30 June 2020	31 December 2019
Lands and buildings	382,919	384,075
Means of transport and machinery	118,927	122,443
Property, plant and equipment under construction	30,538	22,316
Others	13,721	8,753
Advance money for property, plant and equipment under construction	2,035	2,048
Total	548,140	539,635

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 30th of June, 2020, the Group's property are six office buildings in the Special Economic Zone in Krakow ("SEZ") at 74,144 square metres of the total space, two office buildings in Warsaw at 2,542 square metres of the total space and office buildings in Łódź at 12,572 square metres of the total space, one office building and data centre 2018 in Lille at 2,526 square metres of the total space, and an office building and data centre in Dresden at 2,144 square metres of the total space. The Group owns also lands in the Special Economic Zone in Krakow at approx. 2.01 ha of the total area. As at the 30th of June, 2020, property, plant and equipment under construction comprise mostly expenditures related to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA (an amount of PLN 5,969 thousand) and expenditures related to construction of the Southern Poland Football Training and Research Centre for Cracovia (an amount of PLN 21,350 thousand).

3.3. Asset due to the Right of Use

	30 June 2020	31 December 2019
Leasing of means of transport and IT equipment	1,745	1 735
Rent	67,070	53 533
Perpetual usufruct	18,237	18 368
Total	87 052	73,636

Value of depreciation of the asset due to the right of use in first half of 2020 amounted to PLN 10,308 thousand.

3.4. Investment Real Estate

	30 June 2020	31 December 2019
Lands	7,431	3,557
Buildings	33,313	33,074
Total	40,744	36,631

Investment real estate relates to developed lands used for lease to entities outside the Group and lands located in Krakow, purchased in order to construct buildings dedicated for lease to the entities outside Group. As at the 30th of June, 2020, investment real estate comprise two office buildings, placed in Krakow at 8,629 square metres of the total space, 4 residential buildings at 1,057 square metres of the total space, 1 service and production building with an area of 600 square metres (all located in Kraków), 2 services and warehouse buildings with an area of 2,611 square metres, located in Zabierzów, as well as real estate located in Kostrzyn with an area of 1,315 square metres.

3.5. Goodwill

Goodwill comprises Company's value established at purchases of shares in the following companies:

	30 June 2020	31 December 2019
Comarch Kraków	99	99
CDN Comarch	1,227	1,227
Comarch AG	1,900	1,900
Comarch, Inc.	58	58
Comarch Software und Beratung AG	29,038	29,038
Comarch Swiss AG	8,413	8,413
Geopolis sp. z o.o.	-	-
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S.	5,039	-
Total	45,774	40,735

A test for loss in value regarding goodwill was run as at the 31st of December, 2019. The test showed loss in value regarding goodwill in the amount of PLN 1,462 thousand related to the acquisition of Geopolis sp. z o.o., which was included in the income statement for 2019. The methodology used to run the test was described in details in the annual financial statements for 2019.

Due to the acquisition in the second quarter of 2020 by Comarch S.A. 100% of the shares of 2CSI CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S., goodwill was established in the amount of PLN 5,039 thousand. The above amount constitutes the remuneration transferred by Comarch S.A. over the fair value of the Comarch Group's share in the identified net assets of the acquired entity. The transferred remuneration included the control premium paid in connection with the acquisition of control over 2CSI, as well as amounts related to the benefits of anticipated synergies, increase of revenue, future market development, increase of product portfolio and the acquisition of highly qualified employees. These benefits have not been recognized separately from goodwill because it was not

possible to reliably measure the future economic benefits arising from them. As part of the described transaction, the Comarch Group also took over customers and relationships with 2CSI customers. These assets have not been recognized separately from goodwill because it was not possible to reliably measure their value. In subsequent reporting periods, the Comarch Group will perform test for loss in value regarding goodwill related to the acquisition of 2CSI by each time determining the recoverable amount of the cash-generating unit using the DCF discounted cash flow method. The projected cash flows related to 2CSI activities will be based on the sales results achieved in the current year, budget assumptions and forecasts for the coming years and on the estimates of the development of the French market in the coming years. The discount rate used to estimate the present value of the projected cash flows will be based on the WACC weighted average cost of capital.

As at the acquisition date, the fair value of assets held by 2CSI was estimated, based on the value in use valuation model, using the DCF discounted cash flow method. The estimated fair value of the SANO software owned by 2CSI was PLN 10,336 thousand as at the acquisition date. In accordance with the accounting policy of the Comarch Group, the SANO software was included in inventories under the item work in progress and for the purposes of performing procedures related to the allocation of the purchase price, its value was presented in the consolidated financial statements in accordance with the principles of work in progress valuation established in the accounting policy of the Comarch Group.

3.6. Others Intangible Assets

	30 June 2020	31 December 2019
Costs of finished development works	-	-
Perpetual usufruct right	37,512	37,559
Licences and software	12,712	14,523
Other	4,615	4,229
Advance money for intangible assets	-	-
Total	54,839	56,311

Other intangibles include valuation of assets, classified as intangible assets, related to the right to use MKS Cracovia SSA players' cards in the amount of PLN 4,615 thousand.

The perpetual usufruct right for land related to MKS Cracovia SSA that is worth PLN 31,650 thousand is considered the intangible asset with unspecified period of use and is not depreciated. The Company expects renewal of perpetual usufruct right which will occur without incurring any major costs, as the Company is not obliged to meet any conditions, which would decide about extension of this right. The Company does not expect incurring any major costs when renewal of perpetual usufruct right, having in mind current activities of the co-owner of the sports club, i.e. Krakow commune.

3.7. Investment in Associates

As at the 30th of June, 2020, the Group had shares in associates:

At 1 January 2019	1,520
Granting loan by SoInteractive S.A.	300
Repayment of loan by SoInteractive S.A.	(850)
At 30 June 2019	970
At 1 January 2019	1,520
Granting loan by SoInteractive S.A.	300

Repayment of loan by SoInteractive S.A.	(1,250)
At 31 December 2019	570
At 1 January 2020	570
Granting loan by SoInteractive S.A.	-
Repayment of loan by SoInteractive S.A.	(570)
At 30 June 2020	0

3.8. Derivative Financial Instruments

a) Assets

	30 June 2020	31 December 2019
Forward foreign exchange contracts – held-for-trading	2,624	7,662
Transaction on change of IRS	-	-
	2,624	7,662
<i>Current portion</i>	<i>1,225</i>	<i>4,923</i>
<i>Non-current portion</i>	<i>1,399</i>	<i>2,739</i>

b) Liabilities

	30 June 2020	31 December 2019
Forward foreign exchange contracts – held-for-trading	1,418	-
Transaction on change of IRS	3,868	2,909
	5,286	2,909
<i>Current portion</i>	<i>1,180</i>	-
<i>Non-current portion</i>	<i>4,106</i>	<i>2,909</i>

Group held forward contracts to reduce the effect of changes in cash flows on financial result, where cash flows are related to the planned transactions and changes are the result of foreign exchange risk. As at the 30th of June, 2020, the above-mentioned instruments were valued at fair value according to market price and changes in valuation were referred into the results from financial operations. Total net value of forward contracts that were open as at the 30th of June, 2020, amounted to EUR 51,700 thousand and USD 17,900 thousand.

On the 9th of July, 2014, Comarch S.A. concluded a transaction on change of IRS for investment credit taken in June 2006 from BNP Paribas Bank Polska S.A. with its registered office in Warsaw, for financing of the third construction stage of production and office buildings in the Special Economic Zone in Krakow. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 10 years, i.e. till the 29th of July, 2024. As at the 30th of June, 2020, valuation of the IRS transaction amounted to minus PLN 352 thousand.

On the 23rd of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4th of December, 2013, from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30th of November, 2023. As at the 30th of June, 2020, valuation of the IRS transaction amounted to minus PLN 330 thousand.

On the 20th of February, 2017, Comarch S.A. concluded a transaction on change of IRS for an investment credit granted in May 2016 by the Bank Handlowy with its registered office in Warsaw. As a consequence of the concluded transaction variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 29th of February, 2028. As at the 30th of June, 2020, valuation of the IRS transaction amounted to minus PLN 1,869 thousand.

On the 27th of November, 2017, Bonus Development Sp. z o.o. SKA concluded a transaction on change of IRS for an investment credit taken on the 29th of June, 2015, from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded till the 31st of May, 2030. As at the 30th of June, 2020, valuation of the IRS transaction amounted to minus PLN 1,318 thousand.

3.9. Deferred Income Tax

	30 June 2020	31 December 2019
Deferred income tax assets		
Temporary differences	20,085	20,284
Asset due to a tax loss	4,699	4,760
Asset due to activities in Special Economic Zone ("SEZ")	4,895	9,958
Total	29,679	35,002
<i>Charged to financial result</i>	<i>29,679</i>	<i>35,002</i>

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

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

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

Pursuant to IAS 12, unused tax relief as at the 30th of June, 2020, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized (its period of validity was the 31st of December, 2017). Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 1,102 thousand as at the 30th of June, 2020 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 28,929 thousand as at the 30th of June, 2020 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in March 2016, regarding investment in the office building SSE7 in Cracow, amounted to approx. PLN 22,809 thousand as at the 30th of June, 2020 (after discounting at the permit date). The company has no intention to use the permit obtained in February 2016 due to the fact of receiving (after obtaining it), co-financing of investment outlays to be incurred in this permit - to eliminate the risk of using two forms of public aid related to one investment.

During the first half of 2020, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2019, and worth PLN 4,516 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 4,317 thousand. An asset due to tax loss was settled in the amount of PLN 61 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 260 thousand.

Deferred income tax assets are determined in the amount anticipated to be deducted from income tax in the future, due to negative temporary differences and income tax relief in connection with conducting business activity in SEZ, which will cause in the future a reduction in the basis for calculating income tax and a tax loss deductible, determined taking into account the precautionary principle. Due to the above principle, assets from operations in SEZ are set only in the annual time horizon, taking as base to determine the average income from zonal activity from the period of 3 years, selected from the five-year period (including the year for which the report is drawn up)), after rejecting two extreme values.

During the first 6 months of 2020, the Group settled an assets created for the zone operations in the amount of PLN 5,063 thousand which were created as at 31st of December, 2019. At the same time, in accordance with IAS 12, the Company, over the year 2020, will regularly verify the valuation of the Asset recognized for its feasibility and further recognition for subsequent periods. We would like to point out that the recognition of Assets does not affect cash flows in the parent company or in the Group (both the recognition of Assets, as well as its implementation). Therefore, this operation is purely accrual and results from the application by the Group of International Financial Reporting Standards for the preparation of the consolidated financial statements of the Comarch Group.

The total impact of changes in assets on the Group of first half of 2020 results is minus PLN 5,323 thousand.

	30 June 2020	31 December 2019
Deferred income tax assets		
Temporary differences	19,028	20,521
Provision due to valuation of real estate of MKS Cracovia SSA	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	23,893	22,774
Total	48,351	48,725
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>42,921</i>	<i>43,295</i>

Due to valuation of net assets of CCF FIZ in first half of 2020, a deferred tax provision was increased by PLN 1,119 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 3,031 thousand and dissolved in the amount of PLN 4,524 thousand. The total effect of the above-mentioned operations on the net result of first half of 2020 was plus PLN 374 thousand.

Total changes in the deferred income tax resulted in a decrease in result of PLN 4,949 thousand.

In relation to MKS Cracovia SSA and Comarch Healthcare S.A., despite of the fact that the tax loss existed, a deferred tax asset was not created due to the lack of possibility to make the reliable estimates of the income tax allowing the use of existing tax loss from previous years.

3.10. Inventories

	30 June 2020	31 December 2019
Raw materials	1,960	2,456
Work in progress	93,142	75,944
Goods	11,841	11,702
Finished products	205	65
Advance due to finished products	504	574
Total	107,652	90,741

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 215,690 thousand (6 months ended the 30th of June, 2020), PLN 407,538 thousand (12 months of 2019), PLN 245 697 thousand (6 months ended the 30th of June, 2019).

Over the first six months of 2020, Comarch Group created write-offs that revaluated value of goods in the amount of PLN 66 thousand and has not created write-offs that revaluated value of materials and finished products. The Group resolved write-offs revaluated goods and materials which had been created in the previous years in the amount of PLN 77 thousand.

3.11. Trade and Other Receivables

	30 June 2020	31 December 2019
Trade receivables - net	344,492	374,987
<i>Trade receivables</i>	<i>417,503</i>	<i>447,083</i>
<i>Write-off revaluating receivables</i>	<i>(73,011)</i>	<i>(72,096)</i>
Other receivables	25,693	29,196
Short-term prepayments	17,921	14,135
Other prepayments	2,953	110
Loans	4,688	11,702
Trade receivables and other receivables from related parties - net	1	52
<i>Trade receivables and other receivables from related parties</i>	<i>1</i>	<i>52</i>
<i>Write-off revaluating receivables</i>	<i>-</i>	<i>-</i>
Total	395,748	430,182
<i>Current portion</i>	<i>395,748</i>	<i>430,182</i>

The fair value of trade and other receivables is close to their balance sheet value presented above. There is no concentration of credit risk with respect to trade receivables as Group has a large number of customers. As at the 30th of June, 2020, the Group recognised a write-off due to loss in value of its trade receivables that was worth PLN 15,072 thousand and dissolved previously created write-offs worth PLN 11,304 thousand in relation to payment of debts. These operations were presented in the income statement in other operating costs and revenues, respectively.

3.12. Long-term Contracts

Due to the fact that the company applies the rule of determining the degree of work progress in proportion to the share of incurred costs in the entire costs of a contract, the sum of incurred costs and recognized results corresponds to revenue. At the end of the reporting period, long-term contracts were evaluated in accordance with the degree of work progress.

	6 months ended 30 June 2020	6 months ended 30 June 2019
Revenues from completed contracts recognized in the reporting period	17,350,	14,299
Revenues from contracts not completed recognized in the reporting period	241,920	180,547
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IFRS 15	21,615	62,620
Total	280,885	257,466

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 30th of June, 2019 and the 30th of June, 2020, are presented below:

	6 months ended 30 June 2020	6 months ended 30 June 2019
Long-term contracts revenue included to the balance sheet date - determined according to the progress of work	1,691,762	1,178,614
Issued invoices	(1,649,114)	(1,145,012)
Total	42,648	33,602

	Long-term contracts receivables	Long-term contracts liabilities	Net
Value at 1 January 2019	134,800	(163,818)	(29,018)
Correction of the current period (reversal of the correction due to IFRS 15)	(6,538)	25,170	18,632
Correction of the current period	61,238	(17,250)	43,988
Value at 30 June 2019	189,500	(155,898)	33,602
Change	54,700	7,920	62,620
Value at 1 January 2020	193,865	(172,831)	21,034
Correction of the current period (reversal of the correction due to IFRS 15)	(6,537)	(4,200)	(10,737)
Correction of the current period	25,428	6,924	32,352
Value at 30 June 2020	212,756	(170,107)	42,649
Change	18,891	2,724	21,615

3.13. Share Capital

	Number of shares	Ordinary and preference shares	Own shares	Total
At 1 January 2019	8,133,349	8,133,349	-	8,133,349
At 30 June 2019	8,133,349	8,133,349	-	8,133,349
At 31 December 2019	8,133,349	8,133,349	-	8,133,349
At 30 June 2020	8,133,349	8,133,349	-	8,133,349

The nominal value of one share is PLN 1.

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

- 1) 864,800 series A registered preference shares,
- 2) 75,200 series A ordinary bearer shares,
- 3) 883,600 series B registered preference shares,
- 4) 56,400 series B ordinary bearer shares,
- 5) 3,008,000 series C ordinary bearer shares,
- 6) 1,200,000 series D ordinary bearer shares,
- 7) 638,600 series E ordinary bearer shares,
- 8) 125,787 series G ordinary bearer shares,
- 9) 102,708 series G3 ordinary bearer shares,
- 10) 563,675 series H ordinary bearer shares,
- 11) 441,826 series I2 ordinary bearer shares,
- 12) 91,041 series J2 ordinary bearer shares,
- 13) 73,953 series K3 ordinary bearer shares,
- 14) 7,759 series L1 ordinary bearer shares.

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

- a) disposal for the benefit of persons who were shareholders of the company on the 18th of March, 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession.
- d) disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law ("Structure") controlled, within the meaning of art. 8 sec 5 of the company's articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure ("Contributing Shareholder") or (jointly) controlled only by the Contributing Shareholder's relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned above ("Related Person or Related Persons") and the Contributing Shareholder jointly ("Controlled Structure") and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure."

To disposal of registered shares, the consent of the Management Board of Comarch S.A. in written form is required. Disposal of shares without mentioned consent is possible under the terms of the Article of Association of the Comarch S.A. Bearer share corresponds with 1 votes at the General Meeting. The conversion of bearer shares into registered shares is not allowed.

3.13.1.Changes in Share Capital in First Half of 2019

On the 27th of January, 2020, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities notification of the transaction referred to in art. 19 par. 1 of Regulation No. 596/2014 of the European Parliament and of the Council of the 16th of April, 2014 on market abuse. The notification concerned the disposal of 335,926 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 198.00 per 1 share, which value amounted to PLN 66,513,348, on the 24th of January, 2020. The company announced details in current report no. [RB-2-2020](#) (ENG: [RB-2-2020](#)) dated on the 27th of January, 2020.

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

3.13.2.Changes in Share Capital after the Balance Sheet Date

None present.

3.14. Credits and Loans

	30 June 2020	31 December 2019
Non-current		
Non-revolving credits	126,550	136,880
Revolving credits	-	-
Loans	3,274	4,838
	129,824	141,718
Current		
Non-revolving credits	36,040	36,386
Revolving credits	1,378	-
Loans	6,158	4,705
	43,576	41,091
Total credits and loans	173,400	182,809

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

In first half of 2020, the value of drawdown credits and loans granted to entities outside the Group amounted to PLN 21,710 thousand. During the first half of 2020, the Comarch Group launched non-revolving bank loans and loans from entities outside the Comarch Group amounted to PLN 1,825 thousand. As at the balance sheet date, the 2CSI company from the Comarch Group used an overdraft facility in the amount of PLN 1,378 thousand.

Within reporting period, there were neither overdue payments nor interest payments on credits and loans. Comarch did not breach of any provisions of the credit or loan agreements that could entitle the creditor to claim earlier repayment of the credit or loan.

The exposure of Group bank credits to interest rate changes	12 months or less	1-5 years	Over 5 years	Total
At 31 December 2019				
Credits and loans	41,091	105,552	36,166	182,809
At 30 June 2020				
Credits and loans	43,575	96,862	32,963	173,400

The maturity of non-current bank credits, loans and financial liabilities	30 June 2020	31 December 2019
Between 1 and 2 years	35,842	35,815
Between 2 and 5 years	61,019	69,737
Over 5 years	32,963	36,166
	129,824	141,718

Currency structure of the balance sheet values of credits, loans and financial liabilities	30 June 2020	31 December 2019
In Polish currency (PLN)	8,646	9,542
In EUR (equivalence in PLN)	164,754	173,267
	173,400	182,809

Effective interest rates at the balance sheet date	30 June 2020	31 December 2019
Bank credits	1.56%	1.53%
Loans	2.54%	2.93%

3.14.1. Non-Revolving Credits and Loans

Debtor / Subject of financing	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. office buildings SSE4 in Krakow	BGŻ BNP Paribas Bank Polska S.A.	44,000	PLN	2,615 (2,919 as at 31 st of December, 2019)	EUR	11,677 (12,432 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	mortgage on the SSE4 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	644	EUR	2,877	PLN	EURIBOR1M + bank margin	29 th of September, 2021	mortgage on the SSE5 building, assignment of rights from the building's

office buildings SSE5 in Krakow - refinancing				(902 as at 31 st of December, 2019)		(3,840 as at 31 st of December, 2019)				insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. nonrevealing operating credit	Santander Bank Polska S.A. (previously Bank Zachodni WBK S.A.)	7,400	EUR	477 (953 as at 31 st of December, 2019)	EUR	2,130 (4,057 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin	31 st of December, 2020	mortgage on the SSE3 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. office buildings SSE6 in Krakow	Bank Polska Kasa Opieki S.A.	13,323	EUR	5,668 (6,507 as at 31 st of December, 2019)	EUR	25,315 (27 711 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	mortgage on the SSE6 building, assignment of rights from the building's insurance policy, assignment of rights from the guarantee of due performance and guarantee of the warranty, declaration on submission to enforcement
Comarch S.A. office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S.A.	13,333	EUR	12,130 (12,920 as at 31 st of December, 2019)	EUR	54,172 (55,018 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
Comarch S.A. Non-current assets - equipment of Internet of Things laboratory in Krakow	DNB Bank Polska S.A.	2,531	EUR	1,225 (1,400 as at 31 st of December, 2019)	EUR	5,471 (5,961 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	registered pledge on fixed assets being the subject of financing, assignment of rights under the insurance policy for financed fixed assets, declaration on submission to enforcement
Bonus Development Sp. z o.o. SK-A Office building in Lodz	Bank Polska Kasa Opieki S.A.	9,262	EUR	6,361 (6,680 as at 31 st of December, 2019)	EUR	28,407 (28,448 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 31 st of May, 2030	31 st of May, 2030	mortgage on an office building in Łódź, a statement by Bonus Development Sp. z o.o. SK-A on submission to enforcement, assignment of rights from the insurance policy of an office building in Łódź, assignment of rights from the guarantee of due performance and warranty guarantee, assignment of rights under the lease of the financed property concluded with Comarch SA, surety from Comarch SA, declaration on submission to enforcement Comarch SA.

Comarch S.A.S, Comarch S.A.	BGŻ BNP Paribas Bank Polska S.A.	8,000	EUR	4,253 (4,908 as at 31 st of December, 2019)	EUR	18,996 (20,900 as at 31 st of December, 2019)	PLN	EURIBOR3M + bank margin	18 th of September, 2023	mortgage on the second place on the estate Comarch S.A. (Krakow, Michał Życzkowski Street 23, building SSE4), statement by Comarch S.A. on submission to enforcement, assignment of rights from the
Comarch S.A.	CaixaBank S.A. Oddział w Polsce	3,500	EUR	3,033 (3,499 as at 31 st of December, 2019)	EUR	13,545 (14,899 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			3,734 (4,850 as at 31 st of December, 2019)	PLN	fixed	1 st of March, 2022	-
Comarch Polska S.A.	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			1,712 (2,144 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2022	Comarch S.A. guarantee
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			1,604 (1,944 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2022	-
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	1,814	PLN			0 (605 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2020	-
Comarch S.A.	IBM Global Financing Polska Sp. z o.o.	1,825	PLN			1,597 (0 as at 31 st of December, 2019)	PLN	fixed	1 st of March, 2022	-
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S.	CAISSE D'EPARGNE HSBC	281	EUR	176	EUR	785	PLN	fixed	30 th of June, 2021	Comarch S.A. guarantee

Financing operating activities						(0 as at 31 st of December, 2019)				
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3.14.2. Current Credit Lines

The companies of the Comarch Group have the following credit limits in current account:

Company of Comarch Group / Purpose	Financial Institution	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. Financing operating activities	Powszechna Kasa Oszczędności Bank Polski S.A.	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	20.12.2020	declaration of submission to enforcement
Comarch S.A. Financing operating activities	Bank Polska Kasa Opieki S.A.	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	30.06.2020	declaration of submission to enforcement
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	BNP Paribas	100	EUR	94	EUR	419	PLN	EURIBOR + bank margin	11 th of November, 2020	-
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	CAISSE D'EPARGNE	100	EUR	65	EUR	289	PLN	EURIBOR + bank margin	valid for an indefinite period	-
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	BANQUE POPULAIRE	150	EUR	150	EUR	670	PLN	EURIBOR + bank margin	20 th of August, 2020	-

	30 June 2020	31 December 2019
Credit lines in the current account and revolving credits, including:	51,563	60,000
Used at the balance sheet date	1,378	-
Available at the balance sheet date	50,185	60,000

3.15. Liabilities due to Lease

	30 June 2020	31 December 2019
Leasing of means of transport and IT equipment	1,842	1,744
Rent	70,604	54,297
Perpetual usufruct	18,250	18,690
<i>Current portion</i>	<i>19,787</i>	<i>15,730</i>
<i>Non-current portion</i>	<i>70,909</i>	<i>59,001</i>
Total	90,696	74,731

Ageing of liabilities due to lease

	12 months or less	1-5 years	over 5 years	Total
Lease of means of transport and IT hardware	834	1,008	0	1,842
Rent	18,909	44,538	7,157	70,604
Perpetual usufruct	45	197	18,008	18,250
Liabilities due to lease	19,788	45,743	25,165	90,696

3.16. Other Financial Liabilities

	30 June 2020	31 December 2019
Liabilities due to dividends	12,200	-
<i>Current portion</i>	<i>12,200</i>	<i>-</i>
<i>Non-current portion</i>	<i>-</i>	<i>-</i>
Liabilities due to bills of exchange	5,128	4,009
<i>Current portion</i>	<i>5,128</i>	<i>4,009</i>
<i>Non-current portion</i>	<i>-</i>	<i>-</i>
Total	17,328	4,009

As at 30th of June, 2020, other financial liabilities relate to bills of exchange at Bonus Management Sp. z o.o. SK-A, maturing on the fourth quarter of 2020, bills of exchange at Bonus Management Sp. z o.o. II ACTIVIA SKA, maturing on the first quarter of 2021 and liability due to dividends from Comarch SA in the amount of PLN 12,000 thousand. The dividend was paid in July 2020.

3.17. Provisions for Other Liabilities and Charges

	Costs related to current period that will be incurred in future	Provisions for costs of contracts	Provisions for contractual penalties and other claims	Provisions for leaves	Provisions for premiums	Total
At 1 January 2019	3,743	12,006	40,419	29,541	77,543	163,252
Change:	975	2,069	(14,526)	3,556	25,082	17,156
<i>Provisions created</i>	18,375	17,488	17,844	22,741	107,087	183,535
<i>Provisions used and dissolved</i>	(17,400)	(15,419)	(32,370)	(19,185)	(82,005)	(166,379)
At 31 December 2019	4,718	14,075	25,893	33,097	102,625	180,408
At 1 January 2020	4,718	14,075	25,893	33,097	102,625	180,408
Change:	1,238	(2,770)	(11,609)	16,094	(7,908)	(4,955)
<i>Provisions created</i>	7,903	6,616	1,734	21,901	28,174	66,328
<i>Provisions used and dissolved</i>	(6,665)	(9,386)	(13,343)	(5,807)	(36,082)	(71,283)
At 30 June 2020	5,956	11,305	14,284	49,191	94,717	175,453

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

3.18. Trade and Other Payables

	30 June 2020	31 December 2019
Trade payables	57,302	60,205
Advance payments received due to services	1,309	1,101
Trade payables and other liabilities to related parties	-	-
Liabilities due to social insurance and other tax charges	61,365	61,801
Investments liabilities	1,631	1,177
Revenues from the future periods	59,324	29,034
Other payables	6,961	6,373
Special funds (Social Services Fund and Residential Fund)	2,687	1,689
Liabilities due to remuneration	33,563	30,390
Total	224,142	191,770

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

3.19. Contingent Liabilities

On the 30th of June, 2020, 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 85,880 thousand, whereas it was PLN 90,725 thousand on the 31st of December, 2019.

On the 30th of June, 2020, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 422 thousand, i.e. PLN 1,887 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,668 thousand on the 31st of December, 2019.

On the 30th of June, 2020, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 72 thousand, whereas it was EUR 16 thousand, i.e. PLN 68 thousand on the 31st of December, 2019.

On the 30th of June, 2020, the value of bank guarantees issued by banks on order from Comarch Swiss AG was CHF 32 thousand, i.e. PLN 132 thousand, whereas it was EUR 0, i.e. PLN 0 on the 31st of December, 2019.

Comarch S.A. declared a possibility to grant a financial support ("letters of comfort") for its subsidiaries: Comarch R&D S.à r.l. (valid for an indefinite period), Comarch Argentina S.A. (valid for an indefinite period), Comarch Malaysia SDN. BHD. (valid for an indefinite period), Comarch Healthcare S.A. (valid for an indefinite period and till 30th of June, 2021), Comarch Middle East FZ-LLC (valid for an indefinite period), Comarch Japan KK (valid for an indefinite period), Comarch SAS (valid for an indefinite period), Comarch Polska S.A. (valid till 30th of June, 2020), Comarch Cloud S.A. (valid till 31th of December, 2020) and Sointeractive S.A. (valid till 31th of December, 2020).

	30 June 2020	31 December 2019
Granted credit lines for financing of current activities (guarantees, letters of credit, credit lines in current account)		
Credit lines *	221,070	239,273
	221,070	239,273

* They comprise credit lines at current account that are described in point [3.14.2](#)

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 25,397 thousand. Provisions for part of these claims were presented in the balance sheet as at the 30th of June, 2020, and are worth PLN 1,873 thousand. In first half of 2020, Comarch Group created provisions for claims covered by legal proceedings in the amount of PLN 128 thousand and resolved provisions in this respect for the amount of PLN 9,343 thousand.

The Comarch Group is the party to the matters in disputes, but not legal proceedings in which the potential total amount of third party claims is PLN 27,213 thousand. Provisions for part of these claims presented in the balance sheet as at the 30th of June, 2020, and are worth PLN 3,510 thousand. In first half of 2020, Comarch Group created provisions for matters in disputes, but not legal proceedings in the amount of PLN 223 thousand and resolved provisions in this respect for the amount of PLN 196 thousand.

According to the Management Boards of the Comarch Group companies, based on the opinions of legal advisors, there are no circumstances indicating the need to create provisions for other claims currently subject to court proceedings and disputes, not covered by court proceedings

Due to the matters in disputes, in first half of 2020 the Comarch Group created write-offs that revalue receivables in the amount of PLN 309 thousand.

Due to the matters in disputes, but not legal proceedings in first half of 2020 the Comarch Group created write-offs that revalue receivables in the amount of PLN 2,479 thousand.

As at 30th of June, 2020, the Comarch Group has a contractual obligation to purchase a fixed asset in the amount of PLN 22,355 thousand. The planned date of the transaction realization is the fourth quarter of this year.

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

None present.

3.21. Related-Party Transactions

3.21.1. Revenue from Sales of Goods and Services

	6 months ended 30 June 2020	6 months ended 30 June 2019
Revenue from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC*	-	-
	-	-
Revenue from sales of services		
SoInteractive S.A.	10	27
Thanks Again LLC*	-	546
Metrum Capital	-	-
	10	573
	10	573

*) On the 6th of December, 2019, Comarch Pointshub Inc. has concluded a contract for the sale of shares in an associate, Thanks Again LLC. The contract value was USD 500,000 (i.e. PLN 1,898,850 PLN). As a result of the transaction, Thanks Again LLC, in first half of 2020, was not an associated company with the parent company.

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

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

3.21.2. Purchase of Goods and Services

	6 months ended 30 June 2020	6 months ended 30 June 2019
Purchases of goods		
SoInteractive S.A.	-	4
Thanks Again LLC*	-	-
	-	4
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	-	432
<i>Included in other costs</i>	-	22
	-	454
Thanks Again LLC*		
<i>Included in generation costs</i>	-	-
<i>Included in other costs</i>	-	-
	-	-
Total	-	458

*) On the 6th of December, 2019, Comarch Pointshub Inc. has concluded a contract for the sale of shares in an associate, Thanks Again LLC. The contract value was USD 500,000 (i.e. PLN 1,898,850 PLN). As a result of the transaction, Thanks Again LLC, in first half of 2020, was not an associated company with the parent company.

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

	30 June 2020	31 December 2019
Receivables from related parties		
SoInteractive S.A.	1	52
Thanks Again LLC*	-	-
	1	52
Payables from related parties		
SoInteractive S.A.	-	-
Thanks Again LLC*	-	-
	-	-

*) On the 6th of December, 2019, Comarch Pointshub Inc. has concluded a contract for the sale of shares in an associate, Thanks Again LLC. The contract value was USD 500,000 (i.e. PLN 1,898,850 PLN). As a result of the transaction, Thanks Again LLC, in first half of 2020, was not an associated company with the parent company.

3.21.4. Transactions with Associates and Personally Related Entities

	6 months ended 30 June 2020	6 months ended 30 June 2019
Purchases from personally related entities	1,785	1,610
Sales to personally related entities	814	258
Loans and interest on loans repaid by personally related entities	6,686	12
Loans and interest on loans granted to personally related entities	-	-
Purchases from associates	-	454
Sales to associates	10	573
Loans and interest on loans repaid by associates	577	1,708
Loans and interest on loans granted to associates	-	300
Loans and other payments received from personally related entities	1,000*	-

*) The item contains a payment of PLN 1,000 thousand from the person supervising Comarch S.A. to the company Bonus Management Sp. z o.o. II Activia SK-A in exchange for issued bills of exchange.

3.21.5. Balances of Settlements with Personally Related Entities at Balance Sheet Date

	30 June 2020	31 December 2019
Trade receivables from personally related parties	1,295	789
Loans receivables from personally related parties	4,675	11,239
Trade payables to personally related parties	868	952
Liabilities due to bill of exchange from personally related parties	5,128**	4,009*

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

**) The item contains a liability of company Bonus Management sp. z o.o. II Activia SK-A and Bonus Management sp. z o.o. SKA to the person supervising Comarch S.A.

3.22. Earnings per Share

	6 months ended 30 June 2020	6 months ended 30 June 2019
Net profit for the period attributable to equity holders of the Company	34,519	27,179
Weighted average number of shares in issue	8,133,349	8,133,349
Basic earnings per share (PLN)	4.24	3.34
Diluted number of shares	8,133,349	8,133,349
Diluted earnings per share (PLN)	4.24	3.34

Basic earnings per share in the column "6 months ended 30 June 2020" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2020, to the 30th of June, 2020, by the weighted average number of shares in issue between the 1st of January, 2020, to the 30th of June, 2020, where the number of days is the weight. Basic earnings per share in the column "6 months ended 30 June 2019" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2019, to the 30th of June, 2019, by the weighted average number of shares in issue between the 1st of January, 2019, to the 30th of June, 2019, where the number of days is the weight.

Diluted earnings per share in the column "6 months ended 30 June 2020" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2020, to the 30th of June, 2020, by the sum of the weighted average number of shares in issue between the 1st of January, 2020, to the 30th of June, 2020, where the number of days is the weight and diluted number of shares. Diluted earnings per share in the column "6 months ended 30 June 2019" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2019, to the 30th of June, 2019, by the sum of the weighted average number of shares in issue between the 1st of January, 2019, to the 30th of June, 2019, where the number of days is the weight.

4. Additional Notes

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

4.1.1. Deferred Income Tax Assets and Provisions

In H1 2020, the Group dissolved in part deferred tax assets due to temporary differences in the amount of PLN 4,516 thousand and established as at the 31st of December, 2019, and created the deferred tax assets due to temporary differences in the amount of PLN 4,317 thousand and also dissolution of an asset due to a tax loss of PLN 61 thousand.

Created asset was dissolved in respect of the zone activity as at 31 December, 2019 in the amount of PLN 5,063 thousand.

The total impact of changes in assets on the Group's result in the first half of 2020 is minus PLN 5,323 thousand.

In connection with the valuation of the net asset value of CCF FIZ, the provision was increased by PLN 1,119 thousand in the first half of 2020. At the same time, a provision for deferred tax was created for temporary differences in the amount of PLN 3,031 thousand and released on the same account in the amount of PLN 4,524 thousand. The total impact of the above operations on the net result in the first half of 2020 was plus PLN 374 thousand.

Total changes in deferred tax resulted in a decrease in net profit by PLN 4,949 thousand.

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

4.1.2. Currency Exchange Rate Differences and Financial Instruments Based on Exchange Rates

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of June, 2020, increased revenue and operating profit of Comarch Group by PLN 11,343 thousand in the first half of 2020. Negative exchange rate differences from balance sheet valuation of trade liabilities, related to weakening of PLN, BRL, ARS exchange rates against foreign currencies in the first half of 2020 decreased the result of Comarch Group by PLN 16,234 thousand. The valuation of financial instruments and realised transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Group's net result by PLN 6,954 thousand (while in the corresponding period of 2019 they increased the Group's

net result by PLN 1,200 thousand). Exchange rate differences on other titles decreased the net result of the Comarch Group by PLN 1,986 thousand (while in the corresponding period of 2019 they increased the Group's net result by PLN 1,335 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 6 months of 2020 amounted to minus PLN 13,831 thousand (plus PLN 1,328 thousand in 6 months of 2019).

4.1.3. Creation of write-offs for doubtful debts

In the period of 6 months of 2020, the Group created write-offs due to loss in value of trade receivables in the amount of PLN 15,072 thousand and dissolved the previously created write-offs in the amount of PLN 11,304 thousand in connection with the settlement of debts. These operations were included respectively in other operating costs and revenues in the profit and loss account. Details are described in point [3.11.](#)

4.2. Events after the Balance Sheet Date Not Included in the Financial Statement

4.2.1. The Purchase of Land

On the 12th of August, 2020, Comarch Inc. purchased non-developed land in Mesa, Arizona, USA. The purchased land with an area of 12,141 square meters is located in the Elliot Road Technology Corridor, within which the largest high-tech enterprises operate. A modern server room Comarch Data Center will be built on the acquired land, where the Company will provide its services to the most demanding customers from the USA and other countries of North and South America. The Company plans to start the investment in 2021.

4.2.2. Signing the Agreement on "Delivery of Software and Maintenance Services of IT Systems" for VFNZ

On the 17th of August, 2020, Comarch S.A. signed the framework agreement with Vodafone New Zealand Limited. The subject of the Agreement is delivery of software and maintenance services of IT systems, on the terms specified in the Agreement. Total expected amount of the remuneration due to Comarch S.A. shall not be lower than to NZD 122,013,649.00 (that is PLN 295,382,842.86) for the 10 years run period after the delivery. Expected delivery date is the second quarter of 2022. The company announced about details in the current report no. [RB-13-2020](#) (ENG: [RB-13-2020](#)) dated on the 17th of August, 2020.

4.2.3. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of July, 2020, and the 28th of August, 2020, Comarch Group concluded forward contracts for the sales of EUR 1,000 thousand. The total net value of open forward contracts as of the 28th of August, 2020, amounted to EUR 50,600 thousand and USD 16,400 thousand. The open forward contracts as of the 28th of August, 2020, were valued at approx. plus PLN 6,000 thousand. The increase in this valuation compared to the valuation on the balance sheet date is caused by a significant strengthening of the polish currency (PLN) against USD and EUR. The contracts will be settled within 28 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency.

4.3. Other Information Significant for the Assessment of Means and Employees, Financial Rating, Financial Results and Their Changes and Information Significant for the Assessment of the Possibility of the Execution of Obligations by the Issuer

None present.

4.3.1. Impact of SARS-CoV-2 Coronavirus and COVID-19 Incidents on the Company's Operations and Financial Results

In reference to the recommendations of the European Securities and Markets Authority and the Polish Financial Supervision Authority of the 12th of March, 2020, the Management Board of Comarch S.A. in the current report no. [RB-5-2020](#) (ENG: [RB-5-2020](#)) dated on the 19th of March, 2020, provided information on the possible impact of the SARS-CoV-2 coronavirus spread and COVID-19 incidence on the Company's operations and financial results.

The Group's Management Board monitors on an ongoing basis the development of the situation related to the continuing effects of the spread of SARS-CoV-2 coronavirus and COVID-19 incidence and their impact on the Group's operations. The Comarch Group companies implemented all guidelines recommended by the Chief Sanitary Inspectorate and other state institutions in the countries of the Group's operational activity, with particular regard to employee's safety, health and hygiene recommendations. Business trips to countries identified by the Chief Sanitary Inspectorate as high risk countries were suspended, direct contacts of employees within the organization were limited, and the remote work mode of office workers was launched on a large scale. Remote communication methods are commonly used in business contacts. The Management Board of the Group notes that the activities of the Comarch Group are very well diversified in terms of industry, products and geography, and the effects of a pandemic do not currently pose a threat to the financial stability of the company. At present, the Management Board of the Comarch Group has not diagnosed significant disruptions in the implementation of existing contracts or significant disruptions in the supply chains of products and materials necessary for the Group's operations.

In the second quarter of 2020, i.e. in the initial period of the epidemic, there was no decrease in revenues from sales of services and products offered by the Comarch Group. The financial results achieved in the coming periods will be influenced by factors such as: the duration of the epidemic, further administrative restrictions in the functioning of states and entrepreneurs, restrictions in the movement of workers, the possibility of using aid packages launched by individual countries, as well as, the volatility of exchange rates occurring in connection with the pandemic.

4.3.2. 2CSI Shares Purchase Agreement

The Management Board of Comarch S.A. informed in current report no. [RB-6-2020](#) (ENG: [RB-6-2020](#)) dated on the 23rd of April, 2020, about the signing on the 23rd of April, 2020 the purchase agreement by Comarch S.A. of 100% shares in the company CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. with its registered office in Cergy, France (hereinafter referred to as the "2CSI"), providing IT solutions and services for medical entities on the French market. As part of the transaction, Comarch S.A. acquired 500,000 2CSI shares from the company's existing shareholders with a nominal value of EUR 1 each. 2CSI shares were acquired at a unit price of EUR 4.20 (four euros and twenty cents), i.e. PLN 19.09 per share, and the total value of the transaction is EUR 2,100,000 (two million, one hundred thousand euros), i.e. PLN 9,543,240.

The information provided has been recognized by the Management Board of Comarch S.A. as confidential information due to the fact that the transaction of taking over another entity is beyond the scope of typical transactions concluded by the Company, and thanks to it the Comarch Group will gain significant strengthening of its competitive position in the area of IT services in the e-Health sector on the European market.

4.3.3. Non-Revolving Credit Agreement with CaixaBank S.A. Branch in Poland

The Management Board of Comarch S.A. informed in current report no. [RB-12-2020](#) (ENG: [RB-12-2020](#)) dated on the 30th of June, 2020, about the signing on the 30th of June, 2020 the non-revolving credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance general corporate expenditures. The credit amounts to EUR 2,300,000.00, i.e. PLN

10,271,800.00 according to the euro exchange rate as of the date of signing the agreement. The crediting period lasts until the 30th of June, 2025, the interest rate on the credit is based on the variable rate. The credit should be used until the 30th of June, 2021.

The credit collaterals:

a) power of attorney granted to the Bank by Comarch S.A. to dispose of funds on settlement accounts operated by the Bank;

b) statement by Comarch S.A. on submission to enforcement up to 150% of the credit amount.

4.3.4. Signing the Agreement on Delivery of Software and Maintenance Services of IT Systems for VFNZ

On the 17th of August, 2020, Comarch S.A. signed the framework agreement with Vodafone New Zealand Limited. The subject of the Agreement is delivery of software and maintenance services of IT systems, on the terms specified in the Agreement. Total expected amount of the remuneration due to Comarch S.A. shall not be lower than to NZD 122,013,649.00 (that is PLN 295,382,842.86) for the 10 years run period after the delivery. Expected delivery date is the second quarter of 2022. The company announced about details in the current report no. [RB-13-2020](#) (ENG: [RB-13-2020](#)) dated on the 17th of August, 2020.

28th of August, 2020

SIGNATURES OF MANAGEMENT BOARD MEMBERS

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

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

Name and surname	Position	Signature
Maria Smolińska	Head Accountant	

Comarch S.A.

Al. Jana Pawła II 39a

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COMARCH

REPORT OF COMARCH S.A.'s MANAGEMENT BOARD REGARDING THE ACTIVITIES OF THE CAPITAL GROUP IN H1 2020

Kraków, 28th of August, 2020

Table of Content

1. Information about the Company	5
1.1. Shareholding Structure	5
2. Basic Economics and Financial Values	7
2.1. Selected Consolidated Financial Data	7
2.2. Comarch S.A. Stock Price Performance (in PLN)	9
3. Position of the Group in the IT Market and Information about Markets and Sources of Supply	9
4. Sales Structure	10
4.1. Revenue from Sales- Geographical Structure (in thousands of PLN)	10
4.2. Revenue from Sales – Market Structure (in thousands of PLN)	11
4.3. Revenue from Sales – Products Structure (in thousands of PLN)	13
5. Factors Essential for Development of the Capital Group	14
5.1. Internal Factors	14
5.2. External Factors	15
6. Other Significant Factors, including Risks and Threats	15
6.1. Credit Risk	15
6.2. Risk of Change in Interest Rates	15
6.3. Risk of Fluctuation in the Exchange Rates	16
6.4. Financial Liquidity Risk	16
7. Perspectives of Development in the Company and Anticipated Financial Situation in 2020	16
8. Financial Analysis	18
9. Credits, Loans, Suretyships, Bank Guarantees and Significant Off-balance Sheet positions	24
9.1. Non-Revolving Credits	24
9.2. Current Credit Lines	27
9.3. Loans	28
9.4. Suretyships	28
9.5. Bank Guarantees and Significant Off-balance Sheet Positions	31
10. The Most Important Events in H1 2020 and after the Balance-Sheet Date	32
10.1. Contracts Significant for Issuers' Activities	32
10.2. Other	33
11. 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	34
11.1. Capital Investments	34
11.2. Real Estates and Other Material Investment	35
12. Activities in Special Economic Zone	35

13. Resolutions of the AGM and the Board of Supervisors.....	36
13.1. Corporate Governance Principles	36
13.2. Annual General Meeting – 24 th of June 2020.....	37
14. Operations on Comarch S.A. Shares.....	39
14.1. Purchase/Disposal Transactions on Comarch S.A. Shares.....	39
14.2. Managerial Option Program for Members of the Management Board.....	39
15. Operations on Shares of Subsidiaries and Related Parties	39
16. Other Events in H1 2020 and after the Balance Sheet Date.....	39
16.1. Dates of Periodical Financial Reports in 2020.....	39
16.2. The Management Board Statement regarding the Corporate Governance Principles.....	39
17. Characteristic of Policy of the Development Direction in the Comarch Group	40
18. Achievements within Research and Development	40
19. Capital Affiliations of the Issuer	41
19.1. Characteristics of Companies in the Comarch Group.....	41
19.2. Capital Structure of the Comarch Group	43
19.3. Relationship.....	44
19.4. Changes in Ownership and Organisational Structure in H1 2020.....	46
19.5. Changes in Ownership and Organisational Structure in Comarch Group after the Balance Sheet Date	47
20. Transactions Concluded by the Issuer or its Subsidiary with Related Parties on Terms Different from Market Conditions	47
21. Commentary on Differences between Financial Results Presented in Annual Report and Results Forecast for the Given Year Published Before	47
22. Factors and Events of Unusual Nature that Affect the Issuer Activities and the Achieved Results. as well as Their Appraisal.....	47
22.1. Deferred Income Tax Assets and Provision.....	47
22.2. Valuation of Currency Exchange Rate Differences and Financial Instruments Based on Exchange Rates	48
22.3. Creation of write-offs for doubtful debts.....	48
23. Description of the Main Capital Deposits or the Main Capital Investments Made within the Comarch Group in the Given Year.....	48
24. Significant Legal, Arbitration or Administrative Proceedings related to Liabilities or Receivables of the Issuer or a Subsidiary, with the Subject of the Proceedings, the Value of the Subject of the Dispute, with the Subject of the Proceedings, the Value of the Subject of the Dispute, the Date of Initiation of the Proceedings, the Parties to the Proceedings and the Position of the Issuer	48

**PLN
71.8 million
of operating
profit**

**Projects in
over 60
countries on 6
continents**

**PLN 708.8
million of
revenue**

**Over
6,200
specialists
employed**

**57
companies
worldwide**

**PLN 1.7 billion
of market
capitalization of
Comarch S.A. on
WSE**

(30th of June, 2020)

**61.2% share of
foreign sales**

1. Information about the Company

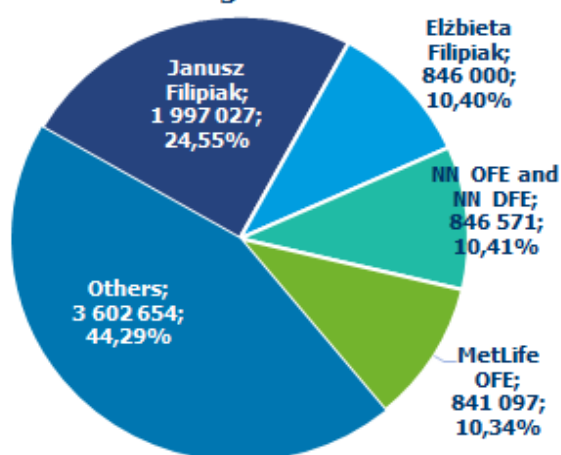
The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is a parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the Parent Company is not limited.

1.1. Shareholding Structure

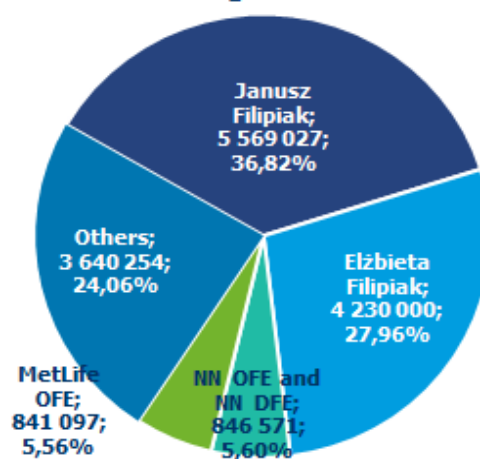
1.1.1. Shareholders who Directly or Indirectly through Subsidiary Entities Hold at least 5% of the Total Number of Votes at Comarch S.A. General Meeting as at the 28th of August, 2020

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 28th of August, 2020, shareholders holding at least 5% of votes at the Company's AGM are Janusz Filipiak, Elżbieta Filipiak, Nationale-Nederlanden OFE and Nationale-Nederlanden DFE managed by Nationale-Nederlanden PTE S.A. and MetLife OFE managed by MetLife PTE S.A.

Shareholding - number of shares



Shareholding - number of votes



1.1.2. Changes in Significant Holdings of Comarch S.A. Shares from the Publication of the Last Periodical Report, i.e. from 15th of May, 2020

Entity	At 28 th of August, 2020				At 15 th of May, 2020			
	Shares	% in share capital	Number of votes	% in votes at AGM	% in share capital	% in share capital	Shares	% in votes at AGM
Janusz Filipiak	1,997,027	24.55	5,569,027	36.82	1,997,027	24.55	5,569,027	36.82
Elżbieta Filipiak	846,000	10.40	4,230,000	27.96	846,000	10.40	4,230,000	27.96
Nationale-Nederlanden OFE	846,571	10.41	846,571	5.60	846,571	10.41	846,571	5.60
MetLife OFE	841,097	10.34	841,097	5.56	841,097	10.34	841,097	5.56

1.1.3. Shareholding Structure of Managing and Supervising Entities as at the Date of Last Quarterly Report

The table below presents the shareholding of Comarch S. A. by managing and supervising persons as at the date of publication of the consolidated financial statements for the first quarter of 2020, i.e. 15th of May, 2020 and 28th of August, 2020, according to the Company's knowledge.

Managing and supervising persons	Position	At 28 th of August, 2020		At 15 th of May, 2020	
		Number of shares	% of share capital	Number of votes at the Company's AGM	% of votes at the Company's AGM
Janusz Filipiak	Chairman of the Management Board	1,997,027	36.82	1,997,027	36.82
Elżbieta Filipiak	Chairman of the Board of Supervisors	846,000	27.96	846,000	27.96
Paweł Prokop	Vice-President of the Management Board	30,150	0.45	30,150	0.45
Andrzej Przewięźlikowski	Vice-President of the Management Board	0	0.00	0	0.00
Zbigniew Rymarczyk	Vice-President of the Management Board	33,538	0.22	33,538	0.22
Konrad Tarański	Vice-President of the Management Board	10,608	0.07	10,608	0.07
Marcin Warwas	Vice-President of the Management Board	10,608	0.07	10,608	0.07
Total		8,133,349	100.00	8,133,349	100.00

To the knowledge of the Company, only Elżbieta Filipiak, amongst members of the Supervisory Board of Comarch S.A., holds Company shares.

1.1.4. Registered Preference Comarch S.A. Shares

Registered shares in series A and B are preferential and each such share corresponds with 5 votes at the General Meeting. Janusz Filipiak, the President of the Comarch S.A. Management Board, holds 470,000 series A registered preference shares, which give 2,350,000 votes at the annual general meeting and 423,000 series B registered preference shares, which give 2,115,000 votes at the annual general meeting. Paweł Prokop, the Vice-President of the Management Board holds 9,400 series A registered preference shares, which give 47,000 votes at the annual general meeting. Elżbieta Filipiak, Chairman of the Comarch S.A. Supervisory Board, holds 385,400 series A registered preference shares, which give 1,927,000 votes at the annual general meeting and 460,600 series B registered preference shares, which give 2,303,000 votes at the annual general meeting.

The conversion of registered shares into bearer shares is allowed. In case of that registered shares are converted into bearer shares, they lose all preferences. In case that registered preferential shares are disposed their specific voting rights at the General Meeting expire, however their specific voting rights at the General Meeting do not expire in case of:

- a) disposal for the benefit of persons who were shareholders of the company on the 18th of March, 1998,
- b) disposal for the benefit of descendants of a disposer,
- c) conveying property of a registered share as a result of succession,
- d) disposal for the benefit of a legal person or non-corporate organizational unit of Polish or foreign law, including in particular, for the benefit of quasi-corporate unit of Polish or foreign law ("Structure") controlled, within the meaning of art. 8 sec 5 of the company's articles of association, only by a shareholder who contributes (disposes) registered preference shares to the Structure ("Contributing Shareholder") or (jointly) controlled only by the Contributing Shareholder's relatives in the ascending and descending line, siblings or spouse, or (jointly) controlled by some or all of the persons mentioned above ("Related Person or Related Persons") and the Contributing Shareholder jointly ("Controlled Structure") and disposal by the one Controlled Structure of the registered preference shares for the benefit of the other Controlled Structure.

To disposal of registered shares, the consent of the Management Board of Comarch S.A. in written form is required. Disposal of shares without mentioned consent is possible under the terms of the Article of Association of the Comarch S.A.

Bearer share corresponds with 1 vote at the General Meeting. The conversion of bearer shares into registered shares is not allowed.

2. Basic Economics and Financial Values

2.1. Selected Consolidated Financial Data

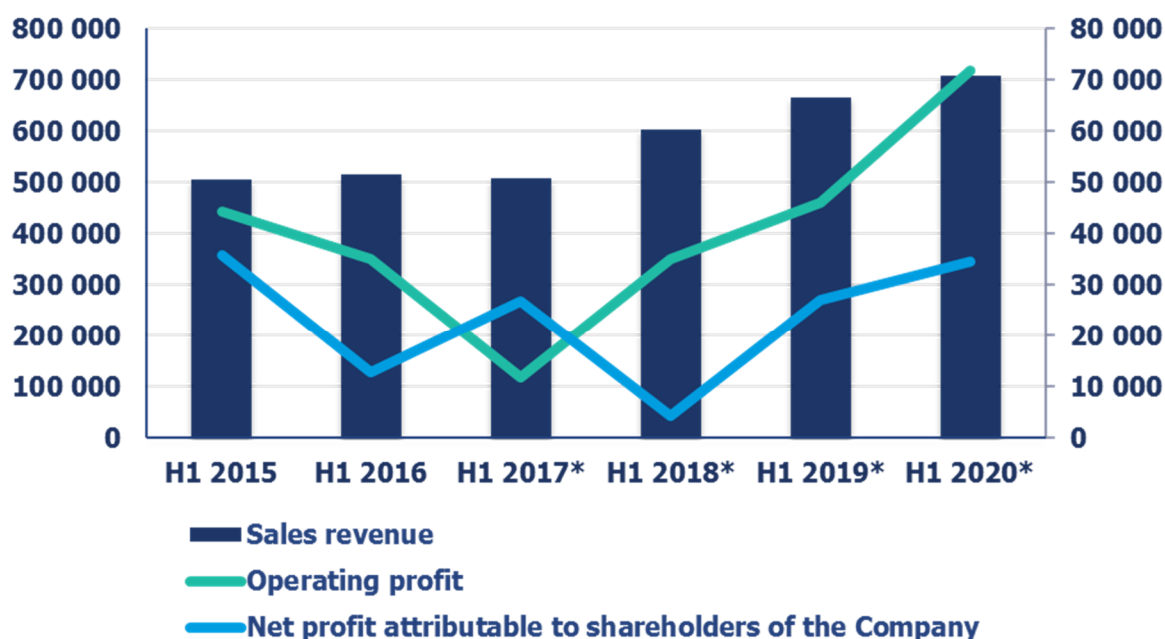
	H1 2020	H1 2019	H1 2018	H1 2017	H1 2016
Revenue from sales	708,784	666,488	604,008	507,157	516,425
Revenue from sales of proprietary IT solutions	670,901	616,936	540,864	473,663	482,784
Operating profit	71,783	46,157	34,999	11,790	35,209
EBITDA*	118,240	86,312	71,410	43,535	67,786
Net profit	56,897	46,103	11,424	34,748	26,599
Net profit attributable to shareholders of the parent company	34,519	27,179	4,300	26,871	12,756

Profit per share (in PLN)	4.24	3.34	0.53	3.30	1.57
Assets	1,925,011	1,729,072	1,579,760	1,438,227	1,267,164
Equity	1,005,611	891,491	853,716	818,437	803,934

*) Operating profit + Depreciation. Depreciation in Q1 and Q2 2019 and 2020 were transformed in accordance with IFRS 16.

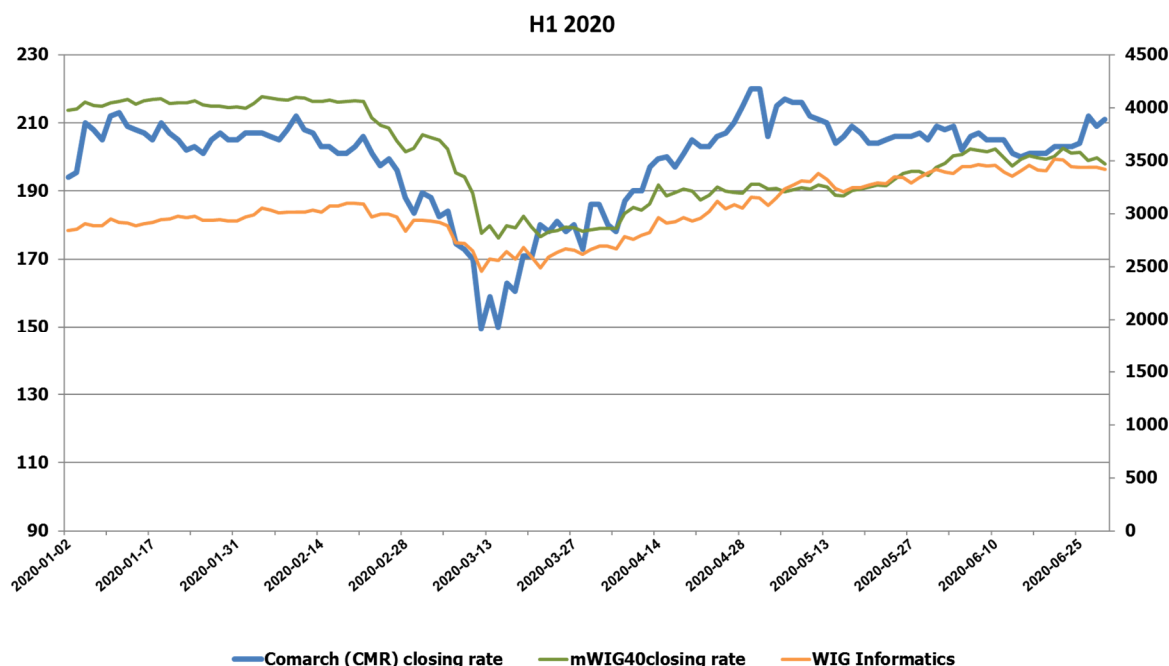
In H1 2020, revenue from sales of the Comarch Group were higher by PLN 42,296 thousand, i.e. 6.3% compared to the previous year. Operating result amounted to PLN 71,783 thousand and was higher by 55.5% than in H1 2019. Net profit attributable to the shareholders of the parent company was higher by PLN 7,340 thousand, i.e. 27.0% and amounted to PLN 34,519 thousand, compared to H1 2019. As at the 30th of June, 2020, the Comarch Group hired 6,269 persons, i.e. 79 persons less than as at the 31st of December, 2019.

As at the end of June, 2020, assets of the Comarch Group increased by PLN 195,939 thousand, i.e. 11.3% compared to the end of June, 2019, while equity increased by PLN 114,120 thousand, i.e. 12.8%.



** From 1st of January 2018, the Group started using the principles resulting from IFRS 15 for sales revenue. For comparative purposes, the transformation of data for the first and the first half of 2017 was made in accordance with IFRS 15.

2.2. Comarch S.A. Stock Price Performance (in PLN)



Period	The highest	The lowest
Q1 2020	213.00	149.50
Q2 2020	220.00	178.00

The closing rate of Comarch S.A. shares between the 1st of January, 2020, and 30th of June, 2020, increased from PLN 187.00 to PLN 211.00 i.e. 12.8%. During the first six months, the maximum closing rate amounted to PLN 220.00. The closing rate of Comarch S.A. shares between the 30th of June, 2019, and 30th of June, 2020, increased from PLN 188.50 to PLN 211.00, i.e. by 11.9%

<i>Data in PLN</i>	6 months ended 30 June 2020 / 30 June 2020	6 months ended 30 June 2019 / 30 June 2019
Average price during the reporting period	199.02	174.82
MIN price during the reporting period	149.50	148.00
MAX price during the reporting period	220.00	199.00
Average volume during the reporting period	5 173	2 132
Capitalization at the balance sheet date	1,716,136,639	1,533,136,287
Ratios for consolidated data		
P/E at the balance sheet date	49.72	56.41
P/BV at the balance sheet date	1.74	1.76
P/S at the balance sheet date	2.42	2.30

3. 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 Group, 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 Comarch products are addressed to specific groups of customers, while IT services are of

universal nature and are offered to all groups of customers. The Comarch offer is dedicated to both Polish and foreign customers. Since many years, the Comarch strategy is based on the sale of an increasing number of products on international markets, especially in Western Europe, South and North America and Asia. Sale in the Comarch Capital Group is highly diversified, with no dependency on one major client. In H1 2020, the share of sale to none of the customer exceeded 10% of the Comarch Capital Group sales.

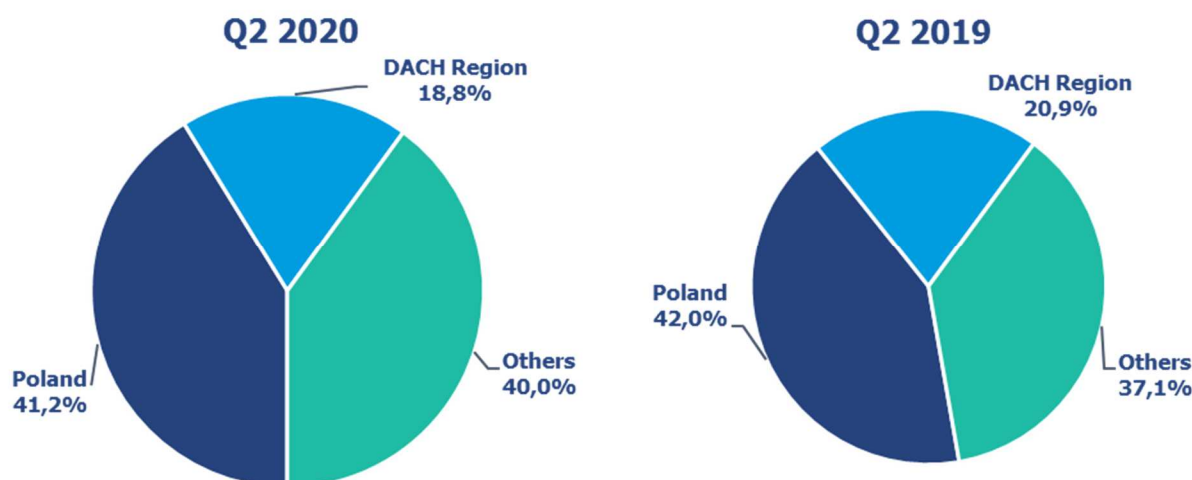
Due to the specific nature of the industry, in which Comarch manages its operations, international concerns, which are producers of computer systems and programmer's tools, Polish branches and representatives of such concerns, as well as Polish distributing companies and subcontractors for systems, have to be considered sources of supply. In H1 2020, share of none of the product provider exceeded 10% of the value of Comarch sales.

4. Sales Structure

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

Geographical Sales Structure	Q2 2020	%	Q2 2019	%	Change (in PLN)	Change %
Domestic	136,328	41.2%	137,799	42.0%	-1,471	-1.1%
Export	194,638	58.8%	190,001	58.0%	4,637	2.4%
Total	330,966	100.0%	327,800	100.0%	3,166	1.0%

In Q2 2020, domestic sales of the Comarch Group amounted to PLN 136,328 thousand, and was lower by PLN 1,471 thousand, i.e. 1.1% compared to achieved in Q2 2019. Export sales in Q2 2020 amounted PLN 194,638 thousand and was higher by PLN 4,637 thousand (i.e. by 2.4%) compared to achieved in Q2 2019. In Q2 2020, export sales accounted for 58.8% of the total sales of the Group.

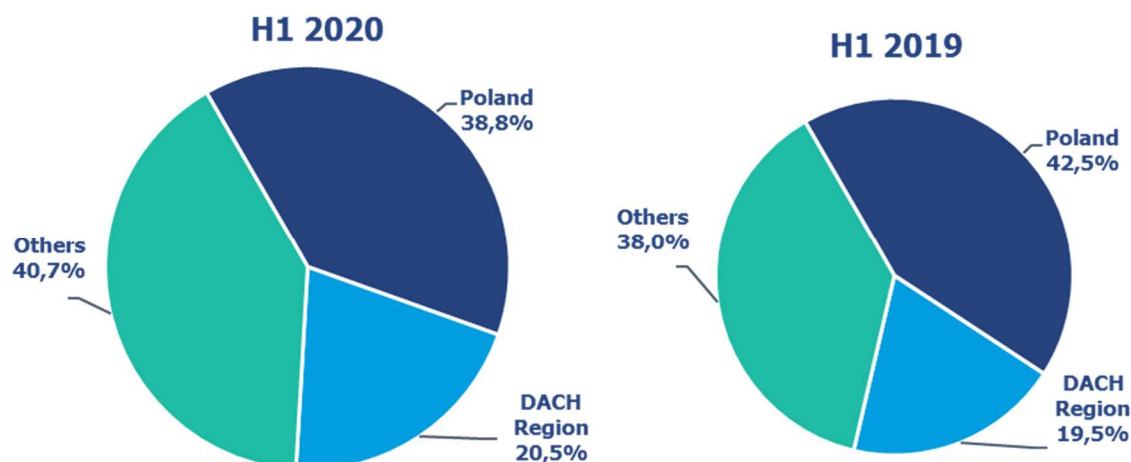


Geographical Sales Structure	6 months ended 30 June 2020	%	6 months ended 30 June 2019	%	Change (in PLN)	Change (%)
Domestic	274,680	38.8%	283,530	42.5%	-8,850	-3.1%
Export	434,104	61.2%	382,958	57.5%	51,146	13.4%
Total	708,784	100.0%	666,488	100.0%	42,296	6.3%

In H1 2020, domestic sales of the Comarch Group amounted to PLN 274,680 thousand, and were less than those achieved in H1 2019 (PLN 283,530 thousand). Export sales in H1 2020 amounted PLN

434,104 thousand and were higher by PLN 51,146 thousand (i.e. by 13.4%), mainly, as a result of development in sales of telecommunication and loyalty solutions in Europe and Asia. In H1 2020, export sales accounted for 61.2% of the total sales of the Group.

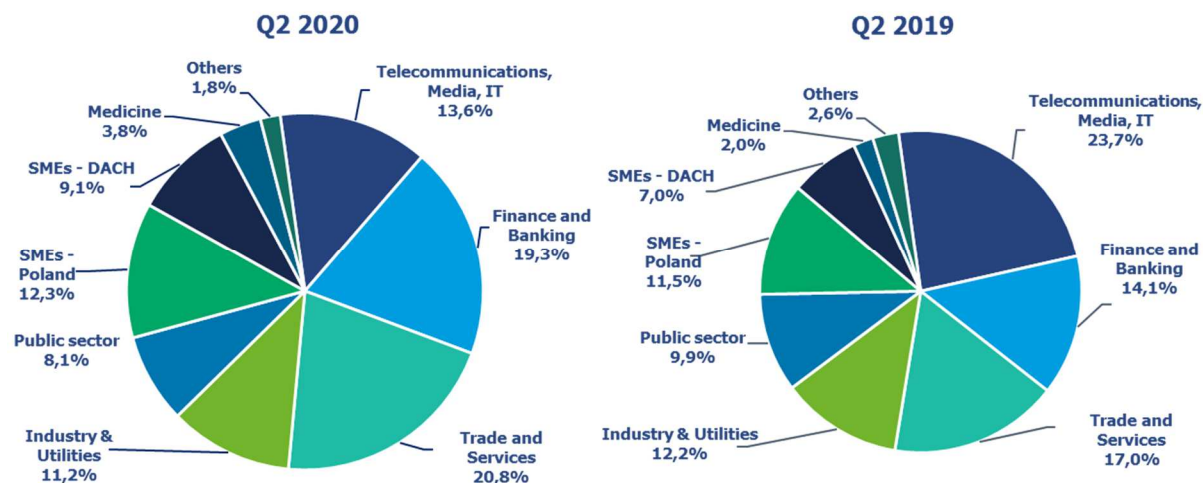
Revenue from sales according to geographical segments (according to market locations):



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

Market Sales Structure	Q2 2020	%	Q2 2019	%	Change (in PLN)	Change (%)
Telecommunication, Media, IT	45,100	13.6%	77,503	23.7%	-32,403	-41.8%
Finance and Banking	63,963	19.3%	46,096	14.1%	17,867	38.8%
Trade and Services	68,749	20.8%	55,888	17.0%	12,861	23.0%
Industry & Utilities	36,982	11.2%	39,940	12.2%	-2,958	-7.4%
Public Sector	26,845	8.1%	32,536	9.9%	-5,691	-17.5%
Small and Medium Enterprises - Poland	40,708	12.3%	37,703	11.5%	3,005	8.0%
Small and Medium Enterprises - DACH	30,197	9.1%	22,993	7.0%	7,204	31.3%
Medical Sector	12,391	3.8%	6,717	2.0%	5,674	84.5%
Others	6,031	1.8%	8,424	2.6%	-2,393	-28.4%
Total	330,966	100.0%	327,800	100.0%	3,166	1.0%

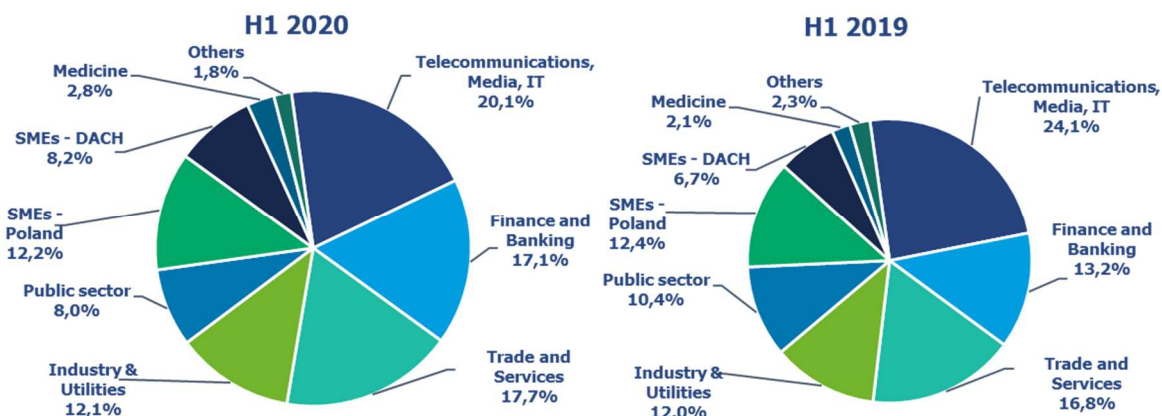
In Q2 2020, customers from the TMT sector purchased products and services worth PLN 32,403 thousand, i.e. 17.5% less than in the corresponding period of the previous year. The lower value of revenues in Q2 2020 was related to the termination of several large contracts in this period and the related association of long-term contracts in accordance with IFRS 15. Revenue from sales to customers from the Finance and Banking sector increased by PLN 17,867 thousand, i.e. by 38.8% and revenue from sales to customers from the Trade and Services sector increased by PLN 12,861 thousand, i.e. by 23.0%. Sales to customers from the Industrial sector decreased by PLN 2,958 thousand, i.e. by 7.4%. In Q2 2020, a decrease was recorded in sales to clients from the Public sector, i.e. of PLN 5,691 thousand, i.e. of 17.5%. In Q2 2020, the sales to customers from the SME-Poland sector increased (by PLN 3,005 thousand, i.e. by 8.0%), the increase also occurred in the case of sales to customers from the SME-DACH sector, of 7,204 thousand, i.e. of 31.3%. Revenue from sales to clients from the Medical sector increased by PLN 5,674 thousand, i.e. by 84.5% due to the increased sales of telemedicine solutions, as well as due to the consideration of 2CSI's sales revenue. Revenue from sales to the other customers decreased by 28.4% mainly in the area of medical and sports services.



Market Sales Structure	6 months ended 30 June 2020	%	6 months ended 30 June 2019	%	Change (in PLN)	Change (%)
Telecommunication, Media, IT	142,109	20.1%	160,828	24.1%	-18,719	-11.6%
Finance and Banking	121,208	17.1%	88,139	13.2%	33,069	37.5%
Trade and Services	125,707	17.7%	111,940	16.8%	13,767	12.3%
Industry & Utilities	86,007	12.1%	79,814	12.0%	6,193	7.8%
Public Sector	56,855	8.0%	69,219	10.4%	-12,364	-17.9%
Small and Medium Enterprises - Poland	86,171	12.2%	82,442	12.4%	3,729	4.5%
Small and Medium Enterprises - DACH	58,144	8.2%	44,789	6.7%	13,355	29.8%
Medical Sector	19,734	2.8%	13,692	2.1%	6,042	44.1%
Others	12,849	1.8%	15,625	2.3%	-2,776	-17.8%
Total	708,784	100.0%	666,488	100.0%	42,296	6.3%

In H1 2020 the sales to customers from the TMT sector amounted to PLN 142,109 thousand, which means a decrease of PLN 18,719 thousand (i.e. of 11.6%) compared to H1 2019. The lower value of revenues in Q2 2020 was related to the termination of several large contracts in this period and the related association of long-term contracts in accordance with IFRS 15. The customers from the Finance and Banking sector purchased products and services worth PLN 121,208 thousand, more than those achieved in the same period of the previous year by PLN 33,069 thousand, i.e. by 37.5%. The increase was recorded in sales to customers from the Trade and Services sector of PLN 13,767 thousand, i.e. of 12.3% and in sales to customers from the Industry & Utilities sector of PLN 6,193 thousand, i.e. of 7.8%. In H1 2020, the sales to customers from the Public sector decreased by PLN 12,364 thousand, i.e. by 17.9%. The customers from the SME-Poland sector purchased products and services worth PLN 86,171 thousand, i.e. 4.5% more than in the corresponding period of the previous year. Sales to the SME-DACH sector recorded a significant increase of PLN 13,355 thousand, i.e. of 29.8%. The increase in sales to customers in the medical sector was PLN 6,042 thousand, i.e. 44.1%). Compared to analogical period in the previous year, sales to other customers decreased by PLN 2,776 thousand (i.e. by 17.8%), mainly, as a result of a decrease in revenue from sports and medical activities.

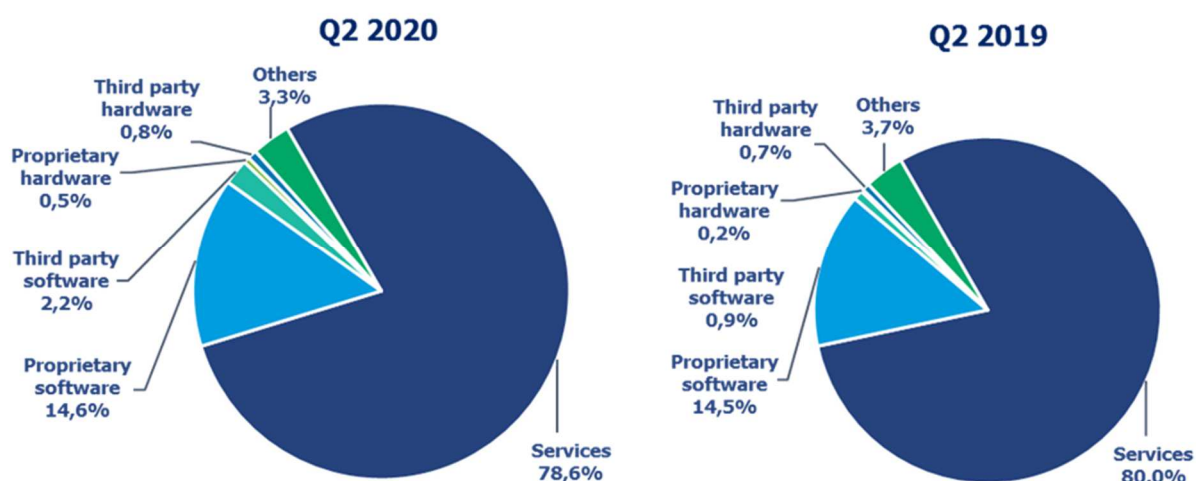
The business situation in the first half of 2020 confirmed that maintaining diversification of revenue sources and diversity of the offer is beneficial for the stable development of Comarch Group's operations, especially in the difficult conditions of a global pandemic.



4.3. Revenue from Sales – Products Structure (in thousands of PLN)

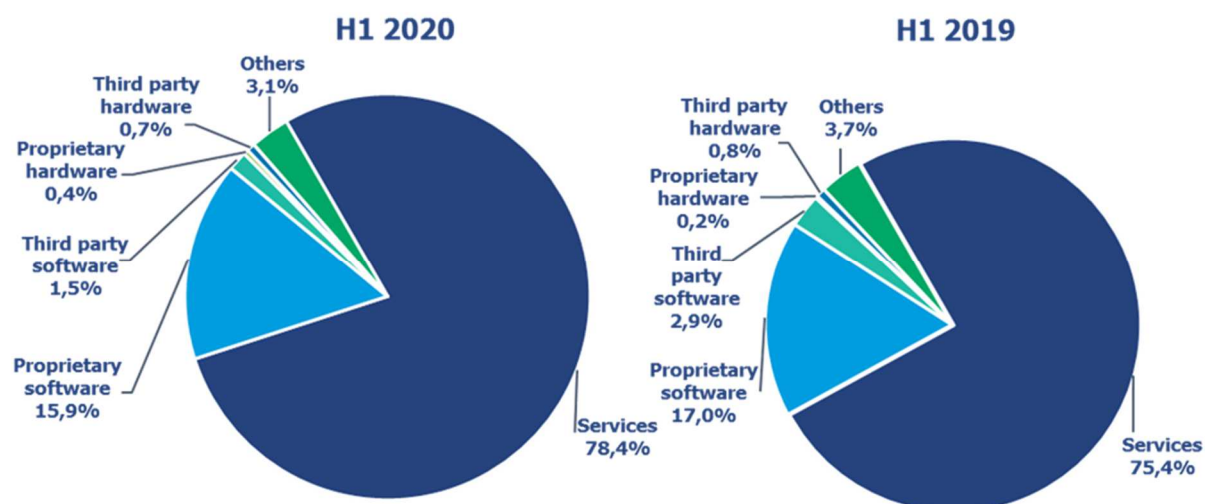
Products Sales Structure	Q2 2020	%	Q2 2019	%	Change (in PLN)	Change (%)
IT Services	260,076	78.6%	262,387	80.0%	-2,311	-0.9%
Proprietary Software	48,325	14.6%	47,602	14.5%	723	1.5%
Third Party Software	7,186	2.2%	2,824	0.9%	4,362	154.5%
Proprietary Hardware	1,795	0.5%	513	0.2%	1,282	249.9%
Third Party Hardware	2,809	0.8%	2,197	0.7%	612	27.9%
Others	10,775	3.3%	12,277	3.7%	-1,502	-12.2%
Total	330,966	100.0%	327,800	100.0%	3,166	1.0%

In Q2 2020, products sales structure has not changed significantly compared to the structure characteristic for the Q2 2019. Revenue from sales of IT services decreased by PLN 2,311 thousand, i.e. by 0.9%. Revenue from sales of proprietary software amounted to PLN 48,325 thousand and remained at a comparable level. Sales of proprietary hardware had a high increase compared to the Q2 2019, amounted to PLN 1,282 thousand, i.e. 249.9%. Revenue from the sales of third party software increased by PLN 4,362 thousand, i.e. by 154.5%. A slight increase was also recorded in revenue from the sales of third party hardware, which increased by PLN 612 thousand, i.e. by 27.9%. In Q2 2020 other sales decreased by PLN 1,502 thousand, i.e. by 12.2%.



Products Sales Structure	6 months ended 30 June 2020	%	6 months ended 30 June 2019	%	Change (in PLN)	Change (%)
IT Services	555,393	78.4%	502,492	75.4%	52,901	10.5%
Proprietary Software	112,875	15.9%	113,078	17.0%	-203	-0.2%
Third Party Software	10,973	1.5%	19,591	2.9%	-8,618	-44.0%
Proprietary Hardware	2,633	0.4%	1,366	0.2%	1,267	92.8%
Third Party Hardware	4,742	0.7%	5,454	0.8%	-712	-13.0%
Others	22,168	3.1%	24,507	3.7%	-2,339	-9.5%
Total	708,784	100.0%	666,488	100.0%	42,296	6.3%

In the first half of 2020, products sales structure changed significantly compared to the structure characteristic for the first half of 2019. Revenue from sales of IT services increased by PLN 52,901 thousand, i.e. by 10.5%. Revenue from sales of proprietary software recorded a slight decrease in amount of PLN 203 thousand, i.e. of 0.2%. Sales of proprietary hardware significantly increased by PLN 1,267 thousand, i.e. by 92.8%. Significant decrease, i.e. PLN 8,618 thousand (44.0%) was in the case of the sales of third-party software. Revenue from sales of third party software also decreased by PLN 712 thousand, i.e. by 13.0%. In H1 2020 other sales decreased by PLN 2,339 thousand, i.e. by 9.5%.



5. Factors Essential for Development of the Capital Group

5.1. Internal Factors

- Steady increase in export sales and significance of foreign sales;
- Position and reputation of the Company affecting the nature of clients acquired;
- Commercial operations of Comarch S.A. in the special economic zone in Krakow;
- Significant share of standard (repetitive) products offered for sale, which means:
 - lower costs, especially variable costs related to a single contract,
 - the possibility of significant increase in profitability of a single contract with simultaneous reduction in charges for clients (license fees),
 - broader and more diversified circle of clients, which means a broader scale of activities,
- Attractive training policy and attractive work conditions offered for employees of the Company;
- Increasing awareness of the Comarch brand among prospective clients by promotion managed through marketing campaigns, including sports marketing (MKS Cracovia SSA);
- Necessity of continuous investment in human resources to maintain the Company's competitive edge in following years;

- 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);
- j) The need to adapt the company's work organisation to operate under the Covid-19 epidemic.

5.2. 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) The spread of SARS-CoV-2 coronavirus and COVID-19, which affects the ability of the Group to conduct business and the financial condition of the Group's customers and the demand generated by them for IT products and services;
- j) 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.

6. Other Significant Factors, including Risks and Threats

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

6.1. Credit Risk

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

6.2. Risk of Change in Interest Rates

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

6.3. Risk of Fluctuation in the Exchange Rates

The Comarch Group is exposed to foreign exchange risk in relation to export sales and sales denominated in foreign currencies, especially in relation to foreign exchange of EUR/PLN, USD/PLN, GBP/PLN, CAD/PLN, CHF/EUR, BRL/PLN and RUB/PLN. At the same time, part of Group's costs are also expressed in, or related to exchange rates for foreign currencies. In individual cases, the Parent Company hedges future payments with forward contracts, as well as tries to use natural hedging through adjusting structures of assets, liabilities and equity denominated in foreign currencies (for example by raising credit liabilities in EUR). The balance sheet value of assets and financial liabilities of the Group denominated in foreign currencies is related to receivables and liabilities due to deliveries and services as well as cash as at the balance sheet date.

6.4. Financial Liquidity Risk

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

7. Perspectives of Development in the Company and Anticipated Financial Situation in 2020

In the first half of 2020, demand for the Comarch Group's services and IT solutions increased compared to the same period of the previous year, despite the occurrence of the global Covid-19 pandemic in the second quarter. After a temporary slowdown in demand between April and May 2020, the Comarch Group has observed a dynamic increase in sales of its IT solutions in June, 2020. It was generated by clients from the financial and banking sector, trade and service sector (mainly foreign markets), as well as in the area of ERP solutions (both in the Polish market and DACH) and IT solutions for medicine. The Group in the first half of 2020 used its full productive capacity. The Group's backlog will also ensure full use of productive capacity in several subsequent periods. Acquiring contracts which are large and requiring a considerable amount of work, as well as costs related to the development of new IT solutions, rapidly growing labour costs and restrictions on operating in the Covid-19 pandemic will have a significant impact on the financial result of the Comarch Group in H2 2020. Thanks to consistently executed strategy of positioning itself on the market as a technological and product-based company, Comarch offer is very well diversified. Customer base is constantly expanding and a considerable part of them are international companies, what allows to continue the development of the Company. Dynamically developing activity of Comarch Group in international markets additionally increases sales volume and enhance the image of Comarch among international corporations, thus strengthening the competitive position of 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 Comarch, especially on the level of IT investments by medium-size and large companies in Poland and abroad and on the fact that competition in the IT sector and labour market becomes more and more fierce. At the same time, effective management of operational risks is the necessary condition for execution of the strategy. An opportunity for the Group is its high innovativeness and growth in demand for delivery of IT solutions in a service model - Comarch Group thanks to the wide range of its own products, owned infrastructure and human and capital resources can flexibly adapt to business models expected by customers.

The most important risk related to the Company's operations include:

- risks associated with R&D works (production of 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, important especially in the case of large contracts executed on the public procurement market;
- 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 risk related to the spread of SARS-CoV-2 coronavirus and COVID-19, which affects the ability of the Group to conduct business, as well as the financial condition of the Group's customers and the demand generated by them for IT products and services.

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

8. Financial Analysis

Balance Sheet	30 June 2020	%	31 December 2019	%	Change (in PLN)	Change (%)
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	548,140	28.5	539,635	29.3	8,505	1.6
Right of use assets	87,052	4.5	73,636	4.0	13,416	18.2
Investment real estates	40,744	2.1	36,631	2.0	4,113	11.2
Goodwill	45,774	2.4	40,735	2.2	5,039	12.4
Other intangible assets	54,839	2.8	56,311	3.1	-1,472	-2.6
Non-current prepayments	1,768	0.1	2,486	0.1	-718	-28.9
Investment in associates	0	0.0	570	0.0	-570	-100.0
Other assets at fair value	1,399	0.1	2,739	0.1	-1,340	-48.9
Other investment	217	0.0	211	0.0	6	2.8
Deferred income tax assets	29,679	1.5	35,002	1.9	-5,323	-15.2
Other receivables	8,902	0.5	8,782	0.5	120	1.4
	818,514	42.5	796,738	43.2	21,776	2.7
CURRENT ASSETS						
Inventories	107,652	5.6	90,741	4.9	16,911	18.6
Trade and other receivables	395,748	20.6	430,182	23.3	-34,434	-8.0
Current income tax receivables	1,866	0.1	3,554	0.2	-1,688	-47.5
Long-term contracts receivables	212,756	11.0	193,865	10.6	18,891	9.7
Available-for-sale financial assets	0	0.0	0	0.0	0	0.0
Other financial assets at fair value – derivative financial instruments	1,225	0.1	4,923	0.3	-3,698	-75.1
Stock or shares	0	0.0	0	0.0	0	0.0
Cash and cash equivalents	387,250	20.1	322,708	17.5	64,542	20.0
	1,106,497	57.5	1,045,973	56.8	60,524	5.8
Available-for-sale financial assets	0	0.0	0	0	0	0.0
Total assets	1,925,011	100.0	1,842,711	100.0	82,300	4.5

As at the end of June, 2020, the value of the Comarch Group's assets increased by PLN 82,300 thousand, i.e. by 4.5% and amounted to PLN 1,925,011 thousand, which is mainly due to the increase in the value of current assets to PLN 1,106,497 thousand from PLN 1,045,973 thousand, i.e. of 5.8% as at the end of 2019. The value of non-current assets increased by PLN 21,776 thousand, i.e. by 2.7%. This increase is a result of creation an asset due to the right of use according to IFRS 16 in the amount of PLN 13,416 thousand. There was an increase in property, plant and equipment of PLN 8,505 thousand, i.e. of 1.6%. The goodwill increased by PLN 5,039 thousand, i.e. by 12.4 %, as a result of Comarch S. A. 's purchase of 100% of shares in CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Investment properties recorded an increase in value of PLN 4,113 thousand, i.e. of 11.2%.

The value of other receivables decreased from PLN 20,906 thousand to PLN 7,858 thousand. The value of other non-current assets remained at the level of the end of 2019.

Within current assets, the value of trade receivables was decreased to PLN 395,748 thousand compared to PLN 430,182 thousand at the end of 2019, what is related to a seasonal decrease, which is typical for this business activities. The decrease occurred in the case of current income tax receivables of PLN 1,688 thousand, i.e. of 47.5%. The value of inventories increased significantly by PLN 16,911 thousand, i.e. by 18.6% and due revenues from long-term contracts by PLN 18,891 thousand, i.e. by 9.7%. Value of other financial assets at fair value decreased by PLN 3,698 thousand, i.e. by 75.1%. Cash and cash equivalents increased by PLN 64,542 thousand, i.e. by 20.0%. The value of other assets remained at the level of the end of 2019.

EQUITY	30 June 2020	%	31 December 2019	%	Change (in PLN)	Change (%)
CAPITAL ATTRIBUTABLE TO THE COMPANY SHAREHOLDERS						
Share capital	8,133	0.4	8,133	0.4	0	0.0
Other capital	84,446	4.4	84,446	4.6	0	0.0
Exchange differences	58,595	3.0	58,595	3.2	0	0.0
Net profit for the current period	23,104	1.2	10,168	0.6	12,936	127.2
Retained earnings	813,100	42.3	790,781	42.9	22,319	2.8
	987,378	51.3	952,123	51.7	35,255	3.7
Minority interest	18,233	0.9	18,633	1.0	-400	-2.1
Total	1,005,611	52.2	970,756	52.7	34,855	3.6
LIABILITIES						
Non-current liabilities						
Credit and loans	129,824	6.8	141,718	7.6	-11,894	-8.4
Other liabilities	4,160	0.2	4,998	0.3	-838	-16.8
Liabilities due to Lease	70,909	3.7	59,001	3.2	11,908	20.2
Financial liabilities at fair value – derivative financial instruments	4,106	0.2	2,909	0.2	1,197	41.1
Other financial liabilities	0	0.0	0	0.0	0	0.0
Provision for deferred income tax	48,351	2.5	48,725	2.6	-374	-0.8
Provisions for other liabilities and charges	0	0.0	0	0.0	0	0.0
	257,350	13.4	257,351	13.9	-1	0.0
Current liabilities						
Trade and other liabilities	224,142	11.6	191,770	10.4	32,372	16.9
Current income tax liabilities	10,477	0.6	8,765	0.5	1,712	19.5
Long-term contracts liabilities	170,107	8.8	172,831	9.4	-2,724	-1.6
Credit and loans	43,576	2.3	41,091	2.2	2,485	6.0
Liabilities due to Lease	19,787	1.0	15,730	0.9	4,057	25.8
Financial liabilities at fair value – derivative financial instruments	1,180	0.1	0	0.0	1,180	100.0
Other financial liabilities	17,328	0.9	4,009	0.2	13,319	332.2
Provisions for other liabilities and charges	175,453	9.1	180,408	9.8	-4,955	-2.7
	662,050	34.4	614,604	33.4	47,446	7.7
Total liabilities and charges	919,400	47.8	871,955	47.3	47,445	5.4
Total equity and liabilities	1,925,011	100.0	1,842,711	100.0	82,300	4.5

An increase in total equity and liabilities of PLN 82,300 thousand, i.e. of 4.5% compared to the end of 2019, most of all, is a result of an increase in the value of current liabilities of PLN 47,446 thousand, i.e. of 7.7%. The value of non-current liabilities remained at a level similar to that at the end of 2019. There was a decrease in value of non-current credit and loans of PLN 11,894 thousand and decrease in other liabilities of PLN 838 PLN, i.e. of 16.8%. Then a large increase in value was recorded in leasing liabilities of PLN 11,908 thousand, i.e. of 20.2% and financial liabilities measured at fair value, of PLN 1,197 thousand, i.e. of 41.1%. Within current liabilities, the value of trade liabilities and other liabilities increased by PLN 32,372 thousand, i.e. by 16.9%. Increase in the value also took place in the case of other financial liabilities of PLN 13,319, i.e. of 332.2%, mainly as a result of the liability for the payment of the dividend. There was also an increase in current income tax liabilities of PLN 1,712 thousand, i.e. of 19.5%. The value of lease liabilities increased by PLN 4,057 thousand, i.e. by 25.8%, while the value of financial liabilities measured at fair value increased by PLN 1,180 thousand, i.e. by 100%. There was a decrease in value of invoiced revenue related to non-current contracts, of PLN 2,724 thousand, i.e. of 1.6% and in value of provisions for other liabilities and charges of PLN 4,955 thousand, i.e. of 2.7%.

Debt analysis	30 June 2020	31 December 2019
Debt ratio	9.0%	9.9%
Debt/equity ratio	17.6%	19.2%

In H1 2020, debt ratios slightly decreased as a result of increase in the value of assets and equity with a simultaneous decrease in financial debt. 52.2% of the Group's funds come from internal financing and 47.8% come from outside financing.

	6 months ended 30 June 2020	%	6 months ended 30 June 2019	%	Change (in PLN)	Change (%)
Revenue	708,784	100.0	666,488	100.0	42,296	6.3
Cost of sales	-514,716	-72.6	-493,767	-74.1	-20,949	4.2
Gross profit	194,068	27.4	172,721	25.9	21,347	12.4
Other operating income	14,618	2.1	19,915	3.0	-5,297	-26.6
Sales and marketing costs	-61,502	-8.7	-65,390	-9.8	3,888	-5.9
Administrative expenses	-57,418	-8.1	-57,502	-8.6	84	-0.1
Other operating expenses	-17,983	-2.6	-23,587	-3.5	5,604	-23.8
Operating result	71,783	10.1	46,157	6.9	25,626	55.5
Finance revenue -net	-14,886	-2.1	-54	0.0	-14,832	27,466.7
Share of profit / (loss) of associates	0	0.0	0	0.0	0	0.0
Profit before income tax	56,897	8.0	46,103	6.9	10,794	23.4
Income tax expense	-22,776	-3.2	-17,336	-2.6	-5,440	31.4
Net profit for the period	34,121	4.8	28,767	4.3	5,354	18.6
Attributable to:						
Shareholders of the Parent Company	34,519	4.9	27,179	4.1	7,340	27.0
<i>Interests not entitled to control</i>	<i>-398</i>	<i>-0.1</i>	<i>1,588</i>	<i>0.2</i>	<i>-1,986</i>	<i>-125.1</i>

In the first half of 2020, the Comarch Group's sales revenue were higher by PLN 42,296 thousand, i.e. by 6.3% compared to the first half of the previous year. The operating result amounted to PLN 71,783

thousand and was higher by PLN 25,626 thousand, i.e. by 55.5% than that achieved in the first half of 2019. The realized exchange differences and the balance sheet valuation of exchange differences on receivables and liabilities as at 30th of June, 2020 contributed to the decrease in revenue and operating result of the Comarch Group of PLN 4,930 thousand, while in the first half of 2019 they decreased it by PLN 1,207 thousand.

Other operating income in the first half of 2020 amounted to PLN 14,618 thousand, among others as a result of the release of write-offs for doubtful debts and provisions for claims. In the first half of 2019, other operating income amounted to PLN 19,915 thousand and were achieved, among others, as a result of the sales of intangible assets by MKS Cracovia SSA. Other operating costs in the first half of 2020 amounted to PLN 17,983 thousand, among others, as a result of recognizing of write-offs for doubtful debts and provisions for claims, while in the first half of 2019 their value was PLN 23,587 thousand.

In the first half of 2020, the Group recorded a negative result on financial activities in the amount of PLN 14,886 thousand, due to high volatility of PLN against major foreign currencies, while in the first half of 2019 this result was neutral.

Profitability analysis	6 months ended 30 June 2020	6 months ended 30 June 2019
Margin on sales	27.38%	25.92%
EBIT margin	10.13%	6.93%
Gross margin	8.03%	6.92%
Net margin	4.87%	4.08%

In first half of 2020, Comarch Group's activities were profitable. Margin on sales and EBIT margin were higher compared to first half of 2019, thanks to, among others, improved profitability of core operations, development of sales of proprietary software and reduced sales and marketing costs, as well as general and administrative expenses, which was the result of restrictions introduced in connection with the Covid-19 pandemic. Gross and net margin were higher than achieved in the previous year, due to positive result from operating activities.

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

- increase in revenue from export sales of PLN 51,146 thousand (i.e. of 13.4%), resulting from the development of sales of banking and finance, loyalty and ERP solutions on European and Asian markets. In the first half of 2020, export sales represented 61.2% of the Group's total revenue,
- decrease in revenue from domestic sales (of PLN 8,850 thousand, i.e. of 3.1%), which was mainly the result of a lower value of Comarch finished goods deliveries to the public sector in first half of 2020,
- a positive exchange rate differences on the balance sheet valuation of trade receivables, related to the weakening of the PLN exchange rate against foreign currencies, which increased the operating result in the described period by PLN 11,343 thousand.
- a negative exchange rate differences on the balance sheet valuation of trade receivables, related to the weakening of the PLN, BRL, and ARS exchange rates against foreign currencies in first half of 2020, which decreased the operating result in the described period by PLN 16,234 thousand.
- a negative balance sheet valuation of financial instruments, credits and loans contracted in foreign currencies, as well as lease liabilities valued in accordance with IFRS 16, whose value in the described period amounted to minus PLN 7,020 thousand,
- increase in operating expenses, which is a consequence of the wage pressure in the IT sector, as well as the introduction of contributions to PPK (capital plans for employees) - the basic wage fund in the Comarch Group in the reporting period increased by 6.1% compared to the first half of 2019,
- current income tax, which was the result of high profitability of operations of the Group companies in Poland and Germany, its value in the first half of 2020 amounted to PLN 17,828 thousand,
- creation and release of write-offs for doubtful trade receivables, which reduced the Group's operating result by PLN 3,768 thousand,

- application of the IFRS 15 accounting standard, as a result of which a portion of the revenue derived from the sales of Comarch software licenses is settled over time, in accordance with the stage of completion of the projects. The value of the correction in this respect amounted to plus PLN 10,326 thousand in the first half of 2020,
- the application of the IFRS 16 accounting standard in 2020 caused that the depreciation value, and thus the value of EBITDA profit, was increased in the first half of 2020 by PLN 10,308 thousand,
- release of the provision in the amount of PLN 5,294 thousand PLN, as a result of a settlement with one of the customers, ending many years of pending court proceedings,
- reduced in Q2 2020 the level of sales and marketing costs (by PLN 5,121 thousand) and general and administrative expenses (by PLN 1,809 thousand), which was the result of restrictions introduced in connection with the Covid-19 pandemic.

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

In the first half of 2020, employment in the Comarch Group decreased by 1.2%. As at the 30th of June, 2020, the Comarch Group employed 6,269 people, i.e. 79 less than as at the 31st of December, 2019.

The Comarch Group is actively looking for new sales markets (including Western Europe and Asia), adjusts the scale of operations on some markets to the current business and macroeconomic conditions (including South America), continues to invest in new IT products and services, as well as constantly expanding and modernizing the existing infrastructure. Thanks to very good financial results achieved in the first half of 2020 and previous periods, the financial situation of the Comarch Group is very good and guarantees security of operations in the event of changing macroeconomic situation in Poland and in the world. The Group consciously bears the costs of developing new products and new business segments, as well as developing activities on new foreign markets, thus investing in building a competitive advantage for the future.

In subsequent periods Comarch Group intends to continue strategy assuming:

- significant investments in human capital,
- sales of IT solutions, most of which are developed in-house,
- sales development on international markets, especially in Western Europe and Asia,
- stable improvement of operational performance through the ongoing improvement of procedures and cost rationalization,
- development of new technologies and business areas, especially in the medicine sector and Internet of Things (IoT),
- growing share in sales of IT in services model,
- investments in own IT technologies, including cloud computing.

Liquidity analysis	30 June 2020	31 December 2019
Current ratio	1.7	1.7
Quick ratio	1.2	1.2
Cash to current liabilities ratio	0.6	0.5

In the first half of 2020, as in previous years, the Comarch Group had very good financial liquidity. In the Management Board's opinion, Comarch Group has no problems with meeting contracted financial liabilities on time. Temporarily free funds are invested by the Group in safe financial instruments (such as bank deposits).

Turnover analysis	30 June 2020	31 December 2019
Current assets turnover ratio	0.6	1.4
Receivable turnover ratio (days)	101	109

Inventories turnover ratio (days)	75	69
Liabilities turnover ratio (days)	207	189
Liabilities turnover excluding liabilities due to investment credit ratio (days)	206	187

Turnover ratios confirm the effective use of Comarch Group's funds. There was an improvement in the management of receivables and an increase in financing with a trade loan, without adversely affecting the timeliness in repayment of liabilities. The inventories management efficiency decreased slightly.

Methods of Calculation of Financial Ratios

Debt Ratios

$$\text{Debt Ratio} = \frac{\text{Credits and Loans}}{\text{Total Assets}}$$

$$\text{Debt/Equity Ratio} = \frac{\text{Credits and Loans}}{\text{Equity attributable to Shareholders}}$$

Profitability Ratios

$$\text{Margin on Sales} = \frac{\text{Gross Profit}}{\text{Revenue}}$$

$$\text{EBIT Margin} = \frac{\text{Operating profit}}{\text{Revenue}}$$

$$\text{Gross Margin} = \frac{\text{Profit before Income Tax}}{\text{Revenue}}$$

$$\begin{array}{l} \text{Margin on Sales} \\ \text{(profit attributable to shareholders)} \end{array} = \frac{\text{Net Profit attributable to Shareholders}}{\text{Revenue}}$$

Liquidity Ratios

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\begin{array}{l} \text{Quick Ratio} \end{array} = \frac{\begin{array}{l} \text{Trade and Other Receivables+} \\ \text{+Cash and Cash Equivalents+} \\ \text{+Available-for-Sale Assets +} \\ \text{+Stock or Shares} \end{array}}{\text{Current Liabilities}}$$

$$\text{Cash to Current Liabilities Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

Turnover Ratios

$$\text{Current Assets Turnover Ratio} = \frac{\text{Revenue}}{\text{Current Assets}}$$

$$\text{Receivables Turnover Ratio (days)} = \frac{(\text{Trade and Other Receivables}) * 180}{\text{Revenue}}$$

$$\text{Inventories Turnover Ratio (days)} = \frac{(\text{Inventories} - \text{Work in progress}) * 180}{\text{Costs of Sold Goods and Materials}}$$

Liabilities

$$\text{Liabilities Turnover Ratio (days)} = \frac{*180}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products. Services. Goods and Materials}}$$

$$\begin{aligned} &\text{Liabilities Turnover Ratio} \\ &\text{excluding} \\ &\text{Liabilities due to} \\ &\text{Bonds and Investment Credit (days)} \end{aligned} = \frac{(\text{Liabilities} - \text{Credits and Loans}) * 180}{\text{Sales and Marketing Costs} + \text{Administrative Expenses} + \text{Other Operating Expenses} + \text{Costs of Sold Products. Services. Goods and Materials}}$$

9. Credits, Loans, Suretyships, Bank Guarantees and Significant Off-balance Sheet positions**9.1. Non-Revolving Credits and Loans**

Debtor / Subject of financing	Financial Institution	Total amount of credit/loan		Amount to be paid				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. office buildings SSE4 in Krakow	BGŻ BNP Paribas Bank Polska S.A	44,000	PLN	2,615 (2,919 as at 31 st of December, 2019)	EUR	11,677 (12,432 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 29 th of July, 2024	29 th of July, 2024	mortgage on the SSE4 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A.	Powszechna Kasa Oszczędności	4,126	EUR	644	EUR	2,877	PLN	EURIBOR1M + bank margin	29 th of September, 2021	mortgage on the SSE5 building, assignment of

office buildings SSE5 in Krakow - refinancing	Bank Polski S,A,			(902 as at 31 st of December, 2019)		(3,840 as at 31 st of December, 2019)				rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. nonrevealing operating credit	Santander Bank Polska S,A, (previously Bank Zachodni WBK S,A,)	7,400	EUR	477 (953 as at 31 st of December, 2019)	EUR	2,130 (4,057 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin	31 st of December, 2020	mortgage on the SSE3 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement
Comarch S.A. office buildings SSE6 in Krakow	Bank Polska Kasa Opieki S,A,	13,323	EUR	5,668 (6,507 as at 31 st of December, 2019)	EUR	25,315 (27 711 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 30 th of November, 2023	30 th of November, 2023	mortgage on the SSE6 building, assignment of rights from the building's insurance policy, assignment of rights from the guarantee of due performance and guarantee of the warranty, declaration on submission to enforcement
Comarch S.A. office buildings SSE7 in Krakow	Bank Handlowy w Warszawie S,A,	13,333	EUR	12,130 (12,920 as at 31 st of December, 2019)	EUR	54,172 (55,018 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 29 th of February, 2028	29 th of February, 2028	mortgage on the SSE7 building, assignment of rights from the building insurance policy, declaration on submission to enforcement
Comarch S.A. Non-current assets - equipment of Internet of Things laboratory in Krakow	DNB Bank Polska S,A,	2,531	EUR	1,225 (1,400 as at 31 st of December, 2019)	EUR	5,471 (5,961 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin	30 th of December, 2023	registered pledge on fixed assets being the subject of financing, assignment of rights under the insurance policy for financed fixed assets, declaration on submission to enforcement
Bonus Development Sp. z o.o. SK-A Office building in Lodz	Bank Polska Kasa Opieki S,A,	9,262	EUR	6,361 (6,680 as at 31 st of December, 2019)	EUR	28,407 (28,448 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin IRS till the 31 st of May, 2030	31 st of May, 2030	mortgage on an office building in Łódź, a statement by Bonus Development Sp. z o.o., SK-A on submission to enforcement, assignment of rights from the insurance policy of an office building in Łódź, assignment of rights from the guarantee of due performance and warranty guarantee, assignment of rights under the lease of the financed property concluded with Comarch SA, surety from Comarch SA, declaration on submission to enforcement Comarch SA,

Comarch S.A.S. Comarch S.A.	BGŻ BNP Paribas Bank Polska S,A	8,000	EUR	4,253 (4,908 as at 31 st of December, 2019)	EUR	18,996 (20,900 as at 31 st of December, 2019)	PLN	EURIBOR3M + bank margin	18 th of September, 2023	mortgage on the second place on the estate Comarch S,A, (Krakow, Michał Życzkowski Street 23, building SSE4), statement by Comarch S,A, on submission to enforcement, assignment of rights from the
Comarch S.A.	CaixaBank S,A, Oddział w Polsce	3,500	EUR	3,033 (3,499 as at 31 st of December, 2019)	EUR	13,545 (14,899 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin	23 rd of August, 2023	Declaration of submission to enforcement
Comarch S.A.	IBM Global Financing Polska Sp, z o,o,	12,980	PLN			3,734 (4,850 as at 31 st of December, 2019)	PLN	fixed	1 st of March, 2022	-
Comarch Polska S.A.	IBM Global Financing Polska Sp, z o,o,	3,475	PLN			1,712 (2,144 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2022	Comarch S,A, guarantee
Comarch S.A.	IBM Global Financing Polska Sp, z o,o,	3,139	PLN			1,604 (1,944 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2022	-
Comarch S.A.	IBM Global Financing Polska Sp, z o,o,	1,814	PLN			0 (605 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2020	-
Comarch S.A.	IBM Global Financing Polska Sp, z o,o,	1,825	PLN			1,597 (0 as at 31 st of December, 2019)	PLN	fixed	1 st of March, 2022	-
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S.	CAISSE D'EPARGNE HSBC	281	EUR	176	EUR	785	PLN	fixed	30 th of June, 2021	Comarch S,A, guarantee

Financing operating activities						(0 as at 31 st of December, 2019)			
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9.2. Current Credit Lines

The companies of the Comarch Group have the following revolving credits in the current account:

Company of Comarch Group / Purpose	Financial Institution	Total amount of credit/loan		Amount remained to payment				Interest conditions	Repayment date	Securities
		Value	Currency	Value	Currency	Value	PLN			
Comarch S.A. Financing operating activities	Powszechna Kasa Oszczędności Bank Polski S.A.	20,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2020	declaration of submission to enforcement
Comarch S.A. Financing operating activities	Bank Polska Kasa Opieki S.A.	30,000	PLN	0	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2020	declaration of submission to enforcement
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	BNP Paribas	100	EUR	94	EUR	419	PLN	EURIBOR + bank margin	11 th of November, 2020	-
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	CAISSE D'EPARGNE	100	EUR	65	EUR	289	PLN	EURIBOR + bank margin	valid for an indefinite period	-
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. Financing operating activities	BANQUE POPULAIRE	150	EUR	150	EUR	670	PLN	EURIBOR + bank margin	20 th of August, 2020	-

	30 June 2020	31 December 2019
Credit lines, including:	51,563	60,000
Used at the balance sheet date	1,378	-
Available at the balance sheet date	50,185	60,000

9.3. Loans

9.3.1. Loans Granted to Members of the Management Board and Members of the Supervisory Board

As at 30th of June, 2020, there are no unpaid loans to managing and supervising persons. As at the date of publication of the report for the first half of 2020, there are no unpaid loans to members of the management board and supervisory bodies.

9.3.2. Loans Granted to Employees of Comarch Group

As at 30th of June, 2020, there are no unpaid loans, as well as guarantees and sureties granted by Comarch Group companies to the employees. As at the date of publication of the report for the first half of 2020, there are no unpaid loans, as well as guarantees and sureties granted by Comarch Group Comarch Group companies to the employees.

9.4. Suretyships

- a) Due to conclusion of a contract for implementation, hosting and maintenance of loyalty system, signed by Comarch Inc., a subsidiary of Comarch S.A., on the 28th of April, 2011, Comarch S.A. granted a surety for obligations of Comarch Inc. The value of the surety amounts to USD 3,000 thousand and it is valid for the whole term of the contract.
- b) Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- c) Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- d) 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.
- e) Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,823 thousand and is valid for the whole term of the contract.
- f) 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.
- g) 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.

- h) 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.
- i) 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.
- j) 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.
- k) Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2021.
- l) 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.
- m) Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2021.
- n) 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.
- o) 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.
- p) Due to conclusion of a contract for investment credit by Bonus Development Sp. z o.o. SK-A, a subsidiary of Comarch S.A., with Bank Pekao S.A. under which the bank grants Bonus Development Sp. o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.
- q) 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 30th of September, 2020.

- r) Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2019.
- s) 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.
- t) 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.
- u) 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.
- v) 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.
- w) 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.
- x) 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.
- y) 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.
- z) 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.
- aa) Due to conclusion of a contract by Comarch Luxembourg S.a.R.L., a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of the necessary licenses for the implementation of the Billing System project, a surety for liabilities of Comarch Luxembourg S.a.R.L. was granted to the amount of EUR 7,240 thousand and is valid for the duration of the contract.
- bb) Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., the contract for the purchase of IT equipment in order to perform a contract with one of the clients, a surety for liabilities of Comarch Polska S.A. was granted to the amount of PLN 3,660 thousand and is valid for the duration of the contract.
- cc) Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 2,095 thousand and is valid for the duration of the contract.
- dd) Due to conclusion of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the

Comarch NRM service, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 9,966 thousand and is valid for the duration of the contract.

- ee) Due to conclusion of a contract by Comarch Yuhan Hoesa, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the NW Next Generation service, a surety for liabilities of Comarch Yuhan Hoesa was granted to the amount of EUR 18,467 thousand and is valid for the duration of the contract.
- ff) Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for ERP, POS and MoS services, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,254 thousand and is valid for the duration of the contract.
- gg) Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., the contract with one of the clients for the implementation, servicing and delivery of necessary licenses for the e-Care service, a surety for liabilities of Comarch AB was granted to the amount of EUR 1,151 thousand and is valid for the duration of the contract.
- hh) Due to conclusion of a contract by COMARCH Middle East FZ-LLC, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses CLM, a surety for liabilities of COMARCH Middle East FZ-LLC was granted to the amount of USD 3,155 thousand by Comarch S.A. and is valid for the duration of the contract.
- ii) Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and providing e-invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 784 thousand by Comarch S.A. and is valid for the duration of the contract.
- jj) Due to conclusion of a contract by Comarch Japan KK, a subsidiary of Comarch S.A., the contract for the rent of office space, a surety for liabilities of Comarch Japan KK was granted to the amount of JPY 9,604 thousand by Comarch S.A. and is valid for the duration of the contract.
- kk) Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for delivery of BSSv7 platform, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 11,175 thousand by Comarch S.A. and is valid for the duration of the contract.
- ll) Due to conclusion of a contract by Comarch Swiss AG, a subsidiary of Comarch S.A., the contract for implementation of Convergent Billing together with license, a surety for liabilities of Comarch Swiss AG was granted to the amount of CHF 12,144 thousand by Comarch S.A. and is valid for the duration of the contract.

9.5. Bank Guarantees and Significant Off-balance Sheet Positions

On the 30th of June, 2020, 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 85,880 thousand, whereas it was PLN 90,725 thousand on the 31st of December, 2019.

On the 30th of June, 2020, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 422 thousand, i.e. PLN 1,887 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,668 thousand on the 31st of December, 2019.

On the 30th of June, 2020, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 72 thousand, whereas it was EUR 16 thousand, i.e. PLN 68 thousand on the 31st of December, 2019.

On the 30th of June, 2020, the value of bank guarantees issued by banks on order from Comarch Swiss AG was CHF 32 thousand, i.e. PLN 132 thousand, whereas it was EUR 0, i.e. PLN 0 on the 31st of December, 2019.

Comarch S.A. declared a possibility to grant a financial support ("letters of comfort") for its subsidiaries: Comarch R&D S.à r.l. (valid for an indefinite period), Comarch Argentina S.A. (valid for an indefinite

period), Comarch Malaysia SDN. BHD. (valid for an indefinite period), Comarch Healthcare S.A. (valid for an indefinite period and till 30th of June, 2021), Comarch Middle East FZ-LLC (valid for an indefinite period), Comarch Japan KK (valid for an indefinite period), Comarch SAS (valid for an indefinite period), Comarch Polska S.A. (valid till 30th of June, 2020), Comarch Cloud S.A. (valid till 31th of December, 2020) and Sointeractive S.A. (valid till 31th of December, 2020).

As at 30th of June, 2020, the Comarch Group has a contractual obligation to purchase a fixed asset in the amount of PLN 22,355 thousand. The planned date of the transaction realization is the fourth quarter of this year.

10. The Most Important Events in H1 2020 and after the Balance-Sheet Date

10.1. Contracts Significant for Issuers' Activities

10.1.1. 2CSI Shares Purchase Agreement

The Management Board of Comarch S.A. informed in current report no. [RB-6-2020](#) (ENG: [RB-6-2020](#)) dated on the 23rd of April, 2020, about the signing on the 23rd of April, 2020 the purchase agreement by Comarch S.A. of 100% shares in the company CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. with its registered office in Cergy, France (hereinafter referred to as the "2CSI"), providing IT solutions and services for medical entities on the French market. As part of the transaction, Comarch S.A. acquired 500,000 2CSI shares from the company's existing shareholders with a nominal value of EUR 1 each. 2CSI shares were acquired at a unit price of EUR 4.20 (four euros and twenty cents), i.e. PLN 19.09 per share, and the total value of the transaction is EUR 2,100,000 (two million, one hundred thousand euros), i.e. PLN 9,543,240.

The information provided has been recognized by the Management Board of Comarch S.A. as confidential information due to the fact that the transaction of taking over another entity is beyond the scope of typical transactions concluded by the Company, and thanks to it the Comarch Group will gain significant strengthening of its competitive position in the area of IT services in the e-Health sector on the European market.

10.1.2. Non-Revolving Credit Agreement with CaixaBank S.A. Branch in Poland

The Management Board of Comarch S.A. informed in current report no. [RB-12-2020](#) (ENG: [RB-12-2020](#)) dated on the 30th of June, 2020, about the signing on the 30th of June, 2020 the non-revolving credit agreement with CaixaBank, S.A. branch in Poland with its registered office in Warsaw (hereinafter: "the Bank") to finance general corporate expenditures. The credit amounts to EUR 2,300,000.00, i.e. PLN 10,271,800.00 according to the euro exchange rate as of the date of signing the agreement. The crediting period lasts until the 30th of June, 2025, the interest rate on the credit is based on the variable rate. The credit should be used until the 30th of June, 2021.

The credit collaterals:

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

AFTER THE BALANCE SHEET DATE

10.1.3. Signing the Agreement on Delivery of Software and Maintenance Services of IT Systems for VFNZ

On the 17th of August, 2020, Comarch S.A. signed the framework agreement with Vodafone New Zealand Limited. The subject of the Agreement is delivery of software and maintenance services of IT

systems, on the terms specified in the Agreement. Total expected amount of the remuneration due to Comarch S.A. shall not be lower than to NZD 122,013,649.00 (that is PLN 295,382,842.86) for the 10 years run period after the delivery. Expected delivery date is the second quarter of 2022. The company announced about details in the current report no. [RB-13-2020](#) (ENG: [RB-13-2020](#)) dated on the 17th of August, 2020.

10.2. Other

10.2.1. Resignation of the Managing Person

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

10.2.2. Impact of SARS-CoV-2 Coronavirus and COVID-19 Incidents on the Company's Operations and Financial Results

In reference to the recommendations of the European Securities and Markets Authority and the Polish Financial Supervision Authority of the 12th of March, 2020, the Management Board of Comarch S.A. in the current report no. [RB-5-2020](#) (ENG: [RB-5-2020](#)) dated on the 19th of March, 2020, provided information on the possible impact of the SARS-CoV-2 coronavirus spread and COVID-19 incidence on the Company's operations and financial results.

The Group's Management Board monitors on an ongoing basis the development of the situation related to the continuing effects of the spread of SARS-CoV-2 coronavirus and COVID-19 incidence and their impact on the Group's operations. The Comarch Group companies implemented all guidelines recommended by the Chief Sanitary Inspectorate and other state institutions in the countries of the Group's operational activity, with particular regard to employee's safety, health and hygiene recommendations. Business trips to countries identified by the Chief Sanitary Inspectorate as high risk countries were suspended, direct contacts of employees within the organization were limited, and the remote work mode of office workers was launched on a large scale. Remote communication methods are commonly used in business contacts. The Management Board of the Group notes that the activities of the Comarch Group are very well diversified in terms of industry, products and geography, and the effects of a pandemic do not currently pose a threat to the financial stability of the company. At present, the Management Board of the Comarch Group has not diagnosed significant disruptions in the implementation of existing contracts or significant disruptions in the supply chains of products and materials necessary for the Group's operations.

In the second quarter of 2020, i.e. in the initial period of the epidemic, there was no decrease in revenues from sales of services and products offered by the Comarch Group. The financial results achieved in the coming periods will be influenced by factors such as: the duration of the epidemic, further administrative restrictions in the functioning of states and entrepreneurs, restrictions in the movement of workers, the possibility of using aid packages launched by individual countries, as well as, the volatility of exchange rates occurring in connection with the pandemic.

10.2.3. Opinion of the Supervisory Board Regarding the Distribution of Net Profit for 2019

On the 26th of May, 2020, the Management Board of Comarch S.A. informed in the current report no. [RB-7-2020](#) (ENG: [RB-7-2020](#)), that on the 26th of May, 2020, the Supervisory Board of Comarch S.A., by virtue of Resolution No. 09/05/2020 of 26th of May, 2020, positively expressed the opinion of the Management Board of Comarch S.A. dated on 25th of May, 2020, so that the Company's net profit for 2019 in the amount of PLN 57,627,263.86 was divided in such a way that:

- 1) part of the net profit of PLN 12,200,023.50 will be used to pay dividend in the amount of PLN 1.50 per share;
- 2) the remaining part of the net profit in the amount of PLN 45,427,240.36 will be transferred to supplementary capital.

AFTER THE BALANCE SHEET DATE

10.2.4. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of July, 2020, and the 28th of August, 2020, Comarch Group concluded forward contracts for the sales of EUR 1,000 thousand. The total net value of open forward contracts as of the 28th of August, 2020 amounted to EUR 50,600 thousand and USD 16,400 thousand. The open forward contracts as of the 28th of August, 2020 were valued at approx. plus PLN 6,000 thousand. The increase in this valuation compared to the valuation on the balance sheet date is caused by a significant strengthening of the Polish currency (PLN) against USD and EUR. The contracts will be settled within 28 months from the balance sheet date. All forward contracts have been concluded in order to limit the influence of currency exchange rates on the financial results related to the contracts carried out by companies in Comarch Group, in which the remuneration is set in a foreign currency.

11. 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.

11.1. Capital Investments

On the 10th of February, 2020, the share capital of Comarch Pty. Ltd. was increased from the amount of AUD 100,100 (i.e. PLN 261,281 according to the exchange rate on 10th of February, 2020) to AUD 1,300,100 (i.e. PLN 3,393,521 according to the exchange rate on 10th of February, 2020), i.e. by AUD 1,200,000 (i.e. PLN 3,132,240 according to the exchange rate on 10th of February, 2020).

On the 21st of February 2020, has been registered the capital increase in Comarch BV from the amount of EUR 200,000 (i.e. PLN 856,620 according to the exchange rate on 21st of February, 2020) to the amount of EUR 500, 00 (i.e. PLN 2,141,550 according to the exchange rate on 21st of February, 2020), i.e. by EUR 300,000 (i.e. PLN 1,284,930 according to the exchange rate on 21st of February, 2020).

On the 24th of February, 2020, a resolution was adopted to increase the share capital in Comarch SRL from the amount of EUR 900,000 (i.e. PLN 3,871,530 according to the exchange rate on 24th of February, 2020) to the amount EUR 2,000,000 (i.e. PLN 8,603,400 according to the exchange rate on 24th of February, 2020), i.e. by EUR 1,100,000 (i.e. PLN 4,731,870 according to the exchange rate on 24th of February, 2020). The share capital increase was registered on 16th of April, 2020.

The Management Board of Comarch S.A. informed in current report no. [RB-6-2020](#) (ENG: [RB-6-2020](#)) dated on the 23rd of April, 2020, about the signing on the 23rd of April, 2020 of the purchase agreement

by Comarch S.A. of 100% shares in the company CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. with its registered office in Cergy, France (hereinafter referred to as the "2CSI"), providing IT solutions and services for medical entities on the French market. As part of the transaction, Comarch S.A. will acquire 500,000 2CSI shares from the company's existing shareholders with a nominal value of EUR 1 each. 2CSI shares will be acquired at a unit price of EUR 4.20, i.e. PLN 19.09 per share, and the total value of the transaction is EUR 2,100,000, i.e. PLN 9,543,240.

AFTER THE BALANCE SHEET DATE

None present.

11.2. Real Estates and Other Material Investment

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 30th of June, 2020, the Group's property are six office buildings in the Special Economic Zone in Krakow ("SEZ") at 74,144 square metres of the total space, two office buildings in Warsaw at 2,542 square metres of the total space and office buildings in Łódź at 12,572 square metres of the total space, one office building and data centre 2018 in Lille at 2,526 square metres of the total space, and an office building and data centre in Dresden at 2,144 square metres of the total space. The Group owns also lands in the Special Economic Zone in Krakow at approx. 2.01 ha of the total area. As at the 30th of June, 2020, property, plant and equipment under construction comprise mostly expenditures related to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA (an amount of PLN 5,969 thousand) and expenditures related to construction of the Southern Poland Football Training and Research Centre for Cracovia (an amount of PLN 21,350 thousand).

In the second quarter of 2020, there were no purchases of land properties.

AFTER THE BALANCE SHEET DATE

On the 12th of August, 2020, Comarch Inc. purchased non-developed land in Mesa, Arizona, USA. The purchased land with an area of 12,141 square meters is located in the Elliot Road Technology Corridor, within which the largest high-tech enterprises operate. A modern server room Comarch Data Center will be built on the acquired land, where the Company will provide its services to the most demanding customers from the USA and other countries of North and South America. The Company plans to start the investment in 2021.

12. Activities in Special Economic Zone

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

Comarch S.A. holds total four permits for operating in the Krakow Special Economic Zone:

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

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

Pursuant to IAS 12, unused tax relief as at the 30th of June, 2020, constitutes a deferred income tax asset. An investment relief due to the permit obtained in 1999 was fully utilized (its period of validity was the 31st of December, 2017). Limit of the unused investment tax relief under the permit obtained in 2007 amounted to approx. PLN 1,102 thousand as at the 30th of June, 2020 (after discounting at the permit date). Limit of the unused investment tax relief under the permit obtained in 2013 amounted to approx. PLN 28,929 thousand as at the 30th of June, 2020 (after discounting at the permit date).

Limit of the unused investment tax relief under the permit obtained in March 2016, regarding investment in the office building SSE7 in Cracow, amounted to approx. PLN 22,809 thousand as at the 30th of June, 2020 (after discounting at the permit date). The company has no intention to use the permit obtained in February 2016 due to the fact of receiving (after obtaining it), co-financing of investment outlays to be incurred in this permit - to eliminate the risk of using two forms of public aid related to one investment.

Deferred income tax assets are determined in the amount anticipated to be deducted from income tax in the future, due to negative temporary differences and income tax relief in connection with conducting business activity in SEZ, which will cause in the future a reduction in the basis for calculating income tax and a tax loss deductible, determined taking into account the precautionary principle. Due to the above principle, assets from operations in SEZ are set only in the annual time horizon, taking as base to determine the average income from zonal activity from the period of 5 years (including the year for which the report is drawn up).

During the first 6 months of 2020, the Group settled an assets created for the zone operations in the amount of PLN 5,063 thousand which were created as at 31st of December, 2019. At the same time, in accordance with IAS 12, the Company, over the year 2020, will regularly verify the valuation of the Asset recognized for its feasibility and further recognition for subsequent periods. We would like to point out that the recognition of Assets does not affect cash flows in the parent company or in the Group (both the recognition of Assets. as well as its implementation). Therefore, this operation is purely accrual and results from the application by the Group of International Financial Reporting Standards for the preparation of the consolidated financial statements of the Comarch Group.

13. Resolutions of the AGM and the Board of Supervisors

13.1. Corporate Governance Principles

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board presents in the current report no. [EBI-1-2020](#), (ENG: [EBI-1-2020](#)), report of Comarch S.A.'s Supervisory Board and an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function, an assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles and an assessment of the rationality of the company's policy in reference to sponsorship and charity.

Pursuant to the detailed principle number II.Z.11 included in the second part of the "Best Practice for GPW Listed Companies 2016", Comarch S.A.'s Management Board presents in the current report no.

no. [EBI-2-2020](#), (ENG: [EBI-2-2020](#)), that on the 26th of May, 2020 Supervisory Board of Comarch S.A. passed the resolution no. 10/05/2020 in which projects of the resolutions at the AGM, of the Company of 24th of June, 2020.

13.2. Annual General Meeting – 24th of June 2020

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

On the 26th of May, 2020, pursuant to article 395, 399 § 1, article 402 with index 1 and 402 with index 2 of the Code of Commercial Companies and Partnerships, and pursuant to article 14 of the Company's Statute, the Management Board of Comarch S.A. convened the Annual General Shareholders' Meeting of Comarch S.A., to be held at 10:00 o'clock on the 24th of June, 2020, at ul. Prof. Michała Życzkowskiego 33 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: 8th of June, 2020,
- Information about the right to participate in the General Meeting,
- List of shareholders,
- Access to documentation,
- The Company's website and e-mail address,
- Other information,
- Information clause regarding the processing of personal data in connection with the organization and participation in the General Meeting.

The Company announced details in current report no. [RB-8-2020](#), ENG: [RB-8-2020](#), dated the 26th of May, 2020.

13.2.2. 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 financial statement for the fiscal year 1.01.2019 - 31.12.2019;
- approving the report of the Management Board regarding the activities of the Company in 2019;
- approving the financial statement of the Capital Group for the fiscal year 1.01.2019 - 31.12.2019;
- approving the report of the Management Board of Comarch S.A. regarding the activities of the Capital Group in 2019;

- approving the reports of the Company's Board of Supervisors on the activities of the Board of Supervisors and the assessment of the Company's and Comarch Capital Group's situation, from the audit of the Comarch S.A.'s financial statement and report of Management Board regarding the activities of the Company in 2019 and from the audit of the consolidated financial statements and report of Management Board regarding the activities of capital group in 2019;
- distribution of the Company's net profit for the fiscal year 1.01.2019 - 31.12.2019;
- acknowledging the fulfilment of duties by the members of the Management Board and the Supervisory Board in the fiscal year 1.01.2019 - 31.12.2019;
- adopting the remuneration policy for Comarch S.A.'s Management Board and Supervisory Board;
- adopting rules for the Supervisory Board;
- amendment to the Company's Articles of Association.

The full content of the resolutions were published on in the current report no. [RB-9-2020](#) (ENG: [RB-9-2020](#)) dated the 24th of June, 2020.

13.2.3. Resolution of the AGM Regarding Dividend for 2019

The General Shareholder's Meeting passed the resolution no. 9, related to distribution of the net profit earned in the fiscal year 1 January 2019 - 31 December 2019. The General Shareholder's Meeting decided that net profit in the amount of PLN 57,627,263.86 will be divided as follows:

1. PLN 12,200,023.50 will be paid as dividend. Persons who will be the company's shareholders at the 5th of July, 2019 (dividend day), will get the dividend in the amount of PLN 1.50 per one share. The dividend will be allocated to 8,133,349 shares. Dividend will be paid on 16th of July, 2020;
2. The remaining part of the net profit in the amount of PLN 45,427,240.36 will be passed to supplementary capital.

Dividend was paid at the 16th of July, 2020. The Company announced details in current report no. [RB-10-2020](#) (ENG: [RB-10-2020](#)) dated the 24th of June, 2020.

13.2.4. 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 24th of June, 2020, Elżbieta Filipiak, Janusz Filipiak and Nationale-Nederlanden Otwarty Fundusz Emerytalny represented by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne Spółka Akcyjna held at least 5% of the total number of votes represented at this Meeting:

- Janusz Filipiak – 893,000 shares, of which 4,465,000 votes were cast at the AGM and constituted 44.30% of votes at the AGM; share in the total number of votes of the Company: 29.52%;
- Elżbieta Filipiak – 846,000 shares, of which 4,230,000 votes were cast at the AGM and which constituted 41.97% of votes at the AGM; share in the total number of votes of the Company: 27.96%;
- Nationale-Nederlanden Otwarty Fundusz Emerytalny represented by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne Spółka Akcyjna – 843,000 shares of Comarch SA, of which 843,000 were votes at the General Meeting of Shareholders of the Company and accounted for 8.36% of votes at the General Meeting of Shareholders; share in the total number of votes of the Company: 5.57%.

Total number of votes resulting from all issued shares of Comarch S.A. is 15,126,949 votes. At the AGM on the 24th of June, 2020, shareholders representing 10,079,631 votes participated, which is 66.63% of the total number of votes of the Company. The Company announced details in current report no. [RB-11-2020](#) (ENG: [RB-11-2020](#)) dated the 24th of June, 2020.

14. Operations on Comarch S.A. Shares

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

On the 27th of January, 2020, the Management Board of Comarch S.A. received from the person discharging managerial responsibilities notification of the transaction referred to in art. 19 par. 1 of Regulation No. 596/2014 of the European Parliament and of the Council of the 16th of April, 2014 on market abuse. The notification concerned the disposal of 335,926 ordinary bearer shares on the regulated market on the basis of the weighted average price of PLN 198.00 per 1 share, which value amounted to PLN 66,513,348, on the 24th of January, 2020. The company announced details in current report no. [RB-2-2020](#) (ENG: [RB-2-2020](#)) dated on the 27th of January, 2020.

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

AFTER THE BALANCE SHEET DATE

None present.

14.2. Managerial Option Program for Members of the Management Board

None present.

15. Operations on Shares of Subsidiaries and Related Parties

None were present, except for the operations described in point [19.4](#) of the financial statement.

AFTER THE BALANCE SHEET DATE

None were present, except for the operations described in point [19.5](#) of the financial statement.

16. Other Events in H1 2020 and after the Balance Sheet Date

16.1. Dates of Periodical Financial Reports in 2020

Pursuant to § 103 sec. 1 of the Regulation issued by the Minister of Finance on the 19th of February, 2009, concerning current and periodical information pertaining to companies listed on the stock exchange, as well as conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, with current report no. [RB-1-2020](#) (ENG: [RB-1-2020](#)) dated the 3rd of January, 2020, Comarch S.A. Management Board presented terms of periodical financial reports in 2020.

16.2. The Management Board Statement regarding the Corporate Governance Principles

Pursuant to § 29, section 5 of the Rules of the Warsaw Stock Exchange, the Management Board of Comarch S.A. presented report regarding the corporate governance principles in the Company in 2019 as attachment to the annual statement published on 29th of April, 2020.

AFTER THE BALANCE SHEET DATE

None present.

17. Characteristic of Policy of the Development Direction in the Comarch Group

The strategic development directions in the Comarch Group are:

- development of international sales, especially focusing on mature markets in Western Europe (in particular in the DACH region) and both Americas,
- constant development of its own technologically advanced products, high expenses for R&D,
- development of products and IT services for medicine,
- development of sales of IT products and services as cloud computing,
- diversification of an offer through sales of products and services to customers in many economic sectors,
- continuation of development works within IT solutions for e-Health sector which should become one of the main sources of customers for the Comarch Group in the future,
- continuation of development works related to the development of own hardware solutions and services based on them (Internet of Things),
- strict cooperation with global customers in international markets,
- constant investment in human resources,
- development of a modern production base in Poland and abroad.

18. 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 230,568 thousand, thus reached 16.0% of revenue in 2019. Comarch allocated their internal funds, as well as acquired actively European funds.

Comarch S.A.

In the first half of 2020, 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 continued for co-financing the project "Production of technology" IoT Mesh "and supporting tools".

At the end of 2019, the "Healthy City" Project implemented under Priority 1.1. Support for R&D Activities of Enterprises", Sub-priority 1.1.2 „R&D Work Related to Manufacturing a Pilot/Demonstration Installation" was completed.



Fundusze Europejskie
Inteligentny Rozwój

Unia Europejska
Europejski Fundusz
Rozwoju Regionalnego



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



Komisja Europejska

Comarch Healthcare S.A.

In the first half of 2020, a contract for the co-financing of the project "SOS for LFS - implementation of modern medical telecare for the inhabitants of the Lodz Metropolitan Area" from the European Social Fund under the **Regional Operational Program of the Lodz Region** for the years 2014-2020 was terminated.



Fundusze Europejskie
Program Regionalny



Rzeczpospolita Polska



Unia Europejska
Europejski Fundusz Społeczny



19. Capital Affiliations of the Issuer

19.1. Characteristics of Companies in the Comarch Group

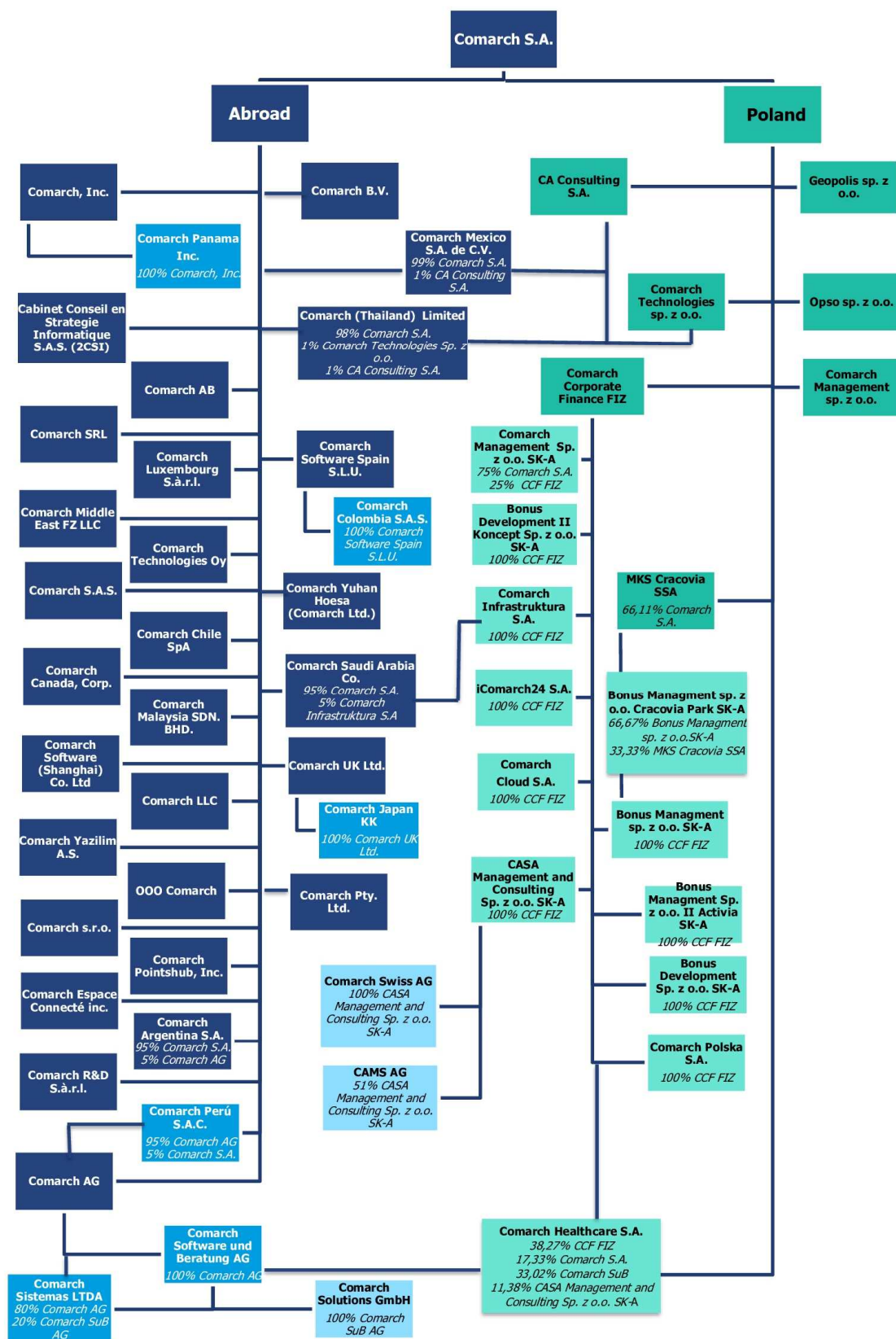
The basic activities of the Comarch Group (the "Group"), in which Comarch S.A. with its registered office in Krakow at Al. Jana Pawła II 39 A is a parent company, include activity related to software, PKD 62.01.Z. The registration court for Comarch S.A. is the District Court for Krakow Śródmieście in Krakow, XI Economic Division of the National Court Register. The company's KRS number is 0000057567. Comarch S.A. holds the dominant share in Group regarding realised revenues, value of assets and number and volume of executed contracts. Comarch S.A. shares are admitted to public trading on the Warsaw Stock Exchange. The duration of the Parent Company is not limited.

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them;
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V., Comarch Yuhan Hoesa (Comarch Ltd.), Comarch (Thailand) Limited, Comarch BV, Comarch Software (Shanghai) Co. Ltd and Comarch Pty. LTD. acquire IT contracts in foreign markets and execute them in their entirety or in part;
- Comarch Software und Beratung AG is an important provider of ERP and an integrator of IT solutions in Germany. Activities of Comarch Solutions GmbH are identical as activities of Comarch Software und Beratung AG;

- Comarch Swiss AG sells and implements Comarch IT solutions, especially ERP and ECM on the Swiss market;
- CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. provides IT solutions and services for medical entities on the French market;
- Comarch Technologies sp. z o.o. is responsible for the development of technologies related to the design and production of electronic devices and software;
- CA Consulting S.A. specializes in data communications relating to the provision of IT and consulting services for the own needs of the Comarch S.A. and for Comarch's contractor;
- Purpose of the Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty is investment activity, through its subsidiaries, in the scope of new technologies and services, as well as investment activities on capital market;
- Comarch Management sp. z o.o., Comarch Management sp. z o.o. SK-A, CASA Management and Consulting sp. z o.o. SK-A, Bonus Management sp. z o.o. SK-A, Bonus Management sp. z o.o. II Activia SK-A, and Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT;
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates;
- Comarch Healthcare S.A. produces and sells IT software related to medicine, provides medical and diagnostic services, as well as produces and provides complex IT solutions for medicine sector;
- Comarch Infrastruktura S.A. (formerly Infrasturktura24 S.A.) offers services related to Data Centre and IT services outsourcing;
- iComarch24 S.A. conducts IT projects related to e-accounting and e-trading, as well as provides accounting services for domestic subsidiaries in the Comarch Group;
- Geopolis sp. z o.o. implements integrated GIS system in public administration entities;
- MKS Cracovia SSA conducts sports activities and promotes physical education;
- "Bonus MANAGEMENT spółka z ograniczoną odpowiedzialnością" Cracovia Park SK-A conducts investment activities related to sport, wellness and recreation,
- Opso sp. z o.o., Comarch s.r.o., Comarch Cloud S.A., Comarch Espace Connecté Inc. and CAMS AG are currently not operating.

19.2. Capital Structure of the Comarch Group



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

On the 30th of June, 2020, associate of the parent company was:

- SoInteractive S.A. with its registered office in Krakow in Poland (16.10% votes held by CCF FIZ, 11.27% held by Bonus Management sp. z o.o. Activia SK-A).

On 18th of June, 2020, Metrum Capital S.A. was merged with an entity from outside the Comarch Group and is no longer an associate of the parent company.

The associated company is not consolidated. Shares are valued with equity method.

19.3. Relationship

The consolidated financial statement of the Comarch Group for the 6 months ended the 30th of June, 2020, comprises the financial statements of the following companies:

Company name	Relationship	Consolidation method	% held by Comarch S.A. in a subsidiary's share capital
Comarch S.A.	Parent company	Full	
Comarch AG	Subsidiary	Full	100%
Comarch Sistemas LTDA	Subsidiary	Full	80% held by Comarch AG, 20% held by Comarch Software und Beratung AG
Comarch Peru S.A.C.	Subsidiary	Full	95% held by Comarch AG, 5% held by Comarch S.A.
Comarch Software und Beratung AG	Subsidiary	Full	100% held by Comarch AG
Comarch Solutions GmbH	Subsidiary	Full	100% held by Comarch Software und Beratung AG
Comarch S.A.S.	Subsidiary	Full	100%
Comarch R&D S.à r.l.	Subsidiary	Full	100%
Comarch Luxembourg S.à r.l.	Subsidiary	Full	100%
Comarch Inc.	Subsidiary	Full	100%
Comarch Panama Inc.	Subsidiary	Full	100% held by Comarch Inc.
Comarch Canada. Corp.	Subsidiary	Full	100%
Comarch Espace Connecté Inc.	Subsidiary	Full	100%
Comarch Middle East FZ-LLC	Subsidiary	Full	100%
Comarch LLC	Subsidiary	Full	100%
OOO Comarch	Subsidiary	Full	100%
Comarch Software (Shanghai) Co. Ltd.	Subsidiary	Full	100%

Comarch Technologies Oy	Subsidiary	Full	100%
Comarch UK Ltd.	Subsidiary	Full	100%
Comarch Japan KK	Subsidiary	Full	100% held by Comarch UK Ltd.
Comarch Chile SpA	Subsidiary	Full	100%
Comarch Software Spain S.L.U.	Subsidiary	Full	100%
Comarch Colombia S.A.S.	Subsidiary	Full	100% held by Comarch Software Spain S.L.U.
Comarch Yazilim A.S.	Subsidiary	Full	100%
Comarch SRL	Subsidiary	Full	100%
Comarch Malaysia SDN. BHD.	Subsidiary	Full	100%
Comarch s.r.o.	Subsidiary	Full	100%
Comarch Pointshub. Inc.	Subsidiary	Full	100%
Comarch AB	Subsidiary	Full	100%
Comarch Argentina S.A.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch AG
Comarch Saudi Arabia Co.	Subsidiary	Full	95% held by Comarch S.A., 5% held by Comarch Infrastruktura S.A.
Comarch Mexico S.A. de C.V.	Subsidiary	Full	99% held by Comarch S.A., 1% held by CA Consulting S.A.
Comarch Yuhan Hoesa (Comarch Ltd.)	Subsidiary	Full	100%
Comarch (Thailand) Limited	Subsidiary	Full	98% held by Comarch S.A., 1% held by CA Consulting S.A., Comarch Technologies Sp. z o.o.
Comarch BV	Subsidiary	Full	100%
Comarch Pty. LTD	Subsidiary	Full	100%
CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S.	Subsidiary	Full	100%
Comarch Technologies sp. z o.o.	Subsidiary	Full	100%
CA Consulting S.A.	Subsidiary	Full	100%
Geopolis sp. z o.o.	Subsidiary	Full	100%
Comarch Management sp. z o.o.	Subsidiary	Full	100%
Comarch Corporate Finance Fundusz Inwestycyjny Zamknięty	Subsidiary	Full	100% of total number of investment certificates
Comarch Management sp. z o.o. SK-A	Subsidiary	Full	26.45% held by Comarch S.A., 8.82% held by CCF FIZ, 64.73% purchased by

			Comarch Management sp. z o.o. SK-A to be redeemed
Bonus Management sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus MANAGEMENT sp. z o.o. Cracovia Park SK-A	Subsidiary	Full	50% held by Bonus Management sp. z o.o. SK-A, 50% held by MKS Cracovia SSA
Bonus Development sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Management sp. z o.o. II Activia SK-A	Subsidiary	Full	100% held by CCF FIZ
Bonus Development sp. z o.o. II Koncept SK-A	Subsidiary	Full	100% held by CCF FIZ
Comarch Healthcare S.A.	Subsidiary	Full	38.27% held by CCF FIZ, 17.33% held by Comarch S.A., 33.02% held by Comarch Software und Beratung AG, 11.38% held by CASA Management and Consulting sp. z o.o. SKA
Comarch Polska S.A.	Subsidiary	Full	100% held by CCF FIZ
Comarch Cloud S.A. (previously Comarch Pointshub S.A.)	Subsidiary	Full	100% held by CCF FIZ
Comarch Infrastruktura S.A.	Subsidiary	Full	100% held by CCF FIZ
iComarch24 S.A.	Subsidiary	Full	100% held by CCF FIZ
CASA Management and Consulting sp. z o.o. SK-A	Subsidiary	Full	100% held by CCF FIZ
Comarch Swiss AG	Subsidiary	Full	100% held by CASA Management and Consulting sp. z o.o. SK-A
CAMS AG	Subsidiary	Full	51% held by CASA Management and Consulting sp. z o.o. SK-A
Opso sp. z o.o.	Subsidiary	Full	100%
MKS Cracovia SSA	Subsidiary	Full	66.11%

19.4. Changes in Ownership and Organisational Structure in H1 2020

On the 10th of February, 2020, the share capital of Comarch Pty. Ltd. was increased from the amount of AUD 100,100 (i.e. PLN 261,281 according to the exchange rate on 10th of February, 2020) to AUD 1,300,100 (i.e. PLN 3,393,521 according to the exchange rate on 10th of February, 2020), i.e. by AUD 1,200,000 (i.e. PLN 3,132,240 according to the exchange rate on 10th of February, 2020).

On the 21st of February 2020, has been registered the capital increase in Comarch BV from the amount of EUR 200,000 (i.e. PLN 856,620 according to the exchange rate on 21st of February, 2020) to the amount of EUR 500, 00 (i.e. PLN 2,141,550 according to the exchange rate on 21st of February, 2020), i.e. by EUR 300,000 (i.e. PLN 1,284,930 according to the exchange rate on 21st of February, 2020).

On the 24th of February, 2020, a resolution was adopted to increase the share capital in Comarch SRL from the amount of EUR 900,000 (i.e. PLN 3,871,530 according to the exchange rate on 24th of February, 2020) to the amount EUR 2,000,000 (i.e. PLN 8,603,400 according to the exchange rate on 24th of February, 2020), i.e. by EUR 1,100,000 (i.e. PLN 4,731,870 according to the exchange rate on 24th of February, 2020). The share capital increase was registered on 16th of April, 2020.

On 18th of June, 2020, Metrum Capital S.A. was merged with an entity from outside the Comarch Group and is no longer an associate of the parent company.

The Management Board of Comarch S.A. informed in current report no. [RB-6-2020](#) (ENG: [RB-6-2020](#)) dated on the 23rd of April, 2020, about the signing on the 23rd of April, 2020 of the purchase agreement by Comarch S.A. of 100% shares in the company CABINET CONSEIL EN STRATEGIE INFORMATIQUE S.A.S. with its registered office in Cergy, France (hereinafter referred to as the "2CSI"), providing IT solutions and services for medical entities on the French market. As part of the transaction, Comarch S.A. will acquire 500,000 2CSI shares from the company's existing shareholders with a nominal value of EUR 1 each. 2CSI shares will be acquired at a unit price of EUR 4.20 (four euros and twenty cents), i.e. PLN 19.09 per share, and the total value of the transaction is EUR 2,100,000 (two million, one hundred thousand euros), i.e. PLN 9,543,240.

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

None present.

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 2020.

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

22.1. Deferred Income Tax Assets and Provision

During the first half of 2020, the Group settled in part a deferred tax asset related to temporary differences that was established on the 31st of December, 2019, and worth PLN 4,516 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 4,317 thousand. An asset due to tax loss was settled in the amount of PLN 61 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was minus PLN 260 thousand.

During the first 6 months of 2020, the Group settled an assets created for the zone operations in the amount of PLN 5,063 thousand which were created as at 31st of December, 2019. At the same time, in accordance with IAS 12, the Company, over the year 2020, will regularly verify the valuation of the Asset recognized for its feasibility and further recognition for subsequent periods. We would like to point out that the recognition of Assets does not affect cash flows in the parent company or in the Group (both the recognition of Assets, as well as its implementation). Therefore, this operation is purely accrual and results from the application by the Group of International Financial Reporting Standards for the preparation of the consolidated financial statements of the Comarch Group.

The total impact of changes in assets on the Group of first half of 2020 results is minus PLN 5,323 thousand.

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

Realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 30th of June, 2020, increased revenue and operating profit of Comarch Group by PLN 11,343 thousand in the first half of 2020. Negative exchange rate differences from balance sheet valuation of trade liabilities, related to weakening of PLN, BRL, ARS exchange rates against foreign currencies in the first half of 2020 decreased the result of Comarch Group by PLN 16,234 thousand. The valuation of financial instruments and realised transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Group's net result by PLN 6,954 thousand (while in the corresponding period of 2019 they increased the Group's net result by PLN 1,200 thousand). Exchange rate differences on other titles decreased the net result of the Comarch Group by PLN 1,986 thousand (while in the corresponding period of 2019 they increased the Group's net result by PLN 1,335 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in 6 months of 2020 amounted to minus PLN 13,831 thousand (plus PLN 1,328 thousand in 6 months of 2019).

22.3. Creation of write-offs for doubtful debts

In the period of 6 months of 2020, the Group created write-offs due to loss in value of trade receivables in the amount of PLN 15,072 thousand and dissolved the previously created write-offs in the amount of PLN 11,304 thousand in connection with the settlement of debts. These operations were included respectively in other operating costs and revenues in the profit and loss account.

23. Description of the Main Capital Deposits or the Main Capital Investments Made within the Comarch Group in the Given Year

None were present, except for the deposits and investments described in point [11](#).

24. Significant Legal, Arbitration or Administrative Proceedings related to Liabilities or Receivables of the Issuer or a Subsidiary, with the Subject of the Proceedings, the Value of the Subject of the Dispute, with the Subject of the Proceedings, the Value of the Subject of the Dispute, the Date of Initiation of the Proceedings, the Parties to the Proceedings and the Position of the Issuer

None were present, except for the ones described in point [3.19](#) of the consolidated financial statement for H1 2020.

Krakow, 28th of August, 2020

NAME AND SURNAME	POSITION	SIGNATURE
Janusz Filipiak	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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www.comarch.com/investors/

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

The Management Board of Comarch S.A. states that to the best of our knowledge, the condensed interim consolidated financial statement and the condensed interim financial statement for the six months ended the 30th of June, 2020, and comparable data are prepared compliant with binding accounting principles and present the true, fair and clear financial standing of the Capital Group and the Company, and the financial results. Furthermore, the report regarding the Capital Group's activities truly describes the development image and achievements as well as the Capital Group's situation including basic threats and risk.

Krakow, 28th of August, 2020

Janusz Filipiak

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