

FINANCIAL SUPERVISION AUTHORITY

Consolidated Quarterly Report QSr 1 / 2020

quarter / year

(pursuant to §60 sec.2 and §62 sec. 1 of the Regulation regarding current and periodical information)
for issuers of securities managing production, construction, trade or services activities

for <u>1</u> quarter of financial year <u>2020</u>	from <u>2020-01-01</u> to <u>2020-03-31</u>
including consolidated financial statement according to	<u>International Financial Reporting Standards (IFRS)</u>
in currency	<u>PLN</u>
and summary of financial statement according to	<u>Act on Accounting (Journal of Laws 2018.395)</u>
in currency	<u>PLN</u>
date of publication	<u>2020-05-15</u>

COMARCH SA	
(full name of an issuer)	
COMARCH	Information Technology (IT)
(abbreviated name of issuer)	(sector according to WSE classification)
31-864	Kraków
(postal code)	(city)
Al. Jana Pawła II	39A
(street)	(number)
012 646 10 00	012 646 11 00
(telephone number)	(fax number)
IR@comarch.pl	www.comarch.pl
(e-mail)	(www)
677-00-65-406	350527377
(NIP)	(REGON)

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EURO	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
DATA RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT				
I. Revenues from sales	377,818	338,688	85,940	78,805
II. Operating profit (loss)	44,864	20,944	10,205	4,873
III. Profit before income tax	20,929	19,354	4,761	4,503
IV. Net profit attributable to shareholders of parent company	14,175	6,955	3,224	1,618
V. Net cash flows from operating activities	87,867	104,348	19,987	24,279
VI. Net cash flows from investing activities	-2,278	-4,508	-518	-1,049
VII. Net cash flows from financing activities	-14,399	-15,978	-3,275	-3,718
VIII. Change in net cash flows	71,190	83,862	16,193	19,513
IX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
X. Earnings (losses) per single share (PLN/EURO)	1.74	0.86	0.40	0.20
XI. Diluted earnings (losses) per single share (PLN/EURO)	1.74	0.86	0.40	0.20
DATA RELATED TO THE FINANCIAL STATEMENT				
XII. Net revenues from sales of products, goods and materials	238,026	235,034	54,142	54,687
XIII. Profit (loss) on operating activities	28,344	16,299	6,447	3,792
XIV. Gross profit (loss)	22,770	17,391	5,179	4,046
XV. Net profit (loss)	21,015	15,913	4,780	3,703
XVI. Net cash flows from operating activities	58,735	23,164	13,360	5,390
XVII. Net cash flows from investing activities	-11,340	-1,795	-2,579	-418
XVIII. Net cash flows from financing activities	-6,559	-7,835	-1,492	-1,823
XIX. Total net cash flow	40,836	13,534	9,289	3,149

XX. Number of shares	8,133,349	8,133,349	8,133,349	8,133,349
XXI. Earnings (losses) per single share (PLN/EURO)	7.71	8.43	1.75	1.96
XXII. Diluted earnings (losses) per single share (PLN/EURO)	7.71	8.43	1.75	1.96
EQUITIES	2020-03-31	2019-12-31		
XXIII. Equity attributable to shareholders (consolidated)	982,303	952,123	215,782	223,582
XXIV. Equity (parent company)	906,126	881,540	199,048	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 31.03.2020: 4.3963;

- arithmetical average of NBP average exchange rates as of the end of each month for the period 01.01.2019 to 31.03.2019: 4.2978;

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

- 31.03.2020: 4.5523;

- 31.12.2019: 4.2585.

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 quarter 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
QSr_1_2020 Comarch SA.pdf	QSr_1_2020 Comarch SA
QSr_1_2020 consolidated.pdf	QSr_1_2020 consolidated

SIGNATURES

Date	Name and surname	Position	Signature
2020-05-15	Konrad Tarański	Vice-President of the Management Board	
2020-05-15	Iwona Kasprzyk	Proxy	



COMARCH

COMARCH CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENT

**FOR THE PERIOD
FROM 1ST OF JANUARY 2020
TO 31ST OF MARCH 2020**

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

Krakow, 15th of May 2020

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**PLN
44.9 million
of operating
profit**

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

**PLN 377.8
million of sales
revenue**

**Over
6,300
professionals
employed**

**56
companies
worldwide**

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

**63.4% share of
foreign sales in
revenue from
sales**

COMARCH GROUP CONSOLIDATED FINANCIAL STATEMENT FOR 3 MONTHS 2020

I. Consolidated Balance Sheet

ASSETS	Note	At 31 March 2020	At 31 December 2019
NON-CURRENT ASSETS			
Property, plant and equipment	3.2	547,133	539,635
Asset due to the right of use	3.3	78,225	73,636
Investment real estates	3.4	37,125	36,631
Goodwill	3.5	40,735	40,735
Other intangible assets	3.6	57,170	56,311
Non-current prepayments		2,104	2,486
Investments in associates	3.7	570	570
Other assets at fair value	3.8a	88	2,739
Other investments		217	211
Deferred income tax assets	3.9	36,719	35,002
Other receivables		9,352	8,782
		809,438	796,738
CURRENT ASSETS			
Inventories	3.10	92,353	90,741
Trade and other receivables	3.11	386,425	430,182
Current income tax receivables		5,558	3,554
Long-term contracts receivables	3.12	228,795	193,865
Available-for-sale financial assets		-	-
Other financial assets at fair value – derivative financial instruments	3.8a	224	4,923
Interest and shares		-	-
Cash and cash equivalents		399,626	322,708
		1,112,981	1,045,973
Assets available-for-sale		-	-
TOTAL ASSETS		1,922,419	1,842,711

TOAL EQUITY AND LIABILITIES	Note	At 31 March 2020	At 31 December 2019
EQUITY			
Capital and reserves attributable to the company's equity holders			
Share capital	3.13	8,133	8,133
Other capitals		143,041	143,041
Exchange differences		26,173	10,168
Net profit/(loss) from the previous years and net profit for the current period		804,956	790,781
		982,303	952,123
Minority interest		18,205	18,633
TOTAL EQUITY		1,000,508	970,756
LIABILITIES			
Non-current liabilities			
Credit and loans	3.14	142,322	141,718
Other liabilities		4,481	4,998
Lease liability	3.15	64,816	59,001
Financial liabilities at fair value – derivative financial instruments	3.8b	7,243	2,909
Other financial liabilities		-	-
Provision for deferred income tax	3.9	49,806	48,725
Provisions for other liabilities and charges	3.17	-	-
		268,668	257,351
Current liabilities			
Trade and other payables	3.18	227,578	191,770
Current income tax liabilities		6,737	8,765
Long-term contracts liabilities	3.12	170,804	172,831
Credit and loans	3.14	43,473	41,091
Lease liability	3.15	17,313	15,730
Financial liabilities at fair value – derivative financial instruments	3.8b	5,595	-
Other financial liabilities	3.16	5,066	4,009
Provisions for other liabilities and charges	3.17	176,677	180,408
		653,243	614,604
TOTAL LIABILITIES		921,911	871,955
TOTAL EQUITY AND LIABILITIES		1,922,419	1,842,711

II. Consolidated Income Statement

	Note	Q1 2020	Q1 2019
Revenue		377,818	338,688
Cost of sales		(268,880)	(258,165)
Gross profit		108,938	80,523
Other operating income		6,366	9,960
Sales and marketing costs		(29,687)	(28,454)
Administrative expenses		(28,193)	(26,468)
Other operating expenses		(12,560)	(14,617)
Operating profit		44,864	20,944
Finance revenue/(costs) - net		(23,935)	(1,590)
Share of profit / (loss) of associates		-	-
Profit before income tax		20,929	19,354
Income tax expense		(7,179)	(10,431)
Net profit for the period		13,750	8,923
Attributable to:			
<i>Shareholders of the parent company</i>		<i>14,175</i>	<i>6,955</i>
<i>Interests not entitled to control</i>		<i>(425)</i>	<i>1,968</i>
		13,750	8,923
Earnings / (losses) per share for profit attributable to the shareholders of the parent company during the period (expressed in PLN per share)			
– basic	<u>3.22</u>	1.74	0.86
– diluted	<u>3.22</u>	1.74	0.86

III. Total Income Consolidated Statement

	Q1 2020	Q1 2019
Net profit for the period	13,750	8,923
Other total income		
Exchange differences from recalculation of subsidiaries	16,002	1,123
Total other total income	16,002	1,123
 Sum of total income for the period	 29,752	 10,046
Attributable to the parent company shareholders	30,180	10,046
Attributable to the interests not entitled to control	(428)	-

IV. Consolidated Statement of Changes in Shareholders' Equity

	Attributable to the shareholders of the parent company				Capitals attributable to the interests not entitled to control	Total equity
	Share capital	Other capitals	Exchange differences	Profit/(loss) from the previous years and net profit for the current period		
Balance at 1 January 2019	8,133	143,041	8,837	698,135,	17,962	876,108
Dividend paid	-	-	-	-	-	-
Currency translation differences ⁽¹⁾	-	-	1,123	-	-	1,123
Profit for the period ⁽²⁾	-	-	-	6,955	1,968	8,923
Total income recognised in equity ⁽¹⁺²⁾	-	-	1,123	6,955	1,968	10,046
Balance at 31 March 2019	8,133	143,041	9,960	705,090	19,930	886,154
Balance at 1 January 2020	8,133	143,041	10,168	790,781	18,633	970,756
Dividend paid	-	-	-	-	-	-
Currency translation differences ⁽¹⁾	-	-	16,005	-	(3)	16,002
Profit for the period ⁽²⁾	-	-	-	14,175	(425)	13,750
Total income recognised in equity ⁽¹⁺²⁾	-	-	16,005	14,175	(428)	29,752
Balance at 31 March 2020	8,133	143,041	26,173	804,956	18,205	1,000,508

V. Consolidated Cash Flow Statement

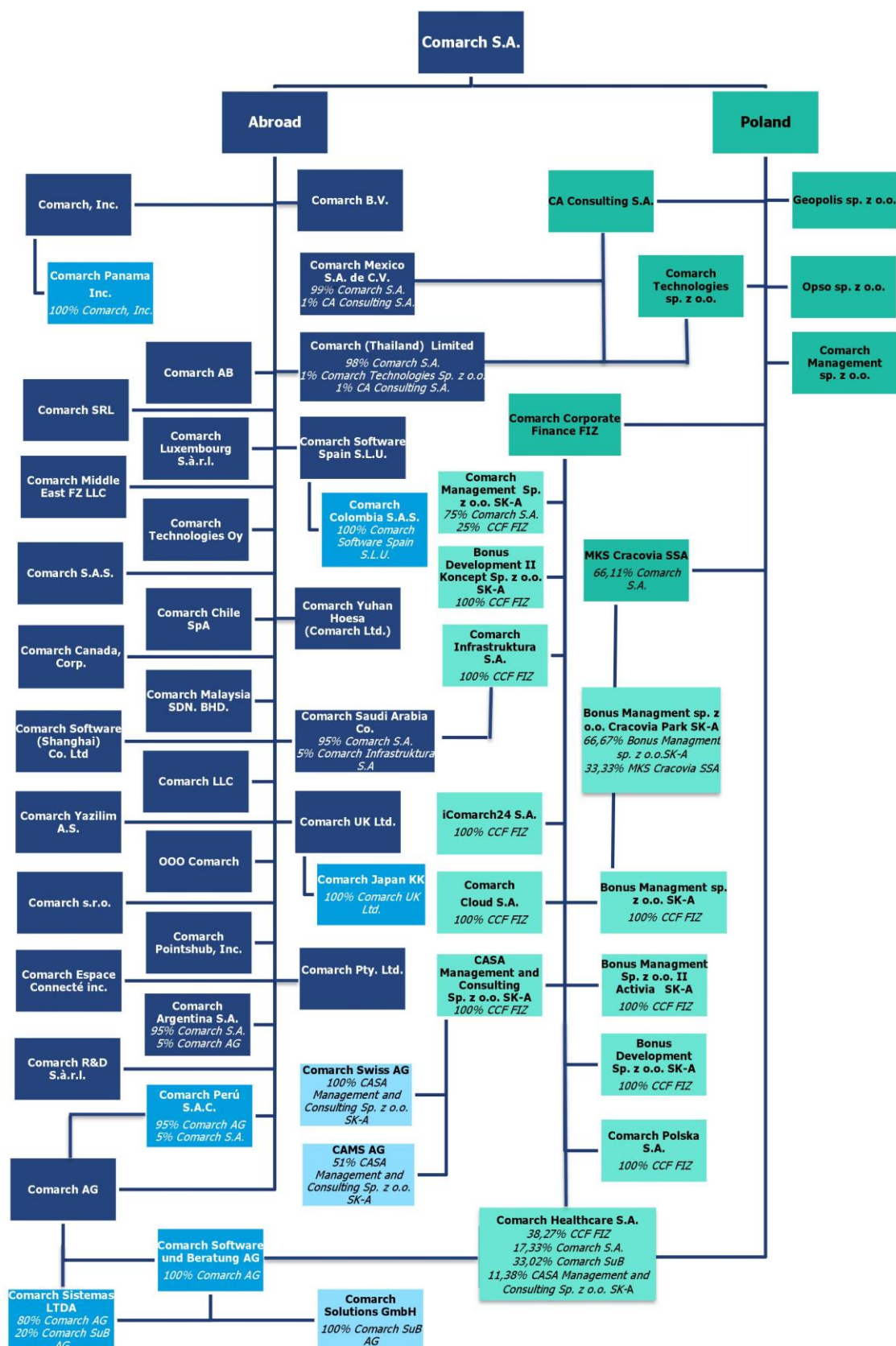
	Q1 2020	Q1 2019
Cash flows from operating activities		
Net profit	13,750	8,923
Total adjustments	80,785	104,156
<i>Depreciation</i>	<i>21,892</i>	<i>20,298</i>
<i>Profit (loss) from foreign exchange differences</i>	<i>(3,844)</i>	<i>3,429</i>
<i>Interest and profit sharing (dividends)</i>	<i>689</i>	<i>269</i>
<i>Profit (loss) on investing activities</i>	<i>(2,451)</i>	<i>(280)</i>
<i>Change in inventories</i>	<i>109</i>	<i>1,791</i>
<i>Change in receivables</i>	<i>31,446</i>	<i>46,424</i>
<i>Change in liabilities and provisions excluding credits and loans</i>	<i>32,944</i>	<i>31,210</i>
<i>Other adjustments</i>	<i>-</i>	<i>1,015</i>
Net profit less total adjustments	94,535	113,079
Income tax paid	(6,668)	(8,731)
Net cash generated (used) in operating activities	87,867	104,348
Cash flows from investing activities		
Purchases of property, plant and equipment	(7,942)	(4,094)
Proceeds from sale of property, plant and equipment	467	1,618
Purchases of intangible assets	(2,059)	(2,798)
Proceeds from disposal of investment in real estate and intangible assets	97	-
Expenses for purchase of financial assets	-	-
Expenses for investment in real estates	-	(73)
Granted loans	6,434	-
Interest	525	24
Disposal of financial assets	-	-
Other proceeds from financial assets	,200	815
Other investment expenses	-	-
Net cash generated (used) in investing activities	(2,278)	(4,508)
Cash flows from financing activities		
Dividends and other payments to owners	-	-
Proceeds from credits and loans	1,825	-
Repayments of credits and loans	(10,511)	(9,661)
Interest on credit	(633)	(653)
Interest on received loans	-	-
Granted loans	-	(300)
Proceeds from repaid loans	-	-
Proceeds from interest on loans	-	-
Payment of liabilities under finance lease agreements	(6,236)	(5,291)
Other financial proceeds	1,230	-
Other financial expenses	(74)	(73)
Net cash generated (used) in financing activities	(14,399)	(15,978)
Net change in cash, cash equivalents and bank overdrafts	71,190	83,862
Cash, cash equivalents and bank overdrafts at beginning of the period	322,701	245,906
Positive (negative) exchange differences in cash and bank overdrafts	5,721	1,974
Cash, cash equivalents and bank overdrafts at end of the period	399,612	331,742
<i>- including limited disposal</i>	<i>3,080</i>	<i>2,989</i>

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 31st of March, 2020, associates of the parent company were:

- 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),
- Metrum Capital S.A. (15.79% votes held by Comarch S.A., 31.58% votes held by CAMS AG).

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

1.2. Activities Structure in the Comarch Group

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

- The parent company Comarch S.A. acquires the majority of contracts and in large part executes them;
- Comarch AG, Comarch S.A.S., Comarch R&D S.à r.l., Comarch Luxembourg S.à r.l., Comarch Inc., Comarch Panama Inc., Comarch Canada, Corp., Comarch Middle East FZ-LLC, Comarch LLC, OOO Comarch, Comarch Technologies Oy, Comarch UK Ltd., Comarch Chile SpA, Comarch Sistemas LTDA, Comarch Software Spain S.L.U., Comarch Yazilim A.S., Comarch SRL, Comarch Espace Connecté Inc., Comarch Malaysia SDN. BHD., Comarch AB, Comarch Argentina S.A., Comarch Colombia S.A.S., Comarch Peru S.A.C., Comarch Japan KK, Comarch Saudi Arabia Co., Comarch Mexico S.A. de C.V., Comarch Yuhan Hoesa (Comarch Ltd.), Comarch (Thailand) Limited, Comarch BV, 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;
- 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. 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, CAMS AG, Bonus Management sp. z o.o. SK-A, Bonus Management sp. z o.o. II Activia SK-A, and Comarch Pointshub, Inc. conduct investment activities on capital market and activities related to IT;
- The subject matter of activities of Bonus Development sp. z o.o. SK-A and Bonus Development sp. z o.o. II Koncept SK-A are activities related to real estates;
- Comarch Healthcare S.A. 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. and Comarch Cloud S.A. are currently not operating.

1.3. Changes in Ownership and Organisational Structure in First Quarter of 2020

On the 10th of February, 2020, the share capital of Comarch Pty. Ltd. was increased from the amount AUD 100,100 (i.e. PLN 266,506) to AUD 1,300,100 (i.e. PLN 3,461,386), i.e. by AUD 1,200,000 (i.e. PLN 3,194,880).

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 851,700) to the amount of EUR 500,00 (i.e. PLN 2,129,250), i.e. by EUR 300,000 (i.e. PLN 1,277,550).

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 3,832,650) to the amount EUR 2,000,000 (i.e. PLN 8,517,000), i.e. by EUR 1,100,000 (i.e. PLN 4,684,350).

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

On the 16th of April 2020, has been registered the capital increase in Comarch SRL.

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.

2. Description of the Applied Accounting Principles

This unaudited Condensed Interim Consolidated Financial Statement of Group for the 3 months ended the 31st of March, 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 3 months ended the 31st of March, 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 3 months ended the 31st of March, 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 3 months ended the 31st of March, 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 3 months ended the 31st of March, 2020, is prepared in thousands of Polish zloty ("PLN") and was authorized for issuance by the Management Board on the 15th of May, 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 ul. 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, 31st of March, 2020, the value of the right to use assets in the Group amounted to PLN 78,225 thousand and the value of lease liabilities PLN 82,129 thousand. The value of depreciation from the asset due to the right of use in first quarter of 2020 amounted to PLN 4,984 thousand. The value of interest on leasing liabilities in first quarter of 2020 amounted to PLN 612 thousand.

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

	At 31 March 2020- published data	At 31 March 2020- without IFRS 16
Impact on the balance sheet		
Total assets	1,922,419	1,844,562
Fixed assets	809,438	731,581
Asset due to the right of use	78,225	0
Liabilities Total	1,922,419	1,843,888
Total liabilities, including:	921,911	840,120
<i>Long-term liabilities</i>	<i>268,668</i>	<i>203,962</i>
<i>Current liabilities</i>	<i>653,243</i>	<i>636,158</i>
Lease liabilities, including:	82,129	0
<i>Long-term liabilities</i>	<i>64,816</i>	<i>0</i>
<i>Current liabilities</i>	<i>17,313</i>	<i>0</i>
Equity attributable to the Company's shareholders	982,303	985,563
Impact on the profit and loss account		
Depreciation, including:	21,892	16,991
<i>Depreciation of the right to use</i>	<i>4,984</i>	<i>0</i>
Net profit, including	13,750	17,010
Net profit attributable to the company's shareholders	14,175	17,435
Impact on the cash flow		
Cash flow together	71,190	71,190
Net cash flow from operating activities	87,867	81,736
Net cash flow from investing activities	(2,278)	(2,278)
Net cash flow from financing activities	(14,399)	(8,268)

Depreciation of assets under the right of use	3 months ended 31 March 2020
Leasing of means of transport and computer equipment	275
Rent	4,643
Perpetual usufruct	66
Depreciation of assets under the right of use	4,984

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 quarter of 2020 amounted to approx. PLN 440 thousand.

■ **Amendment to IFRS 9: Prepayments with Negative Compensation**

Amendment to IFRS 9 was published on 12th of October, 2017 and is effective for annual periods beginning on or after 1st of January, 2019. Its purpose is to indicate the valuation principles for financial assets that can be repaid earlier on the basis of contractual terms and, formally, could not meet the requirements of the "payment only capital and interest" test, which would exclude their valuation at amortized cost or at fair value through other total earnings.

Following the entry into force of amendments to IFRS 9 **Prepayments with Negative Compensation** as of 1st of January, 2019, the Group conducted an analysis of historical changes in contractual conditions regarding long-term external financing agreements regarding one-off recognition of their effects in the income statement. The Group has recalculated the carrying amount of changed liabilities at amortized cost using the original interest rate. As a result of the analysis, the results of modification of financial liabilities in the profit and loss account were not recognized due to their immateriality.

A similar approach was used in the first quarter of 2020.

■ **IFRIC 23 "Uncertainty over Income Tax Treatments"**

The new interpretation was published on 7th of June, 2017 and is effective for annual periods beginning on or after 1st of January, 2019. The purpose of the interpretation is to indicate how to include income tax in financial statements in cases where existing tax regulations may leave room for interpretation and disagreement between the entity and tax authorities:

- **IAS 12 Income tax**, indicating that all tax consequences of dividend payments should be recognized in the same way,

- **IAS 23 External Financing Costs**, ordering to include in the sources of financing of a general nature also credits and loans that were originally used to finance the emerging assets - from the moment when the assets are ready for use in accordance with the intended purpose (use or sale).

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

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 22nd of October, 2018 and is effective for annual periods beginning on or after 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 31st of October, 2018 and are effective for annual periods beginning on or after 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 26th of September, 2019 and are effective for annual periods beginning on or after 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 quarter of 2020.

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

None present.

The consolidated financial statement of the Comarch Group for the 3 months ended the 31st of March, 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	100%
Comarch BV	Subsidiary	Full	100%
Comarch Pty. LTD	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 3 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 3 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.

3 months ended 31 March 2019	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment- sales to external clients	215,332	60,140	53,551	1	14,747	3,287	-	347,058
<i>including:</i>								
Revenues from sales	215,936	59,039	53,639	466	6,337	3,271	-	338,688
<i>To customers in Telecommunication, Media, IT sector</i>	56,218	16,140	10,967	-	-	-	-	83,325
<i>To customers in Finance and Banking sector</i>	32,639	6,796	2,608	-	-	-	-	42,043
<i>To customers in Trade and services sector</i>	21,141	5,311	29,600	-	-	-	-	56,052
<i>To customers in Industry&Utilities</i>	23,115	6,323	10,436	-	-	-	-	39,874
<i>To customers in Public sector</i>	34,010	2,673	-	-	-	-	-	36,683
<i>To customers in small and medium enterprises sector</i>	44,739	21,796	-	-	-	-	-	66,535
<i>To customers in Medicine sector</i>	3,704	-	-	-	-	3,271	-	6,975
<i>To other customers</i>	370	-	28	466	6,337	-	-	7,201
 <i>Other operating revenue</i>	 317	 991	 71	 8	 8,559	 14	 -	 9,960
<i>Finance revenue</i>	(921)	110	(159)	(473)	(149)	2	-	(1,590)
Revenues per segment - sales to other segments	60,281	7,112	7,274	1,934	2,068	850	(79,519)	-
Revenues per segment - total*	275,613	67,252	60,825	1,935	16,815	4,137	(79,519)	347,058
Costs per segment relating to sales to external clients	192,784	58,206	63,954	438	8,743	3,579	-	327,704
Costs per segment relating to sales to other segments	60,281	7,112	7,274	1,934	2,068	850	(79,519)	-
Costs per segment - total*	253,065	65,318	71,228	2,372	10,811	4,429	(79,519)	327,704
Current taxes	(2,032)	(4,393)	(1,937)	(114)	(300)	-	-	(8,776)
Assets for the tax due to investment allowances and other tax relief	(1,657)	291	(345)	(7)	63	-	-	(1,655)
Share of segment in the result of parties valued using the equity method of accounting	474	-	(474)	-	-	-	-	-
Net result	19,333	(2,168)	(13,159)	(558)	5,767	(292)	-	8,923
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	19,333	(2,168)	(13,159)	(558)	3,799	(292)	-	6,955
<i>Result attributable to minority interest</i>	-	-	-	-	1,968	-	-	1,968

*) 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 31st of March, 2019, as well as investment expenditures and depreciation in during 3 months of 2019:

31 March 2019 / 3 months ended 31 March 2019

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	972,581	262,999	291,286	148,867	79,529	7,114	1,762,376
Liabilities	556,429	118,547	129,076	44,392	27,201	577	876,222
Investment expenditures	4,522	380	1,666	180	110	107	6,965
Depreciation	14,314	1,419	2,392	809	1,099	265	20,298

3 months ended 31 March 2020	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Eliminations	Total
	Polish market	DACH market	Other markets					
Revenues per segment- sales to external clients	188,546	72,972	89,934	(1,622)	7,340	3,079	-	360,249
<i>including:</i>								
Revenues from sales	212,946	73,016	82,167	562	6,158	2,969	-	377,818
<i>To customers in Telecommunication, Media, IT sector</i>	45,288	20,568	31,153	-	-	-	-	97,009
<i>To customers in Finance and Banking sector</i>	44,633	8,221	4,391	-	-	-	-	57,245
<i>To customers in Trade and services sector</i>	20,020	4,550	32,388	-	-	-	-	56,958
<i>To customers in Industry&Utilities</i>	25,846	8,951	14,228	-	-	-	-	49,025
<i>To customers in Public sector</i>	27,231	2,779	-	-	-	-	-	30,010
<i>To customers in small and medium enterprises sector</i>	45,463	27,947	-	-	-	-	-	73,410
<i>To customers in Medicine sector</i>	4,374	-	-	-	-	2,969	-	7,343
<i>To other customers</i>	91	-	7	562	6,158	-	-	6,818
<i>Other operating revenue</i>	212	1,669	3,163	80	1,147	95	-	6,366
<i>Finance revenue</i>	(24,612)	(1,713)	4,604	(2,264)	35	15	-	(23,935)
Revenues per segment - sales to other segments	81,141	7,919	9,029	1,974	1,464	-	(101,527)	-
Revenues per segment - total*	269,687	80,891	98,963	352	8,804	3,079	(101,527)	360,249
Costs per segment relating to sales to external clients	161,767	74,431	90,550	788	8,455	3,329	-	339,320
Costs per segment relating to sales to other segments	81,141	7,919	9,029	1,974	1,464	-	(101,527)	-
Costs per segment - total*	242,908	82,350	99,579	2,762	9,919	3,329	(101,527)	339,320
Current taxes	(5,069)	(1,570)	(1,046)	(131)	-	-	-	(7,816)
Assets for the tax due to investment allowances and other tax relief	672	793	(770)	79	(137)	-	-	637
Share of segment in the result of parties valued using the equity method of accounting	-	-	-	-	-	-	-	-
Net result	22,382	(2,236)	(2,432)	(2,462)	(1,252)	(250)	-	13,750
<i>including:</i>								
<i>Result attributable to shareholders of the parent company</i>	22,382	(2,236)	(2,432)	(2,461)	(828)	(250)	-	14,175
<i>Result attributable to minority interest</i>	-	-	-	(1)	(424)	-	-	(425)

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

Sales between specific segments are calculated based on market conditions.

Share of business segments in Assets and Liabilities and Investment Expenditures

The following table presents the assets and liabilities of particular segments as at the 31st of March, 2020, as well as investment expenditures and depreciation in during 3 months of 2020:

31 March 2020 / 3 months ended 31 March 2020

	IT Segment			Investment Segment	Sport Segment	Medicine Segment	Total
	Poland	DACH region	Other countries				
Assets	1,033,373	300,266	345,566	148,233	84,335	10,646	1,922,419
Liabilities	576,386	132,602	139,735	36,487	31,940	4,761	921,911
Investment expenditures	2,860	2,201	2,175	188	1,961	616	10,001
Depreciation	14,237	2,785	2,770	874	1,178	48	21,892

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

Revenues from basic sales - activities location

	3 months ended 31 March 2020		%	3 months ended 31 March 2019	
Poland	222,635	58.9		226,010	66.7
DACH region	73,016	19.3		59,039	17.4
Other countries	82,167	21.8		53,639	15.9
Total	377,818	100.0		338,688	100.0

Assets – activities location

	31 March 2020		%	31 December 2019	
Poland	1,276,573	66.4		1,264,693	68.6
DACH region	300,266	15.6		250,384	13.6
Other countries	345,580	18.0		327,634	17.8
Total	1,922,419	100.0		1,842,711	100.0

Investment expenditures – activities location

	3 months ended 31 March 2020	%	12 months ended 31 December 2019	%	3 months ended 31 March 2019	%
Poland	5,625	56.3	46,023	81.7	4,919	70.6
DACH region	2,201	22	2,672	4.7	380	5.5
Other countries	2,175	21.7	7,649	13.6	1,666	23.9
Total	10,001	100	56,344	100.0	6,965	100.0

3.2. Property, Plant and Equipment

	31 March 2020	31 December 2019
Lands and buildings	386,061	384,075
Means of transport and machinery	119,883	122,443
Property, plant and equipment under construction	25,266	22,316
Others	13,749	8,753
Advance money for property, plant and equipment under construction	2,174	2,048
Total	547,133	539,635

Property, plant and equipment comprise mostly real estates and machinery owned by Comarch Group. As at the 31st of March, 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 in Lille at 2,526 square meters of the total space and an office building and data centre in Dresden at 2,144 square metres of the total space. The Group owns also lands in the Special Economic Zone in Krakow at approx. 2.01 ha of the total area. As at the 31st of March, 2020, property, plant and equipment under construction comprise mostly expenditures to modernization works of buildings incurred by Bonus Management sp. z o.o. SKA and Bonus Management sp. z o.o. II Activia SKA (an amount of PLN 5,949 thousand) and expenditures related to construction of the Southern Poland Football Training and Research Centre for Cracovia (an amount of PLN 14,040 thousand).

3.3. Asset due to the Right of Use

	31 March 2020	31 December 2019
Leasing of means of transport and IT equipment	1,765	1,735
Rent	58,157	53,533
Perpetual usufruct	18,303	18,368
Total	78,225	73,636

Value of depreciation of the asset due to the right of use in first quarter of 2019 amounted to PLN 4,984 thousand.

3.4. Investment Real Estate

	31 March 2020	31 December 2019
Lands	4,865	3,557
Buildings	32,260	33,074
Total	37,125	36,631

As at the 31st of March 2020, investment real estate comprise two office buildings, placed in Krakow with a total space 8,629 square meters, used for lease to the entities outside Group and lands located in Krakow, purchased in order to construct buildings dedicated for lease to the entities outside Group, as well as a real estate located in Kostrzyń leased to the entities outside Group.

3.5. Goodwill

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

	31 March 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.	-	-
Total	40,735	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.

3.6. Others Intangible Assets

	31 March 2020	31 December 2019
Costs of finished development works	-	-
Perpetual usufruct right	37,536	37,559
Licences and software	14,340	14,523
Other	5,283	4,229
Advance money for intangible assets	11	-
Total	57,170	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 5,283 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 31st of March, 2020, the Group had investments in associates:

At 1 January 2019	1,520
Granting loan to 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 to SoInteractive S.A.	-
Repayment of loan by SoInteractive S.A.	-
At 31 March 2020	570

As at the 31st of March, 2020, investment in associates includes loans granted to SoInteractive S.A. by Comarch Group companies in the amount of PLN 570 thousand.

3.8. Derivative Financial Instruments

a) Assets

	31 March 2020	31 December 2019
Forward foreign exchange contracts – held-for-trading	312	7,662
Transaction on change of IRS	-	-
	312	7,662
<i>Current portion</i>	224	4,923
<i>Non-current portion</i>	88	2,739

b) Liabilities

	31 March 2020	31 December 2019
Forward foreign exchange contracts – held-for-trading	9,193	-
Transaction on change of IRS	3,645	2,909
	12,838	2,909
<i>Current portion</i>	5,595	-
<i>Non-current portion</i>	7,243	2,909

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, and to secure cash flows on account of an investment credit granted in Euro. As at the 31st of March, 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 31st of March, 2020, amounted to EUR 58,200 thousand and USD 21,900 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 31st of March, 2020, valuation of the IRS transaction amounted to minus PLN 372 thousand.

On the 23rd of October, 2015, Comarch S.A. concluded a transaction on change of IRS for investment credit taken on the 4th of December, 2013, from Bank Pekao S.A. with its registered office in Warsaw. As a consequence of the concluded transaction, variable EURIBOR1M rate was changed into a fixed interest rate. The hedging transaction was concluded for the period of 8 years, i.e. till the 30th of November, 2023. As at the 31st of March, 2020, valuation of the IRS transaction amounted to minus PLN 344 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 31st of March, 2020, valuation of the IRS transaction amounted to minus PLN 1,728 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 31st of March, 2020, valuation of the IRS transaction amounted to minus PLN 1,201 thousand.

3.9. Deferred Income Tax

	31 March 2020	31 December 2019
Deferred income tax assets		
Temporary differences	23,821	20,284
Asset due to a tax loss	5,616	4,760
Asset due to activities in Special Economic Zone ("SEZ")	7,282	9,958
Total	36,719	35,002
<i>Charged to financial result</i>	<i>36,719</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 31st of March, 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 2,438 thousand as at the 31st of March, 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 31st of March, 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 31st of March, 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 quarter of 2020, the Group settled in part a deferred tax asset related to temporary differences that was created on the 31st of December, 2019, and worth PLN 1,419 thousand, as well as an asset due to temporary differences was recognized in the amount of PLN 4,956 thousand. An asset due to tax loss was recognized in the amount of PLN 856 thousand. The total effect of the above-mentioned operations on the net result of the reporting period was plus PLN 4,393 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 quarter of 2020, the Group settled an assets created for the zone operations in the amount of PLN 2,676 thousand which were created as at 31st of December, 2019. At the same time, in accordance with IAS 12, the Company 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 quarter of 2020 results is plus PLN 1,717 thousand.

	31 March 2020	31 December 2019
Provision for deferred income tax		
Temporary differences	20,766	20,521
Provision due to fair value valuation of MKS Cracovia SSA's real estates	5,430	5,430
Provision due to valuation of certificates in CCF FIZ	23,610	22,774
Total	49,806	48,725
<i>Charged to equity</i>	<i>5,430</i>	<i>5,430</i>
<i>Charged to financial result</i>	<i>44,376</i>	<i>43,295</i>

Due to valuation of net assets of CCF FIZ in first quarter of 2020, a deferred tax provision was increased by PLN 836 thousand. At the same time, a deferred tax provision due to temporary differences was recognized in the amount of PLN 3,346 thousand and dissolved in the amount of PLN 3,101 thousand. The total effect of the above-mentioned operations on the net result of first quarter of 2020 was minus PLN 1,081 thousand.

Total changes in the deferred income tax resulted in an increase in result of PLN 636 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

	31 March 2020	31 December 2019
Raw materials	2,154	2,456
Work in progress	77,906	75,944
Goods	11,391	11,702
Finished products	148	65
Advance due to finished products	754	574
Total	92,353	90,741

The cost of inventories included in 'Costs of products, goods and materials sold' in the income statement amounted to PLN 105,824 thousand (3 months ended the 31st of March, 2020), PLN 407,538 thousand (12 months of 2019), PLN 157,088 thousand (3 months ended the 31st of March, 2010).

Over the first three months of 2020, Comarch Group 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 41 thousand.

3.11. Trade and Other Receivables

	31 March 2020	31 December 2019
Trade receivables - net	326,505	374,987
<i>Trade receivables</i>	<i>404,560</i>	<i>447,083</i>
<i>Write-off revaluating receivables</i>	<i>(78,055)</i>	<i>(72,096)</i>
Other receivables	28,187	29,196
Short-term prepayments	22,580	14,135
Other prepayments	4,335	110
Loans	4,811	11,702
Trade receivables and other receivables from related parties - net	7	52
<i>Trade receivables and other receivables from related parties</i>	<i>7</i>	<i>52</i>
<i>Write-off revaluating receivables</i>	<i>-</i>	<i>-</i>
Total	386,425	430,182
<i>Current portion</i>	<i>386,425</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 31st of March, 2020, the Group recognised a write-off due to loss in value of its trade

receivables that was worth PLN 10,778 thousand and dissolved previously created write-offs worth PLN 4,628 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.

	3 months ended 31 March 2020	3 months ended 31 March 2019
Revenues from completed contracts recognized in the reporting period	7,227	6,085
Revenues from contracts not completed recognized in the reporting period	109,178	85,326
Revenues from contracts not completed recognized in the reporting period- an effect of settlement pursuant to IFRS 15	36,957	38,811
Total	153,362	130,222

Changes in settlements due to long-term contracts recognized in assets and liabilities between the 31st of March 2019, and the 31st of March, 2020, are presented below:

	31 March 2020	31 March 2019
Long-term contracts revenues included to the balance sheet date - determined according to the progress of work	1,590,470	1,078,061
Issued invoices	(1,532,479)	(1,068,269)
Total	57,991	9,792

	Long-term contracts receivables	Long-term contracts liabilities	Net
Value as at 1 January, 2019	134,800	(163,818)	(29,018)
Correction of the current period (reversal of the adjustment due to the application of IFRS 15)	(6,538)	2,106	(4,432)
Correction of the current period	34,149	9,093	43,242
Value as at 1 March, 2019	162,411	(152,619)	9,792
Change	27,611	11,199	38,810
Value as at 1 January, 2020	193,865	(172,831)	21,034
Correction of the current period (reversal of the adjustment due to the application of IFRS 15)	(6,537)	(794,091)	(800,628)
Correction of the current period	41,467	796,118	837,585
Value as at 1 March, 2020	228,795	(170,804)	57,991
Change	34,930	2,027	36,957

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 31 December 2019	8,133,349	8,133,349	-	8,133,349
At 31 March 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."

The written consent of the Management Board is required to dispose of registered shares. The sale of shares without the permission of the Management Board is possible on the condition that it is stated in Comarch S.A.'s statute.

Every ordinary bearer share entitles its holder to one vote at the AGM. The conversion of bearer shares into registered shares is not permitted.

3.13.1.Changes in Share Capital in First Quarter of 2020

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

	31 March 2020	31 December 2019
Non-current		
Non-revolving credits	137,691	136,880
Revolving credits	-	-
Loans	4,631	4,838
	142,322	141,718
Current		
Non-revolving credits	37,834	36,386
Revolving credits	-	-
Loans	5,639	4,705
	43,473	41,091
Total credits and loans	185,795	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 quarter of 2020, the value of drawdown credits and loans granted to entities outside the Group amounted to PLN 10,511 thousand. During the first quarter 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 Comarch Group did not use the overdraft facility.

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 31 March 2020				
Credits and loans	43,473	106,192	36,130	185,795

The maturity of non-current bank credits, loans and financial liabilities	31 March 2020	31 December 2019
Between 1 and 2 years	38,132	35,815
Between 2 and 5 years	68,060	69,737
Over 5 years	36,130	36,166
	142,322	141,718

Currency structure of the balance sheet values of credits, loans and financial liabilities	31 March 2020	31 December 2019
In Polish currency (PLN)	10,270	9,542
In EUR (equivalence in PLN)	175,525	173,267
	185,795	182,809

Effective interest rates at the balance sheet date	31 March 2020	31 December 2019
Bank credits	1.53%	1.53%
Loans	2.48%	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	2,767 (2,919 as at 31 st of December, 2019)	EUR	12,596 (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. office buildings SSE5 in Krakow - refinancing	Powszechna Kasa Oszczędności Bank Polski S.A.	4,126	EUR	773 (902 as at 31 st of December, 2019)	EUR	3,519 (3,840 as at 31 st of December, 2019)	PLN	EURIBOR1M + bank margin	29 th of September, 2021	mortgage on the SSE5 building, assignment of rights from the building's insurance policy, blank promissory note, declaration on submission to enforcement

Comarch S.A. nonrevealing operating credit	Santander Bank Polska S.A. (previously Bank Zachodni WBK S.A.)	7,400	EUR	715 (953 as at 31 st of December, 2019)	EUR	3,254 (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	6,098 (6,507 as at 31 st of December, 2019)	EUR	27,759 (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	12 525 (12,920 as at 31 st of December, 2019)	EUR	57 017 (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	1 312 (1,400 as at 31 st of December, 2019)	EUR	5 975 (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	6 520 (6,680 as at 31 st of December, 2019)	EUR	29 682 (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	4,581	EUR	20,854	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),

Data centre in Lille in France				(4,908 as at 31 st of December, 2019)		(20,900 as at 31 st of December, 2019)				statement by Comarch S.A. on submission to enforcement, assignment of rights from the
Comarch S.A.										
Comarch infrastructure modernization program	CaixaBank S.A. Oddział w Polsce	3,500	EUR	3,266 (3,499 as at 31 st of December, 2019)	EUR	14,869 (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.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	12,980	PLN			4,406 (4,850 as at 31 st of December, 2019)	PLN	fixed	1 st of March, 2022	-
Comarch Polska S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,475	PLN			1,929 (2,144 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2022	Comarch S.A. guarantee
Comarch S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	3,139	PLN			1,808 (1,944 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2022	-
Comarch S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,814	PLN			302 (605 as at 31 st of December, 2019)	PLN	fixed	1 st of May, 2020	-
Comarch S.A.										
Delivery of IT equipment related to IT project realized by the Comarch Group	IBM Global Financing Polska Sp. z o.o.	1,825	PLN			1,825 (0 as at 31 st of December, 2019)	PLN	fixed	1 st of March, 2022	-

3.14.2. Current Credit Lines

The companies of the Comarch Group use the following non-revolving credits and loans:

Company of Comarch Group	Financial Institution	Purpose	Total amount of credit/loan		Amount remained to payment		Interest conditions	Repayment date	Securities
			Value	Currency	Value	Currency			
Comarch S.A.	Powszechna Kasa Oszczędności Bank Polski S.A.	Financing operating activities	20,000	PLN	0	PLN	WIBOR1M + bank margin	20 th of December, 2020	declaration of submission to enforcement

Comarch S.A.	Bank Polska Kasa Opieki S.A.	Financing operating activities	30,000	PLN	0	PLN	WIBOR1M + bank margin	30 th of June, 2020	declaration of submission to enforcement
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	31 March 2020	31 December 2019
Credit lines in the current account and revolving credits, including:	50,000	60,000
Used at the balance sheet date	-	-
Available at the balance sheet date	50,000	60,000

3.15. Liabilities due to Lease

	31 March 2020	31 December 2019
Leasing of means of transport and IT equipment	1,887	1,744
Rent	62,185	54,297
Perpetual usufruct	18,057	18,690
<i>Current portion</i>	<i>17,313</i>	<i>15,730</i>
<i>Non-current portion</i>	<i>64,816</i>	<i>59,001</i>
Total	82,129	74,731

Age structure of liabilities due to lease

	12 months or less	1-5 years	over 5 years	Total
Lease of means of transport and IT hardware	836	1,052	0	1,888
Rent	16,433	38,699	7,053	62,185
Perpetual usufruct	44	195	17,817	18,056
Liabilities due to lease	17,313	39,946	24,870	82,129

3.16. Other Financial Liabilities

	31 March 2020	31 December 2019
Liabilities due to financial lease	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Dividend payables	-	-
<i>Current portion</i>	-	-
<i>Non-current portion</i>	-	-
Liabilities due to bills of exchange	5,066	4,009
<i>Current portion</i>	5,066	4,009
<i>Non-current portion</i>	-	-
Total	5,066	4,009

As at 31st of March, 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 and bills of exchange at Bonus Management Sp. z o.o. II ACTIVIA SKA, maturing on the first quarter of 2021.

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:	3,317	2,077	(13,365)	9,986	(5,746)	(3,731)
<i>Provisions created</i>	4,745	4,489	348	12,734	14,739	37,055
<i>Provisions used and dissolved</i>	(1,428)	(2,412)	(13,713)	(2,748)	(20,485)	(40,786)
At 31 March 2020	8,035	16,152	12,528	43,083	96,879	176,677

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

3.18. Trade and Other Payables

	31 March 2020	31 December 2019
Trade payables	53,036	60,205
Advance payments received due to services	1,478	1,101
Trade payables and other liabilities to related parties	-	-
Liabilities due to social insurance and other tax charges	50,395	61,801
Investments liabilities	1,511	1,177
Liabilities due to remuneration	71,003	29,034
Revenues from the future periods	9,313	6,373
Other payables	2,843	1,689
Special funds (Social Services Fund and Residential Fund)	37,999	30,390
Total	227,578	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 31st of March, 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 88,862 thousand, whereas it was PLN 90,725 thousand on the 31st of December, 2019.

On the 31st of March, 2020, the value of bank guarantees issued by banks on order from Comarch Software und Beratung Group was EUR 422 thousand, i.e. PLN 1,923 thousand, whereas it was EUR 392 thousand, i.e. PLN 1,668 thousand on the 31st of December, 2019.

On the 31st of March, 2020, the value of bank guarantees issued by banks on order from Comarch AG was EUR 16 thousand, i.e. PLN 73 thousand, whereas it was EUR 16 thousand, i.e. PLN 68 thousand 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).

	31 March 2020	31 December 2019
Granted credit lines for financing of current activities (guarantees, letters of credit, credit lines in current account)		
Credit lines *	229 416	239 273
	229 416	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 21,236 thousand. Provisions for part of these claims were presented in the balance sheet as at the 31st of March, 2020, and are worth PLN 1,875 thousand. In first quarter of 2020, Comarch Group created provisions for claims covered by legal proceedings in the amount of PLN 126 thousand and resolved provisions in this respect for the amount of PLN 9,486 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 44,112 thousand. Provisions for part of these claims presented in the balance sheet as at the 31st of March, 2020, and are worth PLN 3,255 thousand. In first quarter of 2020, Comarch Group created provisions for matters in disputes, but not legal proceedings in the amount of PLN 53 thousand and resolved provisions in this respect for the amount of PLN 72 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 quarter of 2020 the Comarch Group created write-offs that revalue receivables in the amount of PLN 300 thousand.

Due to the matters in disputes, but not legal proceedings in first quarter of 2020 the Comarch Group created write-offs that revalue receivables in the amount of PLN 1,969 thousand.

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. Revenues from Sales of Goods and Services

	3 months ended 31 March 2020	3 months ended 31 March 2019
Revenues from sales of goods		
SoInteractive S.A.	-	-
Thanks Again LLC*	-	-
	-	-
Revenues from sales of services		
SoInteractive S.A.	6	17
Thanks Again LLC*	-	276
Metrum Capital S.A.	-	-
	6	293
	6	293

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

	3 months ended 31 March 2020	3 months ended 31 March 2019
Purchases of goods		
SoInteractive S.A.	-	-
Thanks Again LLC*	-	-
	-	-
Purchases of services		
SoInteractive S.A.		
<i>Included in generation costs</i>	-	413
<i>Included in other costs</i>	-	-
	-	413
Thanks Again LLC*		
<i>Included in generation costs</i>	-	-
<i>Included in other costs</i>	-	-
	-	-
Total	-	413

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

	31 March 2020	31 December 2019
Receivables from related parties		
SoInteractive S.A.	7	52
Thanks Again LLC*	-	-
	7	52
Payables from related parties		
SoInteractive S.A.	865	-
Thanks Again LLC*	-	-
	865	-

*) 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 quarter of 2020, was not an associated company with the parent company.

3.21.4. Transactions with Associates and Personally Related Entities

	3 months ended 31 March 2020	3 months ended 31 March 2019
Purchases from personally related entities	991	766
Sales to personally related entities	420	280
Loans and interest on loans repaid by personally related entities	6,498	-
Loans and interest on loans granted to personally related entities	-	-
Purchases from associates	-	413
Sales to associates	6	293
Loans and interest on loans repaid by associates	-	-
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

	31 March 2020	31 December 2019
Trade receivables from personally related parties	999	789
Loans receivables from personally related parties	4,820	11,239
Trade payables to personally related parties	627	952
Liabilities due to loans from personally related parties	5,065**	4 009*

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

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

3.22. Earnings per Share

	3 months ended 31 March 2020	3 months ended 31 March 2019
Net profit for the period attributable to equity holders of the Company	14,175	6,955
Weighted average number of shares in issue	8,133	8,133
Basic earnings per share (PLN)	1.74	0.86
Diluted number of shares	8,133	8,133
Diluted earnings per share (PLN)	1.74	0.86

Basic earnings per share in the column "3 months ended 31 March 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 31st of March 2020, by the weighted average number of shares in issue between the 1st of January, 2020, to the 31st of March 2020, where the number of days is the weight. Basic earnings per share in the column "3 months ended 31 March 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 31st of March, 2019, by the weighted average number of shares in issue between the 1st of January, 2019, to the 31st of March, 2019, where the number of days is the weight.

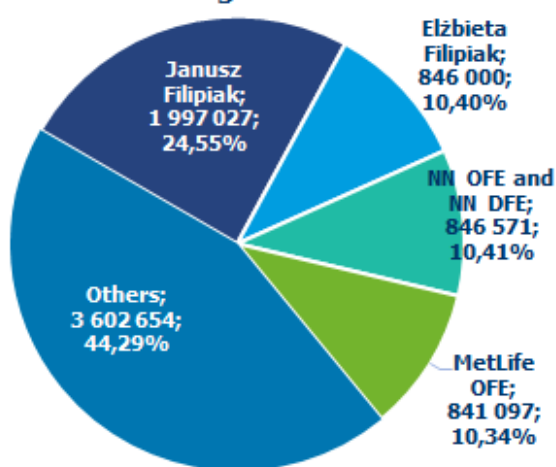
Diluted earnings per share in the column "3 months ended 31 March 2020" is calculated by dividing the net consolidated profit attributable to shareholders of Comarch S.A. for the period from the 1st of January, 2020, to the 31st of March 2020, by the sum of the weighted average number of shares in issue between the 1st of January, 2020, to the 31st of March 2020, where the number of days is the weight and diluted number of shares. Diluted earnings per share in the column "3 months ended 31 March 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 31st of March, 2019, by the sum of the weighted average number of shares in issue between the 1st of January, 2019, to the 31st of March, 2019, where the number of days is the weight.

4. Additional Notes

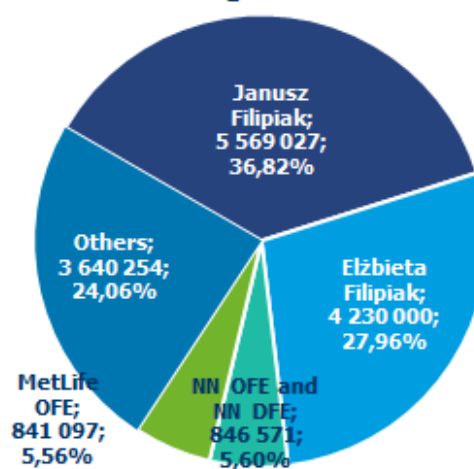
4.1. Information About Shareholders Holding at least 5% of the Total Number of Votes at Comarch S.A. General Meeting and Shares Held by Members of the Management Board and the Board of Supervisors

4.1.1. 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 15 May, 2020

Shareholding - number of shares



Shareholding - number of votes



4.1.2. Change in the Total Number of Votes at Comarch S.A.

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. Elzbieta 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. Elzbieta 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.

4.1.3. Changes in Significant Holdings of Comarch S.A. Shares from the Publication of the Last Periodical report, i.e. 29^h April 2020

Entity	At 15 May 2020				At 29 April 2020			
	Shares	% in share capital	Number of votes	% in votes	Shares	% in share capital	Number of votes	% in votes
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 + DFE	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

4.1.4. Changes in Holdings of Comarch S.A. Shares by Managing and Supervising Persons between 29th of April, 2020 and 15th of May, 2020

The following table presents the ownership of Comarch S.A. shares by management and supervisors as at the date on which the consolidated report for 2019 was published, i.e. on the 29th of April, 2020, and on the 15th of May, 2020, pursuant to the information possessed by the Company.

Members of the Management Board and the Board of Supervisors	Position	At 15 May 2020		At 29 April 2020	
		Shares	% in votes	Shares	% in votes
Janusz Filipiak	President of the Management Board	1,997,027	36.82	1,997,027	36.82
Elżbieta Filipiak	Chairman of the Board of Supervisors	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

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

4.2.1. Deferred Income Tax Assets and Provisions

During the first quarter of 2020, the Group settled in part a deferred tax asset related to temporary differences that was established as at the 31st of December, 2019, and worth PLN 1,419 thousand, as well as an asset due to temporary differences was recognised in the amount of PLN 4,956 thousand and asset due to tax loss was recognised in the amount of PLN 856 thousand. The total effect of changes in the deferred tax on the net result of the Comarch Group in 2019 amounted to plus PLN 4,393 thousand. During first quarter of 2020, the Group settled in part an asset created for the zone operations in the amount of PLN 2,676 thousand which was created as at 31st of December, 2019.

In connection with the valuation of the net asset value of CCF FIZ, the provision was increased by PLN 836 thousand in the first quarter of 2020. At the same time, a deferred tax provision due to temporary differences was recognised in the amount of PLN 3,346 thousand and dissolved in the amount of PLN 3,101 thousand. The total effect of the all above-mentioned operations on the net result of the first quarter of 2020 amounted to minus PLN 1,081 thousand.

Total changes in deferred tax resulted in a decrease in net profit by PLN 636 thousand.

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

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

Positive realized foreign exchange rate differences and balance sheet valuation of exchange rates on receivables and liabilities as at the 31st of March, 2020 increased revenue and operating profit of Comarch Group in first quarter of 2020 by PLN 18,655 thousand. Negative exchange rate differences on the balance sheet valuation of trade payables, related to the weakening of the PLN exchange rate against foreign currencies in the first quarter of 2020, decreased the result of Comarch Group by PLN 15,711 thousand. The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Group's result by PLN 14,898 thousand (while in the corresponding period of 2019 decreased by PLN 500 thousand). Exchange rate differences from other activities decreased the result of Comarch Group by PLN 4,215 thousand (while in the corresponding period of 2019 increased by PLN 327 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch Group in first quarter of 2020 amounted to minus PLN 16,169 thousand (plus PLN 483 thousand in first quarter of 2019).

4.2.3. Creation of Write-offs for Bad Debts

During 3 months of 2020, the Group created impairment losses on trade receivables in the amount of PLN 10,779 thousand and dissolved previously created write-offs in the amount of PLN 4,628 thousand in connection with the payment of receivables. These operations were recognized in other operating costs and revenues in the profit and loss account, respectively. Details are described in section [3.11](#).

4.3. Other Events in First Quarter of 2020

4.3.1. Dates of Periodical Financial Reports in 2020

On the 3rd of January, 2020, in the current report no. [RB-1-2020](#) (ENG: [RB-1-2020](#)) Comarch S.A.'s Management Board set dates of periodical financial reports in 2020:

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

- 1) Q4 2019 - on 28th of February, 2020
- 2) Q1 2020 - on 15th of May, 2020
- 3) Q2 2020 - Pursuant to §79 sec. 2 of the Regulation issued by the Minister of Finance concerning current and periodical information pertaining to companies traded on the stock exchange and on the conditions for recognizing the equivalence of information required by legal regulations binding in a country which is not a member state, Comarch S.A. will not publish quarterly report for the second quarter of 2020
- 4) Q3 2020 - on 17th of November, 2020.

ANNUAL AND HALF-YEAR REPORTS:

- 1) Annual report for 2019 - on 29th of April, 2020
- 2) Consolidated annual report for 2019 - on 29th of April, 2020
- 3) Consolidated half-year report which includes condensed consolidated financial statement and condensed financial statement for the first half of 2020 - on 28th of August, 2020.

4.3.2. 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.

4.3.3. 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. (The "Company") 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.

The Management Board of the Comarch Group does not exclude that in terms of revenue from sales in individual countries in which the Comarch Group operates, due to the increase in the number of cases and issued recommendations of state authorities regarding mobility reduction and conducting business

activity, a temporary decrease in revenue from the sales of offered services and products is possible, but its value is not estimable at the time of publication of this report. The financial results achieved in the coming periods will also be influenced by: the duration of the epidemic, further administrative restrictions in the functioning of states, restrictions imposed on entrepreneurs, the possibility of using aid packages launched by individual countries.

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. The Management Board of the Comarch Group sees potential threats to maintaining financial liquidity by some contractors from industries particularly affected by the effects of a pandemic (e.g. airlines, tourist and commercial companies). The volatility of exchange rates occurring in connection with the pandemic, in particular the weakening of the PLN exchange rate against EUR and USD will have an impact on the financial results achieved by the Group in the following quarters of 2020.

4.4. Events after the Balance Sheet Date not included in the Report

4.4.1. Settlement with one of the clients

In April 2020, a settlement was concluded with one of the clients, ending one of many years of pending court proceedings.

The Group dissolved the provision in the amount of PLN 5,294 thousand, which was included in the financial statements for the first quarter of 2020. The value of potential joint claims by third parties in which the Comarch Group is a party sued in court proceedings decreased by PLN 26,387 thousand.

4.4.2. Report on the Activities of the Supervisory Board of Comarch S.A. for the Period from 1 January, 2019 to 31 December, 2019 and Assessment of the Company's Standing

According to the detailed rule no. II.Z.10. included in Part II of the Code of Best Practice for WSE Listed Companies 2016 "The Management Board of Comarch S.A. published in current report no. [EBI-1-2020](#) (ENG: [EBI-1-2020](#)) dated on 12th of May 2020 a report on the activities of the Supervisory Board of Comarch S.A. for the period from 1st of January, 2019 to 31st of December, 2019, evaluation of the Company's situation including the internal control system, significant risk management system for the Company, compliance and internal audit function, assessment of compliance with information obligations regarding the application of corporate governance and assessment of the rationality conducted by A policy company in the area of sponsorship and charity.

4.4.3. Forward Contracts Concluded after the Balance Sheet Date

Between the 1st of April, 2020, and the 15th of May, 2020, Comarch Group concluded new forward contracts. The total net value of open forward contracts as of the 15th of May, 2020, amounted to EUR 56,200 thousand and USD 20,900 thousand. The contracts will be settled within 31 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.

4.5. Commentary on Differences between Financial Results Presented in Annual Report and Results Forecast for the Given Year Published Before

The Management Board did not forecast any results neither for first quarter 2020, nor for full year 2020.

4.6. Significant Legal, Arbitration or Administrative Proceedings

The Comarch Group is the defendant in legal proceedings, in which the potential total amount of third party claims is PLN 21,236 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 44,112 thousand. More information was presented in point [3.19](#).

4.7. Information about Transactions with Related Parties on Terms Different from Market Condition

None present.

4.8. Information about Suretyships, as well as Guarantees Provided by the Issuer and Its Subsidiaries

- Due to conclusion of a contract for the implementation, hosting and maintenance of the 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 the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch Inc. The value of the surety equals value of a maximum of USD 3,000 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for sales of licences and implementation of Comarch Network & Service Inventory, Comarch Next Generation Service Assurance and Comarch OSS Mediations, as well as sales of licences for Comarch SLA Management, signed by Comarch AG, a subsidiary of Comarch S.A., on the 11th of August, 2011, Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of obligations resulting from the contract, i.e. EUR 5,495 thousand.
- Due to Bank Pekao S.A. granting an investment loan in the amount of PLN 15,889 thousand to Comarch Healthcare S.A., a Comarch S.A. subsidiary, on the 1st of September, 2011, Comarch S.A. granted a surety in order to guarantee the fulfilment of any obligations resulting from the contract. The value of the surety equals PLN 23,833 thousand and is valid until the 31st of December, 2021.
- Due to conclusion of a contract for implementation and maintenance of BSS system by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch UK. The surety was granted up to the amount of liabilities of Comarch UK resulting from the aforementioned agreement, i.e. to the amount of GBP 808 thousand and in addition, GBP 86 thousand annually for SLA, and it is valid for the whole term of the agreement.
- Due to conclusion of a contract for implementation of Next Generation Performance Management Solution, signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer in order to guarantee the fulfilment of any obligations resulting from the contract by Comarch AG. The value of the surety equals value of a maximum of EUR 3,823 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation of Planning and Inventory Application (PIA), signed by Comarch AG, a subsidiary of Comarch S.A., Comarch S.A. signed a letter of comfort upon which it ensures proper contract performance by Comarch AG. The letter of comfort is valid for 24 months from contract completion. Contract's value amounts to EUR 3,505 thousand.
- Due to conclusion of an investment credit agreement between Comarch AG, a subsidiary of Comarch S.A., with BGŻ BNP Paribas Bank Polska S.A., resulting in granting the financing in the amount of EUR 6,000 thousand, on the 15th of May, 2013 Comarch S.A. granted a surety for obligations of Comarch AG resulting from the agreement. The surety was granted up to the amount of EUR 9,000 thousand and is valid till the 15th of May, 2020.

- Due to conclusion of a contract for implementation of Comarch Loyalty Management, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of a customer for obligations of Comarch UK. The surety was granted up to the maximum amount of GBP 2,351 thousand and is valid for the whole term of the contract.
- Due to conclusion of a contract for implementation and licence of Comarch Loyalty Management, as well as services related to data centre and Support & Maintenance, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for obligations of Comarch SAS resulting from this project. The surety was granted up to the maximum amount of the signed agreements, i.e. EUR 2,807 thousand and is valid till the end of this project.
- Due to conclusion of an agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG resulting from this project. The surety was granted up to the amount of the agreement, i.e. EUR 236 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for purchase of licences, maintenance and support, signed by Comarch UK, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for future obligations of Comarch UK resulting from this project. The surety was granted up to the amount of GBP 11,244 thousand and is valid for 12 years after the contract completion.
- Due to conclusion of a contract for fuel cards service signed by Comarch Healthcare S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by Comarch Healthcare S.A. After the entry into force of the amendment to the agreement, the total amount of granted surety is PLN 100 thousand and is valid till the 31st of May, 2021.
- Due to conclusion of a contract for implementation of Comarch ECM, maintenance and SaaS, signed by Comarch SAS, a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the liabilities of Comarch SAS, resulting from the project. The surety was granted up to the amount of EUR 838 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract for fuel cards service signed by CA Consulting S.A., a subsidiary of Comarch S.A., Comarch S.A. granted a surety for the benefit of an operator of fuel cards in order to guarantee the fulfilment of any obligations resulting from this contract by CA Consulting S.A. The surety has been renewed, the total amount of granted surety is PLN 50 thousand and is valid till the 31st of May, 2021
- Due to conclusion of a framework agreement signed by branch of Comarch AG in Belgium with a customer, Comarch S.A. granted a surety for liabilities of Comarch AG. The surety was granted up to the amount of the agreement, i.e. EUR 3,241 thousand and is valid till the termination of the project.
- Due to conclusion of a contract for implementation of Comarch Customer Engagement Platform by Comarch Middle East FZ-LLC, a subsidiary of Comarch S.A., Comarch S.A. granted a surety („Parent Guarantee”) for the liabilities of Comarch Middle East FZ-LLC resulting from this project. The contract was concluded for five years. The surety is valid until fulfilment by Comarch Middle East FZ-LLC of all obligations under the contract and has been granted up to a maximum liability of the contract, i.e. USD 10,000 thousand.
- Due to conclusion of a contract for investment credit by Bonus Development Sp. z o.o. SK-A, a subsidiary of Comarch S.A., with Bank Pekao S.A. under which the bank grants Bonus Development Sp. o.o. SK-A funding in the amount of PLN 38,800 thousand (EUR 9,262 thousand on the date of signing the agreement) and due to the conclusion of the agreement on treasury transactions related to securing exchange rate risk and interest rate of above mentioned credit, Comarch S.A. granted a sureties for the liabilities of Bonus Development Sp. z o.o. SK-A resulting from these contracts. Sureties are valid until repayment of all obligations under the credit agreement, the maturity date is on the 28th of June, 2030.

- Due to conclusion of a contract by Comarch Chile SpA, a subsidiary of Comarch S.A., for IT Out-Tasking Services, Comarch S.A. granted a surety for liabilities of Comarch Chile SpA resulting from this contract. The surety was granted up to the amount of EUR 200 thousand and is valid till the termination of the project, i.e. the 31st of October, 2019.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., for service of fuel cards, Comarch S.A. granted a surety for the benefit of an operator of fuel cards for liabilities of Comarch Polska S.A. resulting from this contract. The surety has been renewed and was granted up to the amount of PLN 10 thousand and is valid till the 14th of September, 2021.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Loyalty Management Solutions, Comarch S.A. granted a surety for liabilities of Comarch AB. The surety is valid until fulfilment of all obligations under the contract by Comarch AB and was granted up to the amount of SEK 39,747 thousand.
- Due to conclusion of a contract by Comarch AB, a subsidiary of Comarch S.A., for implementation and service of Master Services Agreement, Comarch S.A. granted a surety for Comarch AB. The surety was granted up to the amount of PLN 3,827 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., for implementation and service of Comarch Loyalty Management, Comarch Campaign Management, Comarch Social Mining and Comarch Smart Analytics, Comarch S.A. granted a surety for Comarch UK. The surety was granted up to the amount of GBP 3,318 thousand and is valid till the termination of the contract.
- Due to conclusion of a contract by Comarch Healthcare S.A., a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch Healthcare S.A. was granted to the amount of PLN 450 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch UK, a subsidiary of Comarch S.A., the contract for service of payment cards, a surety for Comarch UK was granted to the amount of PLN 330 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Software und Beratung AG, a subsidiary of Comarch S.A., the contract for implementation and service of Telco BSS and Telco OSS, a surety for Comarch Software und Beratung AG was granted to the amount of EUR 11,524 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Retail, Comarch Mobile Sale and Comarch POS, a surety for liabilities of Comarch S.A.S. was granted to the amount of EUR 1,444 thousand and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Colombia S.A.S., a subsidiary of Comarch S.A., the contract for implementation of Comarch Loyalty Management service, a surety for liabilities of Comarch Colombia S.A.S. was granted to the amount of USD 10,710 thousand and is valid for the duration of the contract
- Due to conclusion of a contract by Comarch Luxembourg S.a.R.L., a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of 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 by Comarch S.A. and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch Polska S.A., a subsidiary of Comarch S.A., the contract for the purchase of IT equipment 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 by Comarch S.A. and is valid for the duration of the contract.
- Due to conclusion of a contract by Comarch AG, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for the implementation of the e-

invoicing service, a surety for liabilities of Comarch AG was granted to the amount of EUR 2,095 thousand by Comarch S.A. and is valid for the duration of the contract.

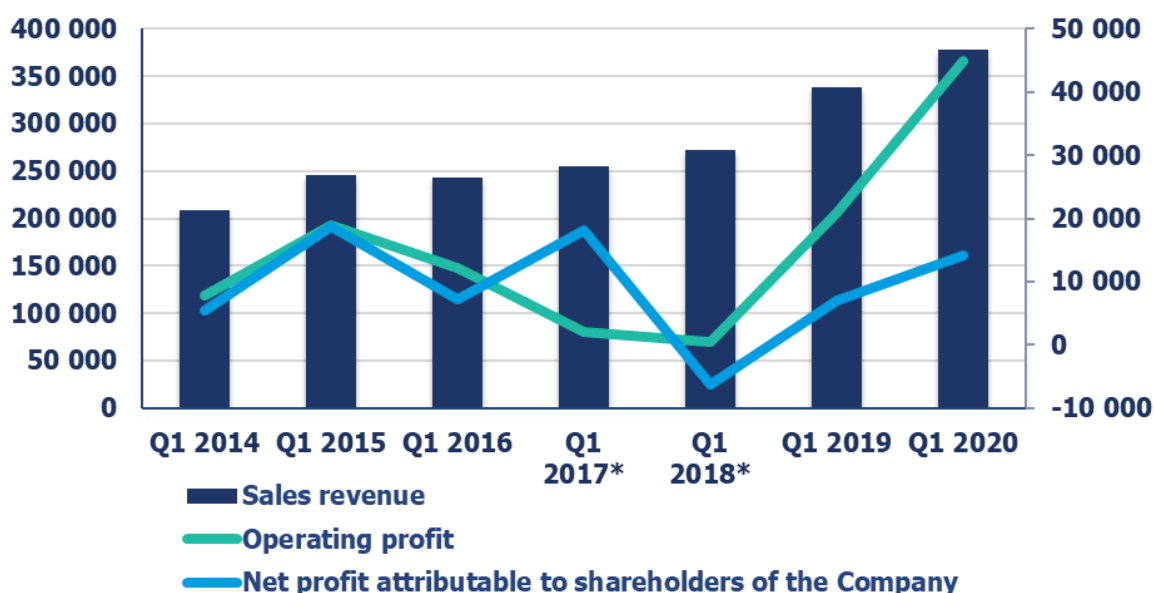
- Due to of a contract by Comarch UK Ltd, a subsidiary of Comarch S.A., the contract for the implementation, servicing and delivery of necessary licenses for Comarch NRM service, a surety for liabilities of Comarch UK Ltd was granted to the amount of GBP 9,966 thousand by Comarch S.A. and is valid for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

4.9. 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.

5. Significant Achievements and Failures as well as Factors and Events with Considerable Impact on the Financial Results of the Comarch Group in the First Quarter of 2020 and Factors Which Will Substantially Impact Results Over the Course of at least the Next

5.1. Revenues and Financial Results



*) From the 1st of January, 2018, the Group started to apply the principles resulting from IFRS 15. For comparative purposes, the data for 2017 were also transformed in accordance with IFRS 15.

In the first quarter of 2020, the Comarch Group generated sales revenue of value PLN 377,818 thousand PLN, higher by PLN 39,130 thousand, i.e. by 11.6%, from that achieved in the first quarter of 2019. Operating profit amounted to PLN 44,864 thousand and was higher by PLN 23,920 thousand, i.e. by 114.2% than in the first quarter of 2019. The net result attributable to the shareholders of the parent company in the first quarter of 2020 amounted to PLN 14,175 thousand and was higher by PLN 7,220 thousand PLN, i.e. 103.8% than in the first quarter of 2019. Operating margin in the reporting period was + 11.9%, while net margin + 3.8%. In the first quarter of 2020, the Comarch Group generated EBITDA of PLN 66 756 thousand, that is higher by PLN 25,514 thousand, i.e. by 61.9% compared to the same period of the previous year.

The profitability of the Comarch Group's operations in the first quarter of 2020 significantly improved compared to the comparable period of the previous year. The results achieved by the Comarch Group in the described period of the year were affected, among others, by:

- increase in foreign sales revenue, which amounted to PLN 46,509 thousand (i.e. an increase of 24.1%), resulting from increased sales to customers from the DACH market, other European and Asian countries, as well as the weakening of PLN against major foreign currencies in the first quarter of 2020. In the first quarter of 2020, foreign sales constituted 63.4% of the total revenue of the Group,
- decrease in domestic sales of PLN 7,379 thousand, i.e. of 5.1%, which was mainly the result of lower sales of third-party software to customers from the public sector in the first quarter of 2020,
- occurrence of positive exchange rate differences on the balance sheet valuation of trade receivables, related to the weakening of the PLN exchange rate against foreign currencies in the first quarter of 2020, which increased sales revenue and operating result in the described period by PLN 18,655 thousand PLN,

- occurrence of negative exchange rate differences on the balance sheet valuation of trade payables related to the weakening of the PLN exchange rate against foreign currencies in the first quarter of 2020, which reduced the operating result in the period by PLN 15,711 thousand,
- occurrence of a negative balance sheet valuation of financial instruments, loans and borrowings contracted in foreign currencies, as well as leasing liabilities valued in accordance with IFRS 16, whose value in the described period amounted to minus PLN 21,266 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 7.3% compared to the first quarter 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 quarter of 2020 amounted to PLN 7,816 thousand PLN,
- creation and release of write-offs for doubtful trade receivables, which reduced the Group's operating result by PLN 6,150 thousand,
- application of the IFRS 15 accounting standard, as a result of which a portion of the revenues 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 5,943 thousand in the first quarter 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 quarter of 2020 by PLN 4,984 thousand,
- reversal 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.

The Comarch Group's financial result in subsequent periods will be significantly affected by: the economic consequences of the Covid-19 epidemic, the costs of implementing new contracts, the situation on the public procurement market, the costs associated with the development of new IT solutions, as well as high labour costs and the availability of qualified employees.

In the first quarter of 2020, employment in the Comarch Group increased by 0.4%. As at the 31st of March, 2020, the Comarch Group employed 6,372 people, i.e. 24 more than as at the 31st of December, 2019.

The Comarch Group is actively looking for new markets (including in Western Europe and Asia), continues to invest in new IT products and services, and is constantly expanding and modernizing existing infrastructure. Thanks to very good financial results achieved in the first quarter of 2020 and previous periods, the financial situation of the Comarch Group is stable and guarantees security of operations in the event of changing macroeconomic situation in Poland and in the world. This is particularly important in view of the development of the Covid-19 pandemic and the economic effects it causes. 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, the Group intends to continue its strategy assuming:

- significant investments in human capital,
- development and sales of IT solutions based mostly on own products,
- development of sales on foreign markets, in particular in Western Europe, Asia and Oceania, and North America,
- continuous improvement of operational efficiency by improving procedures and cost rationalization,

- adaptation of the operating method to the restrictions associated with combating the Covid-19 pandemic,
- developing further business areas, especially in the field of medicine, Internet of Things (IoT) and solutions based on Comarch Cloud technology,
- promoting the IT sales service model,
- investments in own technologies and IT infrastructure.

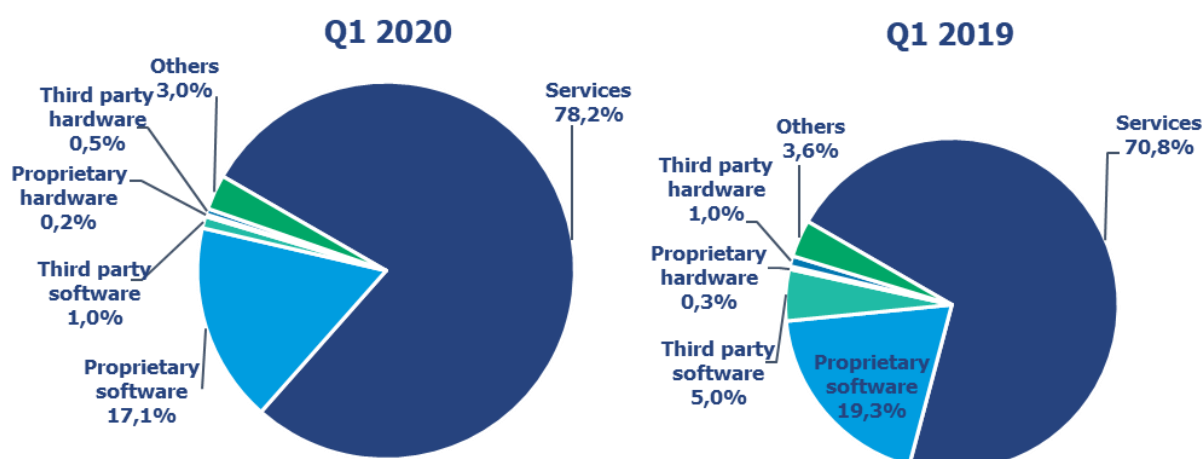
5.2. Sales Structure

Products Sales Structure (in thousands of PLN)

In the first quarter of 2020, the products sales structure of the Comarch Group changed significantly compared to that recorded in the first quarter of the previous year.

Products sales structure	Q1 2020	%	Q1 2019	%	Change PLN	Change %
Services	295,317	78.2%	240,105	70.8%	55,212	23.0%
Proprietary software	64,550	17.1%	65,476	19.3%	-926	-1.4%
Third party software	3,787	1.0%	16,767	5.0%	-12,980	-77.4%
Proprietary hardware	838	0.2%	853	0.3%	-15	-1.8%
Third party hardware	1,933	0.5%	3,257	1.0%	-1,324	-40.7%
Others	11,393	3.0%	12,230	3.6%	-837	-6.8%
Total	377,818	100.0%	338,688	100.0%	39,130	11.6%

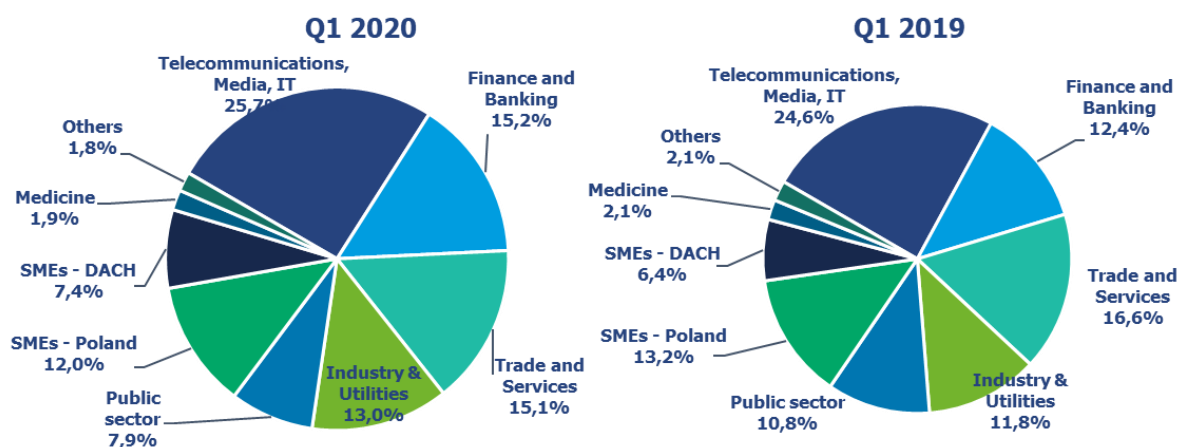
In the first quarter of 2020, the Group generated a significant increase in revenue from the sales of services, it amounted to PLN 55,122 thousand, i.e. 23.0%. Sales of services accounted for 78.2% of the Group's total sales revenue. Revenue from the sales of proprietary software decreased by PLN 926 thousand, i.e. by 1.4%. The value of revenue from sales of third-party software was lower by PLN 12,980 thousand, i.e. by 77.4% from the one recorded in the first quarter of the previous year, it was the result of lower than in the first quarter of 2019 revenue from the sales of the third-party software in the public sector. The value of foreign hardware sales was lower by PLN 1,324 thousand, i.e. by 40.7% than in the first quarter of 2019. Sales of finished products remained at the level of the first quarter of 2019 and amounted to PLN 838 thousand. The value of other sales dropped by PLN 837 thousand, i.e. by 6.8%.



Market Sales Structure (in thousands of PLN)

Market sales structure	Q1 2020	%	Q1 2019	%	Change PLN	Change %
Telecommunications, Media, IT	97,009	25.7%	83,325	24.6%	13,684	16.4%
Finance and Banking	57,245	15.2%	42,043	12.4%	15,202	36.2%
Trade and Services	56,958	15.1%	56,052	16.6%	906	1.6%
Industry & Utilities	49,025	13.0%	39,874	11.8%	9,151	22.9%
Public sector	30,010	7.9%	36,683	10.8%	-6,673	-18.2%
Small and Medium-Sized Enterprises - Poland	45,463	12.0%	44,739	13.2%	724	1.6%
Small and Medium-Sized Enterprises - DACH	27,947	7.4%	21,796	6.4%	6,151	28.2%
Medicine	7,343	1.9%	6,975	2.1%	368	5.3%
Others	6,818	1.8%	7,201	2.1%	-383	-5.3%
Total	377,818	100.0%	338,688	100.0%	39,130	11.6%

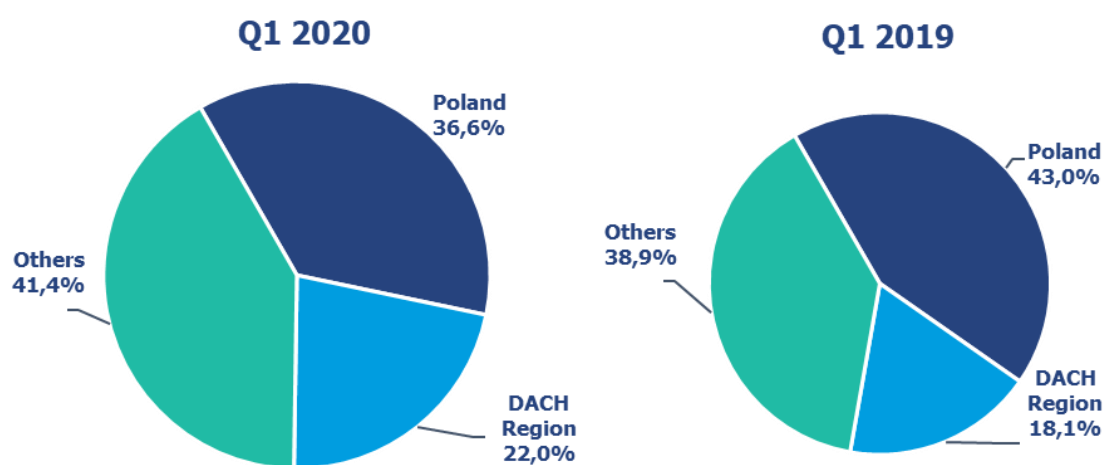
In the first quarter of 2020, the value of sales revenue of the Comarch Group to recipients from the TMT sector amounted to PLN 97,009 thousand, which means an increase of PLN 13,684 thousand (i.e. of 16.4%) compared to the first quarter of 2019. This increase was caused by higher sales in the Asian market than those in the first quarter of 2019. In the first quarter of 2020, customers from the finance and banking sector purchased products and services worth PLN 57,245 thousand, higher by PLN 15,202 thousand, i.e. by 36.2% from the one achieved in the same period of the previous year. This increase was mainly the result of sales development on the European and Asian markets. Sales of ERP solutions to small and medium-sized enterprises in Poland increased by PLN 724 thousand, i.e. by 1.6% and reached the value of PLN 45,463 thousand. In the case of sales to customers from the SME sector in the DACH region, the increase in revenues amounted to PLN 6,151 thousand, i.e. 28.2% and was the result of the development of sales of the Group's solutions, as well as the weakening of PLN against EUR in the first quarter of 2020. Sales revenue to customers from the trade and services sector increased by PLN 906 thousand, i.e. by 1.6%, while in the case of customers from the industrial sector increased by PLN 9,151 thousand, i.e. by 22.9%. In the first quarter of 2020, revenue from sales to public entities fell by PLN 6,673 thousand, i.e. by 18.2%. The decrease was caused by reduced supplies of third-party software compared to the first quarter of 2019. In the discussed period, revenue from sales to customers in the medical sector increased slightly: by PLN 368 thousand, i.e. by 5.3%. Revenue from sales to other customers decreased by PLN 383 thousand, i.e. by 5.3%.



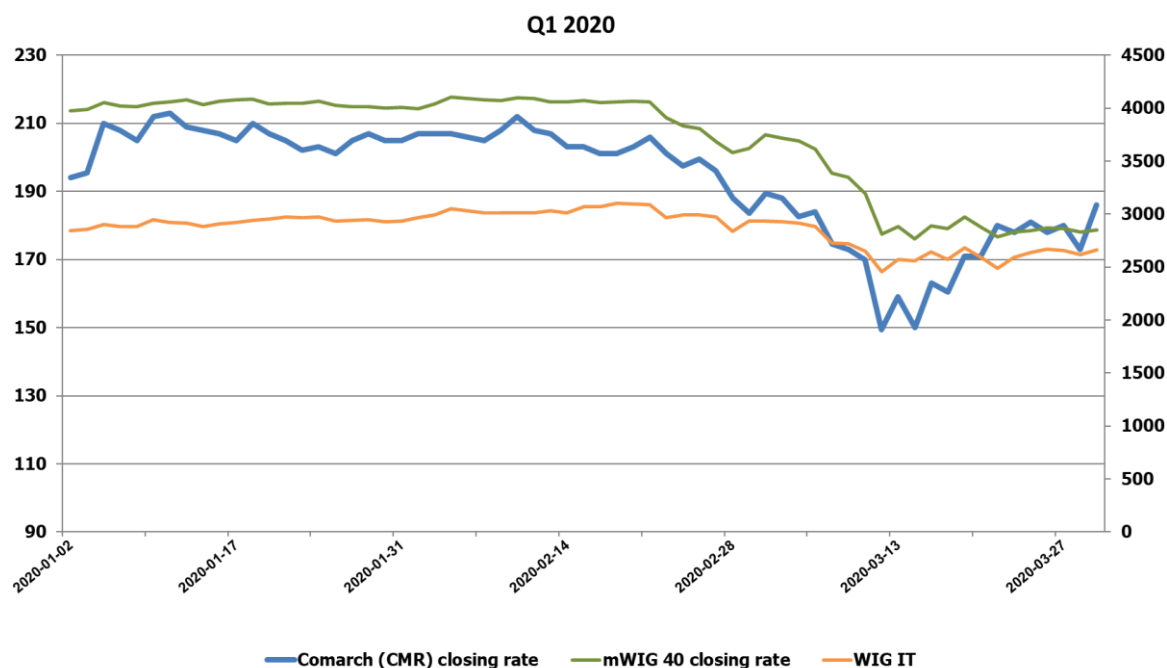
Geographical Sales Structure (in thousands of PLN)

Geographical sales structure	Q1 2020	%	Q1 2019	%	Change PLN	Change %
Domestic (Poland)	138,352	36.6%	145,731	43.0%	-7,379	-5.1%
Export	239,466	63.4%	192,957	57.0%	46,509	24.1%
Total	377,818	100.0%	338,688	100.0%	39,130	11.6%

In the first quarter of 2020, the Group recorded a decrease in sales revenue on the domestic market and an increase in sales revenue on foreign markets. The value of domestic sales revenue dropped by PLN 7,379 thousand, i.e. by 5.1% compared to the first quarter of 2019. This was due to lower sales of third-party software to public sector clients. In the discussed period, the Group recorded PLN 239,466 thousand of export sales, that is PLN 46,509 thousand (i.e. 24.1%) more than in the first quarter of the previous year. This is the effect of increased sales to customers from the DACH market, other European and Asian countries, as well as the weakening of PLN against major foreign currencies in the first quarter of 2020. In the first quarter of 2020, foreign sales constituted 63.4% of the total revenues of the Group.



5.3. Comarch S.A. Stock Price Performance



On the 31st of March, 2020, the share price of Comarch S.A. amounted to PLN 186.0, which is a decrease of 0.5% compared to the PLN 187 as of the 31st of December, 2019. In March 2020, the share price of Comarch S.A. significantly decreased as a result of the collapse in the financial markets caused by the outbreak of the Covid-19 pandemic, this change was temporary. The results of the Group and the price of Comarch shares in the following quarters will depend primarily on the situation related to the Covid-19 pandemic, the dynamics of sales development of Comarch products and services, shaped by the economic and political situation in Poland and in the world, as well as the financial situation of medium and large enterprises that constitute the basic customer base of the Group. The level of exchange rates and the rate of increase of salaries of IT employees will also have a significant impact.

	3 months ended 31 March 2020 / 31.03.2020	3 months ended 31 March 2019 / 31.03.2019
Closing price at the balance sheet date	186.00	185.50
Average price during the reporting period	193.77	162.63
MIN price during the reporting period	149.50	148.00
MAX price during the reporting period	213.00	187.00
Average volume during the reporting period	4,672	2,809
Capitalization at the balance sheet date	1,512,802,914	1,508,736,240
<i>Ratios for unconsolidated data</i>		
P/E at the balance sheet date	24.12	22.00
P/BV at the balance sheet date	1.67	1.78
P/S at the balance sheet date	6.36	6.42
<i>Ratios for consolidated data</i>		
P/E at the balance sheet date	106.90	215.70
P/BV at the balance sheet date	1.54	1.74
P/S at the balance sheet date	4.00	4.45

5.4. Events in the First Quarter of 2020 that Greatly Impacted the Current Activities of the Comarch Group

None present.

5.5. Events after the Balance Sheet Date that Greatly Impacted the Current Activities of the Comarch Group

None present.

15th of May, 2020**SIGNATURES OF MANAGEMENT BOARD MEMBERS**

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

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

NAME AND SURNAME	POSITION	SIGNATURE
Maria Smolińska	Head Accountant	

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Kraków



ir@comarch.pl



+48 (12) 687 78 22

www.comarch.com/investors/

**QUARTERLY SUMMARY OF
COMARCH S.A. FINANCIAL STATEMENT
FOR THE PERIOD
FROM 1ST OF JANUARY 2020
TO 31ST OF MARCH 2020**

Krakow, 15th of May, 2010

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**PLN
21 million of
net profit**

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

**PLN 238
million of
sales
revenue**

**5 000
professionals
employed**

**56
subsidiaries
worldwide**

**PLN 1.5
billion of
Comarch S.A.
capitalization
on WSE**

**11,9% EBIT
margin**

QUARTERLY SUMMARY OF COMARCH S.A. FINANCIAL STATEMENT FOR THE FIRST QUARTER OF 2020

I. Balance Sheet

ASSETS	31 March 2020	31 December 2019	31 March 2019
I. NON-CURRENT ASSETS	742,347	735,752	727,884
1. Intangible assets	10,038	10,770	11,446
2. Property, plant and equipment	326,423	331,755	345,813
3. Non-current investments	396,125	384,927	361,517
3.1. Non-current financial assets	375,897	364,443	341,206
a) in related parties	375,809	361,704	340,389
b) in other entities in which the Company holds equity interests	-	-	-
c) in other entities	88	2,739	817
3.2 Real estates	20,185	20,441	20,268
3.3 Other non-current investment	43	43	43
4. Non-current prepayments	9,761	8,300	9,108
4.1 Deferred income tax assets	7,895	6,082	6,297
4.2 Other accruals	1,866	2,218	2,811
II. CURRENT ASSETS	685,092	659,293	614,948
1. Inventories	66,523	62,751	62,231
2. Current receivables	352,242	395,319	348,316
2.1 from related parties	236,033	254,508	218,665
2.2 from other entities in which the Company holds equity interests	-	50	169
2.3 from other entities	116,209	140,761	129,482
3. Current investments	108,490	72,825	84,152
3.1 Current financial assets	108,490	72,825	84,152
a) in related parties	1,051	900	666
b) in other entities in which the Company holds equity interests	-	-	-
c) in other entities	223	4,923	2,953
- interest and shares	-	-	-
- granted loans	-	-	-
- other current financial assets	223	4,923	2,953
d) cash and cash equivalents	107,216	67,002	80,533
4. Short-term prepayments	157,837	128,398	120,249
TOTAL ASSETS	1,427,439	1,395,045	1,342,832

EQUITY AND LIABILITIES	31 March 2020	31 December 2019	31 March 2019
I. EQUITY	906,126	881,540	848,171
1. Share capital	8,133	8,133	8,133
2. Supplementary capital	717,950	717,950	680,501
3. Revaluation reserve	100,656	97,085	93,230
4. Other reserve capitals	745	745	745
5. Previous years' profit (loss)	57,627	-	49,649
6. Net profit (loss)	21,015	57,627	15,913
II. LIABILITIES AND PROVISIONS FOR LIABILITIES	521,313	513,505	494,661
1. Provisions for liabilities	154,984	160,732	134,728
1.1 Provision for deferred income tax	24,599	24,786	23,082
1.2 Other provisions	130,385	135,946	111,646
a) current	130,385	135,946	111,646
2. Non-current liabilities	125,737	120,946	147,560
2.1 to related parties	20,097	19,539	28,245
2.2 to other entities in which the Company holds equity interests	-	-	-
2.3 to other entities	105,640	101,407	119,315
3. Current liabilities	161,473	160,942	163,554
3.1 to related parties	30,538	29,077	29,075
3.2 to other entities in which the Company holds equity interests	865	-	133
3.3 to other entities	127,385	130,657	131,522
3.4 Special funds	2,685	1,208	2,824
4. Accruals	79,119	70,885	48,819
4.1 Other accruals	79,119	70,885	48,819
a) current	79,119	70,885	48,819
TOTAL EQUITY AND LIABILITIES	1,427,439	1,395,045	1,342,832
Book value	906,126	881,540	848,171
Number of shares	8,133,349	8,133,349	8,133,349
Book value per single share (PLN)	111.41	108.39	104.28
Diluted number of shares	8,133,349	8,133,349	8,133,349
Diluted book value per single share (PLN)	111.41	108.39	104.28

II. Income Statement

For period 01.01 – 31.03.2020 and 01.01 – 31.03.2019	Q1 2020	Q1 2019
I. Net revenues from sales of products, goods and materials, including:	238,026	235,034
- revenues from related parties	75,500	55,021
1. Net revenues from sales of products	224,784	209,073
2. Net revenues from sales of goods and materials	13,242	25,961
II. Costs of products, goods and materials sold, including:	184,028	191,835
- to related parties	6,791	8,000
1. Manufacturing cost of products sold	172,375	167,881
2. Value of products, goods and materials sold	11,653	23,954
III. Gross profit (loss) on sales	53,998	43,199
IV. Costs of sales	13,609	13,172
V. Administrative expenses	14,324	13,007
VI. Profit (loss) on sales	26,065	17,020
VII. Other operating revenues	5,515	472
1. Profit on disposal of non-financial non-current assets	101	153
2. Other operating revenues	5,414	319
VIII. Other operating costs	3,236	1,193
1. Loss on disposal of non-financial non-current assets	-	-
2. Cost of works financed in part with subsidies	430	397
3. Revaluation of non-financial assets	-	-
4. Other operating costs	2,806	796
IX. Profit (loss) on operating activities	28,344	16,299
X. Financial revenues	12,200	3,217
1. Interest, including:	461	349
- from related parties	325	186
2. Dividends and share in profits	-	-
- from related parties	-	-
3. Profit (loss) on disposal of investment	199	815
4. Revaluation of financial assets	-	-
5. Other	11,540	2,053
XI. Finance costs	17,774	2,125
1. Interest	651	775
- from related parties	144	302
2. Revaluation of investments	-	-
3. Loss from the sale of investments	-	-
4. Other	17,123	1,350
XII. Profit (loss) on business activities	22,770	17,391
XIII. Gross profit (loss)	22,770	17,391
XIV. Income tax	1,755	1,478
XV. Net profit (loss)	21,015	15,913
Net profit (loss) (annualised)	62,729	68,603
Weighted average number of shares		
01.04.2019 – 31.03.2020	8,133,349	8,133,349
Earnings (losses) per single share (PLN)	7.71	8.43
Diluted weighted average number of shares 01.04.2019 – 31.03.2020	8,133,349	8,133,349
Diluted earnings (losses) per single share (PLN)	7.71	8.43

III. Changes in Equity

	3 months ended 31 March 2020	12 months ended 31 December 2019	3 months ended 31 March 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	-	37,449	-
a) increases (due to)	-	37,449	-
- profit-sharing for the previous years	-	37,449	-
2.2 Closing balance of supplementary capital	717,950,	717,950	680,501
3. Opening balance of revaluation reserve	97,085	95,162	95,162
3.1 Changes in revaluation reserve	3,571	1,923	(1,932)
a) increases (due to)	4,409	2,374	454
- provision for deferred income tax due to certificates valuation	-	-	454
- balance sheet valuation of investment certificates	4,409	2,374	-
b) decreases (due to)	838	451	2,386
- balance sheet valuation of investment certificates	-	-	2,386
- provision for deferred income tax due to certificates valuation	838	451	-
3.2 Closing balance of revaluation reserve	100,656	97,085	93,230
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)	-	49,649	-
- transferring the result from the previous years to capital	-	37,449	-
- payment of dividend	-	12,200	-

6.2 Closing balance of previous years' profit	57,627	-	49,649
7. Result for Q1 2019 (opening balance)	-	-	-
7.1 Net result for the period	21,015	57,627	15,913
7.2. Net result	21,015	57,627	15,913
II. Closing balance of equity	906,126	881,540	848,171
III. Equity including proposed profit-sharing (loss coverage)	906,126	881,540	848,171

IV. Cash Flow Statement

For period 01.01 – 31.03.2020 and 01.01 – 31.03.2019	Q1 2020	Q1 2019
A. Cash flows from operating activities		
I. Net profit (loss)	21,015	15,913
II. Total adjustments	37,720	7,251
1. Depreciation	10,904	11,151
2. Exchange gains (losses)	628	(12)
3. Interest and profit sharing (dividends)	421	520
4. (Profit) loss on investing activities	(255)	(123)
5. Change in provisions	(6,585)	(9,128)
6. Change in inventories	(3,772)	(1,047)
7. Change in receivables	49,276	27,413
8. Change in current liabilities, excluding credits and loans	9,770	7,279
9. Change in prepayments and accruals	(22,667)	(28,802)
10. Change in deferred income	-	-
11. Other adjustments	-	-
III. Net cash used in operating activities (I+/-II) – indirect method	58,735	23,164
B. Cash flows from investing activities		
I. Inflows	3,004	2,332
1. Disposal of property, plant and equipment and intangible assets	374	1,409
2. From financial assets, including:	2,630	923
a) in related parties	2,431	108
- repaid loans	2,339	85
- repaid interest on loans	-	-
- received loans	-	-
- received interest	92	23
- received dividends	-	-
b) in other entities	199	815
- interest	-	-
- Dividends and share in profits	-	-
- other proceeds from financial assets	199	815
3. Other investment proceeds	-	-
II. Outflows	(14,344)	(4,127)
1. Purchase of property, plant and equipment and intangible assets	(3,170)	(3,926)
2. Expenses for investment in real estates	-	(10)

3. For financial assets, including:	(11,174)	(191)
a) in related parties	(11,174)	(191)
- purchase of financial assets	(9,144)	-
- granted non-current loans	(2,030)	(191)
- repayment of loans from related parties	-	-
- repayment of interest on loans	-	-
b) in other entities	-	-
4. Other investment expenses	-	-
III. Net cash used in investing activities (I-II)	(11,340)	(1,795)
C. Cash flows from financing activities		
I. Inflows	2,055	-
1. Credits and loans	1,825	-
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)	230	-
II. Outflows	(8,614)	(7,835)
1. Purchase of own shares (shares) + additional capital contributions	-	-
2. Dividends and other payments to owners	-	-
3. Repayment of loans and credits	(8,100)	(7,292)
4. Interest	(514)	(543)
5. Granted loans	-	-
6. Other financial expenses	-	-
III. Net cash (used in)/generated from financing activities (I-II)	(6,559)	(7,835)
D. TOTAL net cash flow (A.III+/-B.III+/-C.III)	40,836	13,534
E. Balance sheet change in cash and cash equivalents, including:	40,213	13,538
- change in cash and cash equivalents due to exchange differences	(623)	4
F. Cash and cash equivalents opening balance	67,001	66,990
G. Closing balance of cash and cash equivalents (F+/-E), including:	107,214	80,528
- limited disposal	641	800

V. Additional Information and Commentary

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 2018, pos. 395 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 3 months ended the 31st of March, 2020, was prepared according to IFRS, the financial results would amount to PLN 18,758 thousand.

Profit according to the Act on Accounting	21,015
Depreciation of perpetual usufruct	(23)
Asset due to activity in the SEZ	(2,676)
Correction of revenue from the title of IFRS 15	5,410
Correction of revenue from the title of IFRS 16	(4,968)
Profit according to IFRS	18,758

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 Asset Items

Over first quarter of 2020, Comarch S.A. has not created write-offs that revaluated goods, materials and finished products. The company resolved write-offs revaluated goods and materials which had been created in the previous years in the amount of PLN 41 thousand.

No hedges were made on inventories owned by the Company.

As at the 31st of March, 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 78 thousand and created write-offs worth PLN 2,494 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 realised within both of these activities. At the same time, the final determination within which of these activities (taxed or tax-exempt) the temporary differences will be realised 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 2,303 thousand was created and was resolved in the amount of PLN 490 thousand, a provision for deferred tax due to temporary differences was created in the amount of PLN 58 thousand and was resolved in the amount of PLN 1,083 thousand. The total effect of these operations on the result of 2020 amounted to plus PLN 2,838 thousand

A provision for deferred income tax related to valuation of investment certificates in CCF FIZ was increased by PLN 838 thousand. This provision as well as certificates valuation are settled with revaluation reserve.

As at the 31st of March, 2020, Comarch S.A. has not created write-offs due the loss of value of shares in subsidiaries.

3. Selected Notes to the Summary Financial Statement

3.1. Non-current Financial Assets

	31 March 2020	31 December 2019	31 March 2019
a) in subsidiaries and correlated parties	375,809	361,704	340,389
- interest or shares	212,944	203,490	205,045
- loans granted	37,036	36,794	18,684
- other securities	125,829	121,420	116,660
- other non-current financial assets, including:	-	-	-
- interest on granted loans	-	-	-
b) in other entities in which the Company holds equity interests	-	-	-
- interest or shares	-	-	-
- loans granted	-	-	-
c) in other entities	88	2,739	817
- other non-current financial assets (types)	88	2,739	817
- Forward contracts	88	2,739	817
Total	375,897	364,443	341,206

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

	Q1 2020	Q1 2019
a) Opening balance	364,443	343,518
- interests or shares	203,490	204,977
- loans granted	36,794	18,560
- other securities	121,420	119,046
- other non-current assets, including interest on granted loans	2,739	-
- others	-	935
b) increases (due to)	16,443	273
- purchases of shares in subsidiaries	9,144	-
- loans granted to subsidiaries	2,030	191
- change of the nature of loans on long-term from entities in which the Company holds equity interests	80	-
- balance sheet valuation of loans in subsidiaries	470	14
- valuation of forward contracts	-	-
- valuation of participation units in CCF FIZ	4,409	-
- balance sheet valuation of shares	310	68
c) decreases (due to)	4,989	2,585
- repayment of subsidiaries' loans	2,338	81
- repayment of interest on subsidiaries' loans	-	5
- valuation of participation units in CCF FIZ	-	2,386
- valuation of forward contracts	2,651	118
- revaluation of shares	-	-
- creating revaluation write-offs on interest on loans to related parties	-	(5)
d) Closing balance	375,897	341,206

3.3. Current Financial Assets

	31 March 2020	31 December 2019	31 March 2019
a) in related parties	1,051	900	666
- loans granted	322	402	321
- other financial assets	729	498	345
b) in other entities in which the Company holds equity interests	-	-	-
- loans granted	-	-	-
- other financial assets	-	-	-
c) in other entities	223	4,923	2,953
- loans granted	-	-	-
- interest or shares	-	-	-
- other current financial assets, including:	223	4,923	2,953
- forward and IRS contracts	223	4,923	2,953
d) cash and cash equivalents	107,216	67,002	80,533
- cash in hand and at banks	107,214	67,001	80,528

- other monetary assets	2	1	5
Total	108,490	72,825	84,152

4. A 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 quarter of 2020, Comarch S.A. reached revenue from sales by 1.3% higher than achieved in previous year (PLN 238,026 thousand in Q1 2020 compared to PLN 235,034 thousand in Q1 2019). Net sales of products constituted 94.4% of total sales of the Company and were higher by PLN 15,711 thousand than in the similar period of 2019. The Company's operating profit achieved in Q1 2020 amounted to PLN 28,344 thousand, net result was plus PLN 21,015. EBIT margin was 11.9%, and net margin was 8.8%

5. An Amount and Type of Positions of Unusual Nature due to Type, Value or Frequency with Significant Effects on the Assets, Liabilities, Equity, Net Result and Cash Flows

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 31st of March, 2020, increased revenue and operating profit of Comarch S.A. by PLN 16,630 thousand (while in the similar period of 2019 increased by PLN 1,685 thousand). Exchange rate differences from other activities decreased the result of Comarch S.A. by PLN 5,096 thousand (while in the similar period of 2019 decreased by PLN 367 thousand). The valuation of financial instruments and closed transactions (mostly forward contracts) and provision for deferred income tax in reference to the valuation of the financial instruments decreased the Company's net profit by PLN 14,617 thousand (while in the similar period of 2019 increased it by PLN 61 thousand). The total effect of exchange rate differences and valuation of derivative financial instruments on the net result of the Comarch S.A. in first quarter of 2020 amounted to minus PLN 3,083 thousand (plus PLN 1,379 thousand in the similar period of 2019).

As at the 31st of March, 2020, Comarch S.A. has not created write-offs due the loss of value of shares in subsidiaries.

During the first quarter of 2020, Comarch S.A. did not receive dividends from subsidiaries.

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

Over first quarter of 2020, Comarch S.A. has not created write-offs that revaluated goods, materials and finished products. The company resolved write-offs revaluated goods and materials which had been created in the previous years in the amount of PLN 41 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:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
Balance at 31 March 2019	121,034	-	-	-	121,034
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:	-	-	-	-	-
- creation	-	-	-	-	-
- dissolution	-	-	-	-	-
Balance at 31 March 2020	128,879	-	-	-	128,879

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:	(1,177)	21	6,842	(14,617)	(8,931)
- creation	644	33	8,796	9,085	18,558
- dissolution	(1,821)	(12)	(1,954)	(23,702)	(27,489)
Balance at 31 March 2019	10,754	22,011	27,496	51,385	111,646
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:	(203)	(5,174)	7,330	(7,514)	(5,561)
- creation	765	175	8,380	11,724	21,044
- dissolution	(968)	(5,349)	(1,050)	(19,238)	(26,605)
Balance at 31 March 2020	13,682	3,149	31,336	82,218	130,385

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
At 1 January 2019	6,204	23,732
Creation in Q1 2019	101	44
Dissolution in Q1 2019	(8)	(694)
At 31 March 2019	6,297	23,082
At 1 January 2019	6,204	23,732
Creation in Q1-Q4 2019	228	1,098
Dissolution in Q1-Q4 2019	(350)	(44)
At 31 December 2019	6,082	24,786
At 1 January 2020	6,082	24,786
Creation in Q1 2020	2,303	896
Dissolution in Q1 2020	(490)	(1,083)
At 31 March 2020	7,895	24,599

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 2,464 thousand, technical devices for the amount PLN 8 thousand and intangible assets for the amount of PLN 968 thousand.

In reporting period Comarch S.A., revenue from sales of property, plant and equipment amounted to PLN 92 thousand

12. Information about Liability in Relation to Purchase of Property, Plant and Equipment

As at 31st of March, 2020, Comarch S.A. has liabilities due to purchase of computer hardware in the amount of PLN 1,708 thousand, investment liabilities in the amount of PLN 51 thousand as well as liabilities due to purchase of intangible assets in the amount of PLN 871 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 3,690 thousand.

13. Information about Significant Settlements in Reference to Court Proceedings

None present.

14. Corrections 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 Recognized 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 are 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

As at the date of publication of the report for Q1 2020, the Management Board of Comarch S.A. did not decide on the distribution of profit for 2019.

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 31st of March, 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 88,862 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 13,842 thousand of which PLN 1,174 thousand is covered by provisions included in the balance sheet at the 31st of March, 2020. In 2020, Comarch S.A. created provisions for claims covered by 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 3,674 thousand of which PLN 1,975 thousand is covered by provisions included in the balance sheet at the 31st of March, 2020. In 2020, Comarch S.A. created provisions for matters in disputes, but not legal proceedings in the amount of PLN 53 thousand and resolved provisions in this respect for the amount of PLN 48 thousand.

Due to the legal proceedings, in 2020 the Comarch Group 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.

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

None were present, except for the ones described in [point 2](#) of the financial statement.

15th of May, 2020**SIGNATURES OF MANAGEMENT BOARD MEMBERS**

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

SIGNATURE OF PERSON CHARGED WITH CARRYING ON ACCOUNT BOOKS

NAME AND SURNAME	POSITION	SIGNATURE
Maria Smolińska	Head Accountant	

Comarch S.A.

Al. Jana Pawła II 39a

31-864 Kraków



ir@comarch.pl



+48 (12) 687 78 22

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